

ANNUAL REPORT 2000-2001



G / L / F / L
Gujarat Lease Financing Limited

CORPORATE INFORMATION

DIRECTORS *

Mr. G. Subba Rao, IAS
Mrs. Nethra Shenoy, IAS
Mr. Hasmukh Adhia, IAS
Mr. K.N. Pujara
Prof. S. Sreenivas Rao
Mr. Deepak Dalal
Mr. T. P. Vijayasathy
Mr. Vasant Shah

Managing Director

COMPANY SECRETARY

Mr. Jagat Reshamwala

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

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

BRANCH OFFICES

Ahmedabad, Bangalore, Baroda, Bhavnagar, Chennai, Chandigarh,
Cochin, Coimbatore, Gandhidham, Hyderabad, Indore, Jaipur,
Kolkata, Mumbai, New Delhi, Pune, Rajkot, Surat & Udaipur.

* as on 5th May, 2001

NOTICE

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of GUJARAT LEASE FINANCING LTD will be held on Monday, 25th June, 2001 at 10.00 A.M. at Town Hall, 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, 2001 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri G. Subba Rao, IAS who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), 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 Eighteenth Annual General Meeting until the conclusion of the Nineteenth 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 re-appointment of an auditor of the Company has to be made by a Special Resolution.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Hasmukh Adhia, 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."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Prof. S. Sreenivas Rao, 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(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Deepak Dalal, 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."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri T.P.Vijayasathya, 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."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and any other approvals that may be necessary, the Company hereby accords its approval and consent to the reappointment of Shri Vasant Shah as Managing Director of the Company for a further period of 3 (three) years with effect from 1st June, 2001 on the the existing terms and conditions, which are as under :

 1. Salary : Rs. 40,000 p.m.
 2. Perquisites : Will be allowed in addition to salary as under -

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- (A) (i) The Company shall provide fully furnished accommodation to the Managing Director. If the Managing Director is not provided accommodation by the Company, the Company shall pay House Rent Allowance at the rate of 60% of the salary.
- (ii) The Company shall provide equipment & appliances, furniture & fixtures and furnishings at the residence to the Managing Director. The Company shall reimburse expenses of gas, electricity, water, furnishings etc.. The expenditure on these, valued in accordance with the Income-Tax Rules, shall not exceed 10% of the salary.
- (iii) Medical expenses for self and family including insurance premia under medical insurance scheme shall be reimbursed by the Company, subject to a ceiling of Rs. 40,000/- per annum.
- (iv) The Company shall reimburse annual fees for two clubs.
- (v) The Company shall pay personal accident insurance premia upto Rs. 4,000/- per annum.
- (B) (i) The Company shall contribute 12% of the salary to the Provident Fund.
- (ii) The Company shall contribute towards pension fund/superannuation provided that such contribution together with contribution to Provident Fund shall not exceed the limit laid down under the Income-tax Act.
- (iii) The Company shall pay gratuity at the rate of half a month's salary for each completed year of service.
- (C) (i) The Company shall provide a car with driver for personal use and office work. Use of car for private purpose shall be billed by the Company.
- (ii) The Company shall provide telephone at the residence of the Managing Director.
- (iii) The Managing Director shall be entitled to one month's privilege leave for every eleven month's service.
- (iv) The Managing Director shall also be entitled for reimbursement of entertainment expenses incurred in the ordinary course of business of the Company.

FURTHER RESOLVED that in the event of inadequacy or absence of profits in any financial year, Shri Vasant Shah, Managing Director be paid the above salary, perquisites and benefits as the minimum remuneration subject to the ceiling as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to take all necessary steps as may be required to give effect to the above resolutions."

9. 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 herebelow :

A) Article 2 shall substitute following interpretation at appropriate places :

i) Member

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

ii) Dividend

"Dividend" includes Bonus and Interim Dividend.

B) Article 71 be substituted by following Article under heading "Nomination":

Nomination

- i) Every Shareholder or Debentureholder of the Company, may at any time, nominate a person to whom his Shares or Debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- ii) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

- iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debentureholder or as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares to, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.

C) After Article 72 the following Article be inserted as Article 72 A under heading "Transmission of Securities":

Transmission of Securities

- i) A Nominee, upon production of such evidence as may be required to, by the Board and subject as hereinafter provided, elect, either -
 - a) to register himself as holder of the share or debenture, as the case may be ;
 - b) to make such transfer of the share or debenture, as the deceased shareholder or debentureholder, as the case may be, could have made.
- ii) If the nominee elects to be registered as holder of the share or debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be.
- iii) A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture, provided that he shall not before being registered as a member, entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other debenture, until the requirements of the notice have been complied with.

D) After Article 74 the following Article be inserted as Article 74 A under heading "Nomination for Shares and Debentures":

Nomination for Shares and Debentures

Notwithstanding anything contained in the Articles, every holder(s) of shares in or debentures of the Company, holding either singly or jointly, may at any time, nominate a person in the prescribed manner to whom the shares and / or the interest of the member in the capital of the Company or debentures of the Company shall vest in the event of his / her death. Such member may revoke or vary his / her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109 A and 109 B of the Companies Act, 1956 or such other regulations governing the matter from time to time.

E) After Article 114 the following Article be inserted as Article 114 A under heading "Postal Ballot":

Postal Ballot

Notwithstanding anything contained in Article 111, 112, 113 and 114 the Company may and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of postal ballot, instead of transacting the business in General Meeting of the Company. Where the Company requires to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act shall be complied with.

F) After Article 145 the following Article be inserted as Article 145 A under heading "Small Shareholder Director":

Small Shareholder Director

Provided that a company may have a director elected by small shareholders in the manner as may be prescribed under the provisions of Section 252 of the Companies Act, 1956 or such other regulations governing the matter from time to time.

- G) Article 198 be substituted under heading "Transfer of Dividend to Separate Bank Account":**

Transfer of Dividend to Separate Bank Account

The Board may declare interim dividend and the amount of dividend including interim dividend shall be deposited in a separate bank account within 5 (five) days from the date of declaration of such dividend. The amount of dividend including interim dividend so deposited shall be used for payment of interim dividend.

- H) In Article 230 the following be added at the end under heading "Record of beneficial ownership":**

Provided that where the Securities are 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.



NOTES :

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under items 4 to 9 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 Saturday, 16th June, 2001 to Monday, 25th June, 2001 [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 at least 5 days prior to the Annual General Meeting.

By Order of the Board of Directors

Ahmedabad
May 5, 2001

Jagat Reshamwala
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 5th May, 2001.

ITEM NO.4 : Shri Hasmukh Adhia, IAS who was appointed as an Additional Director of the Company by the Board of Directors on 20th October, 2000, 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 Hasmukh Adhia, IAS, to the Board of the Company.

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

ITEM NO. 5 : Prof. S. Sreenivas Rao, who was appointed as an Additional Director of the Company by the Board of Directors on 19th January, 2001 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 Prof. S. Sreenivas Rao to the Board of the Company.

Prof. S. Sreenivas Rao is interested in this Resolution as it concerns him. No other Director is interested in this resolution.

ITEM NO. 6 : Shri Deepak Dalal, who was appointed as an Additional Director of the Company by the Board of Directors on 5th May, 2001 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 Deepak Dalal, to the Board of the Company.

Shri Deepak Dalal is interested in this Resolution as it concerns him. No other Director is interested in this resolution.

ITEM NO. 7 : Shri T. P. Vijayasarathy, who was appointed as an Additional Director of the Company by the Board of Directors on 5th May, 2001 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 T. P. Vijayasarathy, to the Board of the Company.

Shri T. P. Vijayasarathy is interested in this Resolution as it concerns him. No other Director is interested in this resolution.

ITEM NO. 8 : Shri Vasant Shah was re-appointed as Managing Director of the Company by the Board of Directors for a further period of three years with effect from 1st June, 2001 subject to the approval of the members at the General Meeting.

Shri Vasant Shah has been the Managing Director of the Company since 1st June, 1994 and has vast experience in the field of finance and also well conversant with the affairs of the Company. The Board of Directors felt that it is in the interest of the Company to continue to avail services of Shri Vasant Shah.

The Board recommends the Resolution as set out in item No.8 of the Notice to the Members for their approval.

None of the Directors except Shri Vasant Shah, is concerned or interested in the said Resolution.

The terms of appointment and remuneration as referred in the text of the resolution be treated as an abstract of the terms of contract for re-appointment of Shri Vasant Shah as Managing Director under the provisions of Section 302 of the Companies Act, 1956.

ITEM NO. 9 : Consequent upon the recent amendments made by the Companies (Amendment) Act, 2000 the Company is required to bring the Articles of Association of the Company in line with the Act. Accordingly, relevant Articles as contained in the notice are being altered / added and/or substituted.

By Order of the Board of Directors

Ahmedabad
May 5, 2001

Jagat Reshamwala
Company Secretary

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

DIRECTORS' REPORT

Your Directors present the Eighteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2001.

The summarised Financial Results are as under :

Particulars	(Rupees in Lakhs)	
	Year ended 31.03.2001	Year ended 31.03.2000
Total Income	3993	7261
Depreciation	2706	9316
Provision for Investment Equalisation	-	1448
Profit/(Loss) before Tax & Provision for NPA/Bad debts	142	(11059)
Provision for NPA/Bad debts	586	7892
Less : Amount adjusted from General Reserve	-	100
Profit/(Loss) after Tax	(445)	(18851)
Add : Profit / (Loss) brought forward	(24469)	(5617)
Balance carried to Balance Sheet	(24913)	(24469)

Year under Review

The income for the year under review has dropped to Rs. 3993 lakhs from Rs. 7261 lakhs in 1999-2000 on account of discontinuation of business, for the last two years. The Company incurred a net loss of Rs. 445 lakhs after making provision for NPA / Bad Debts of Rs. 586 lakhs and Depreciation of Rs. 2706 lakhs, against a net loss of Rs. 18851 lakhs during 1999-2000.

The Company's strenuous efforts in recovery of its outstanding dues and collection has helped the repayment to Depositors and Banks as per the repayment plan submitted by the Company and in part also to, Debentureholders.

During the year under reference, Bank of India - the Leader of consortium banks, alongwith other ten member banks including Union Bank of India has approved the Company's repayment plan out of a total of 17 banks.

In view of securitisation of balance Fixed Deposit value of Rs. 560 lakhs with BNP Paribas, Reserve Bank of India has vide its letter dated December 29, 2000 withdrawn the Special Officer appointed by them w.e.f. 8th January, 2001.

Union Bank of India, one of the consortium member banks which had filed winding up petition under Section 433 of the Companies Act, 1956 against the Company in the Gujarat High Court, has decided to withdraw the petition.

Fixed Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. The fixed deposit base of the Company has been substantially reduced to Rs. 560 lakhs as on 31.3.2001 against Rs. 2583 lakhs as on 31.3.2000. At the close of the year, there were 2193 deposits aggregating to Rs.163 lakhs, remained unclaimed by the depositors.

Subsidiaries

GLFL Housing Finance Limited

The Company has achieved a total income of Rs 1526 lakhs and a net profit of Rs. 237 lakhs during the year under reference, as against Rs. 1763 lakhs of income and Rs. 253 lakhs of net profit respectively in 1999-2000.

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The Audited Accounts of the Subsidiary Company for the year ended 31st March, 2001, 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

The Company has discontinued its broking activities on Mumbai and Ahmedabad Stock Exchanges and is looking out for prospective buyers for the membership cards. The Company has earned a profit of Rs. 1.08 lakhs during the year under reference from interest as well as sale of securities, against profit of Rs. 22.99 lakhs, in 1999-2000.

The Audited Accounts of the Subsidiary Company for the year ended 31st March, 2001, 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 has yet not commenced business.

GLFL Realities Limited

The Company has yet not commenced business.

Human Resources

The Directors wish to place on record their appreciation of the dedication and efforts of all the employees. The Company does not have any employee in the category as specified under Section 217 (2A) of the Companies Act, 1956.

Stock Exchanges

The Company's shares are listed on Ahmedabad, Mumbai, Vadodara and National Stock Exchanges, while Debentures Series - "E" are listed on Ahmedabad, Mumbai and National Stock Exchanges. The Company has paid the necessary listing fees for the year 2001-02.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

The Company has no activities relating to conservation of energy or technology absorption. There has been no foreign exchange earning or outgo during the year under review.

Management

During the year under review, Dr. A. C. Shah resigned as Chairman and Director of the Company. The Board of Directors places on record its appreciation of the invaluable contributions made by him from time to time.

Dr. R. Bannerji, IAS, Shri Sudhir Mehta and Shri Samir Mehta, Directors of the Company, relinquished office as Directors of the Company. The Board of Directors places on record its appreciation of the invaluable contributions made by them, and thanked them for their guidance and support during their tenure as Directors of the Company.

Shri Hasmukh Adhia, IAS, Prof. S. Sreenivas Rao, Shri Deepak Dalal and Shri T. P. Vijayasathy were appointed as Additional Directors and hold office till the conclusion of the ensuing Annual General Meeting. The resolutions for their appointment as Directors, are being placed for approval at the ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri G. Subba Rao, IAS retire by rotation and being eligible offer himself for re-appointment.

Audit Committee

The Audit Committee of the Directors, as required under Section 292A of the Companies Act, 1956 has been constituted w.e.f. 19th January, 2001 consisting of Shri Hasmukh Adhia, IAS, Shri K. N. Pujara and Prof. S. Sreenivas Rao.