

ANNUAL REPORT 2004-2005

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GUJARAT LEASE FINANCING LIMITED

CORPORATE INFORMATION

DIRECTORS

Mr. D. Rajagopalan, IAS *Chairman*
 Mr. G. C. Murmu, IAS
 Mr. A. K. Joti, IAS
 Mr. Deepak Dalal
 Mr. Ajay Mehta
 Mr. Vasant Shah *Managing Director*

AUDITORS

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

BANKERS

Bank of India
 Dena Bank
 Bank of Baroda
 Canara Bank
 Federal Bank Limited
 Central Bank of India
 Oriental Bank of Commerce
 Calyon Bank
 State Bank of India
 Andhra Bank
 State Bank of Saurashtra
 Vysya Bank Limited
 Vijaya Bank
 Dhanlaxmi Bank Limited
 Development Credit Bank Limited
 Union Bank of India

REGD. OFFICE

6th Floor, Hasubhai Chambers,
 Opp. Town Hall,
 Ellisbridge,
 Ahmedabad - 380 006

BRANCH OFFICES

Ahmedabad, Mumbai, New Delhi

REGISTRARS & TRANSFER AGENTS

MCS Limited
 101, Shatdal Complex, Opp. Bata Show Room,
 Off Ashram Road, Ahmedabad-380 009.

NOTICE

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting of GUJARAT LEASE FINANCING LIMITED. will be held on 25th June, 2005 at 9.30 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, 2005 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri Ajay Mehta, who retires by rotation and being eligible offers himself for reappointment.
3. 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 & Co., 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 22nd Annual General Meeting until the conclusion of the 23rd Annual General Meeting of the Company at a remuneration to be decided by the Board in consultation with the said Auditors.

Note :

In terms of Section 224A of the Companies Act, 1956, a Special Resolution is proposed to be passed for the reappointment of the Auditors of the Company as the aggregate of the shareholdings of the Financial Institutions and Government Companies exceeds 25% of the subscribed capital of the Company.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri G.C.Murmu, 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 along with 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, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri A.K.Joti, 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 along with 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 Special Resolution as per the requirement of permission granted by Central Government :

"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 approval that may be necessary, the Company hereby accords its approval and consent to the re-appointment of Shri Vasant Shah as Managing Director of the Company for further period from 1st June, 2004 to 31st March, 2006 on the terms and condition as referred above.

1. **SALARY:** Rs. 40,000/- (Rupees Forty Thousand only) per month

2. **PERQUISITES:** Will be allowed in addition to salary as under:

(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 and appliances, furniture and fixtures and furnishing 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 authorized to take all necessary steps as may be required to give effect to the above resolution.

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under items 4, 5 and 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. The Share Transfer Books and Register of Members will remain closed from Saturday 18th June, 2005 to Saturday 25th June, 2005 (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. Member/Proxies are requested to bring the copy of their Annual Report along with 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 12, 2005

Managing Director

Registered Office :
6th Floor, Hasubhai Chambers,
Opp. Town Hall, Ellisbridge,
Ahmedabad-380 006.

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 set out all material facts relating to the Special Business mentioned in the accompanying Notice dated 12th May, 2005.

ITEM NO.4 : Shri G.C.Murmu, IAS, who was appointed as an Additional Director of the Company by the Board of Directors on 26th October, 2004 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 recommended the appointment of Shri G.C.Murmu, IAS, to the Board of the Company.

Shri G.C.Murmu, IAS is interested in this Resolution as it concerns him. No other Director is interested in this resolution.

ITEM NO.5: Shri A.K.Joti, IAS, who was appointed as an Additional Director of the Company by the Board of Directors on 31st January, 2005 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 A.K.Joti, IAS to the Board of the Company.

Shri A.K.Joti, IAS is interested in this Resolution as it concerns him. No other Director is interested in this resolution.

ITEM NO. 6: Shri Vasant Shah was reappointed as Managing Director of the Company by the Board of Directors for further period from 1st June, 2004 to 31st March, 2006 as earlier approved by the members at the General Meeting held on 3rd July, 2004, However Central Government has granted approval for his reappointment till the ensuing Genrel Meeting, with the direction that approval for the remaining period will be granted on submission of special resolution passed with the required disclosures as per the requirement of the Companies Act.

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. 6 of the notice to the members for their approval.

None of the Director 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 reappointment of Shri Vasant Shah as Managing Director under the provisions of Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

Ahmedabad
May 12, 2005

Managing Director

Registered Office :
6th Floor, Hasubhai Chambers,
Opp. Town Hall, Ellisbridge,
Ahmedabad-380 006.

DIRECTORS' REPORT

Your Directors present the Twenty Second Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

The highlights of the Financial results are given below :

Particulars	Year ended 31.03.2005	(Rs. in lacs) Year ended 31.03.2004
Total Income	36	167
Less: Expenditure	102	227
Less: Depreciation	6	9
Add : NPA Provisions no longer required	62	176
Less : Bad Debt Written off	57	85
(Loss)/Profit for the year	(67)	22
Add: Exceptional items	6825	241
Net Profit/(Loss)	6758	263
Add : Profit/(Loss) brought forward	(24383)	(24646)
Less: Balance of General Reserve	2290	2290
Balance Carried to Balance Sheet	(15335)	(22093)

YEAR UNDER REVIEW

During the year under review, the significant event was, sanction of scheme of compromise and arrangement under section 391 of the Companies Act to discharge the liability of the banks. Your company has released payment as per the court order and is in the process of assigning the charged assets in favour of the banks.

The income for the year under review has decreased to Rs.36 lacs from Rs.167 lacs in 2003-04, on account of discontinuation of business since last 5 years and income stream of lease and HP ending in the previous year.

The company incurred loss of Rs.67 lacs during the year, as against the profit of Rs.22 lacs during the previous year as company had operational income for only four months upto July,2004. In terms of the court order, the income received subsequent to the court order has been transferred to banks.

The provision for NPA no longer required of Rs.7504.00 lacs is shown under the head of Exceptional Item.

It is worthwhile to note that the company has become **Debt Free Company, during the year.**

FIXED DEPOSITS

The company has neither accepted nor renewed any fixed deposits during the year. The outstanding principal liability of Fixed Deposits, as on 31st March, 2005, is Rs. 48 lacs, which is fully escrowed with bank.

TRANSFER TO THE INVESTOR EDUCATION FUND

In terms of Section 205 (C) of the companies Act 1956, an amount of Rs. 16,89,464/- being unclaimed dividend and Fixed Deposit have been transferred, during the year, to the Investor Education and Protection fund, formed by the Central Government.

SUBSIDIARIES**GLFL Housing Finance Limited**

GLFL Housing Finance Limited has already divested its substantial Housing Loan Portfolio, along with liabilities, in favour of LIC Housing Finance Ltd. Recovery from outstanding accounts has been the main thrust area during the year. The company has been able to recover Rs. 9 lacs, from the overdue /NPA accounts, during the year under report. The company has incurred loss of Rs.13.12 lacs during the year as against loss of Rs.10.04 lacs during the previous year.

GLFL Securities Limited

As reported last year, the Company has not done any business of broking activities on Mumbai and Ahmedabad Stock-Exchanges. During the year the company has entered into MOU to sell BSE Card. The company has incurred a loss of Rs. 150.15 lacs after making the provision of Rs.151.50 lacs towards demination in the value of the BSE card as against loss of Rs. 5.93 lacs during the previous year.

GLFL International Limited

The Company has yet not commenced business.

EMPLOYEES

The Directors wish to place on record their appreciation for 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.

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.

DIRECTORS

Shri P. D. Vaghela, IAS and Shri K. N. Pujara, Directors of the company, relinquished office as Directors. The Board of Directors place on record their appreciation for the valued advice and guidance given by Shri P. D. Vaghela, IAS and Shri K. N. Pujara, during their tenure as Directors.

Shri G. C. Murmu, IAS and Shri A. K. Joti, IAS were appointed as Additional Directors and hold office till the conclusion of the ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Ajay Mehta, Director of the Company retires by rotation and is eligible for re-appointment.

CORPORATE GOVERNANCE REPORT

A separate report on Corporate Governance is furnished as a part of the Directors' Report and the certificate from the Company's Auditors regarding compliance of conditions of Corporate Governance is annexed to the said Report.

AUDITORS' REPORT

Notes on accounts are self-explanatory and do not require any further explanations on the Auditors' qualifications.

AUDITORS

The Board proposes to reappoint M/s. C.C. Chokshi & Company, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company for the year 2005-06. They will hold office until the conclusion of the next Annual General Meeting. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

1. In the preparation of the annual accounts, the applicable accounting standards, as specified by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures.
2. The Accounting Policies have been applied consistently and judgments and estimates that have been made for the preparation of the accounts are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the Company for the year.
3. Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and taken steps to safeguard the assets of the Company and to prevent fraud and irregularities;
4. Directors have prepared accounts on going concern basis.

ACKNOWLEDGEMENTS

Your Directors are grateful to GIIC Limited, the Government of Gujarat and Torrent Group for their continued guidance and support to the Company. The Directors are pleased to place on record their appreciation for the excellent support extended by the Commercial Banks.

The Board would also like to express great appreciation for the understanding and support extended by the large family of Shareholders of the company in the difficult period.

For and on behalf of the Board

Abmedabad
May 12, 2005

D. Rajagopalan, IAS
Chairman

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CORPORATE GOVERNANCE REPORT

1. Philosophy

The Company's philosophy on Corporate Governance envisages commitment to ensure customer satisfaction through better services and satisfaction of grievances if any, of all its stakeholders and with due concern for social responsibility.

2. Board of Directors

Composition of Board

The Board of Directors of the Company comprises of 6 Directors, of which Managing Director is Executive Director and all others are Non Executive as well as Independent Directors.

Directors	Category	Attendance Particulars		Chairmanship/ Directorships in other Public Ltd. Cos.	Committee Memberships**	
		Board Meeting	Last AGM		Member	Chairman
Shri D. Rajagopalan, IAS	CM	3	Yes	8	—	—
Shri A. K. Joti, IAS*	DIR	—	No	7	—	—
Shri G. C. Murmu, IAS*	DIR	1	No	12	—	—
Shri P. D. Vaghela, IAS@	DIR	1	No	—	—	—
Shri K. N. Pujara#	ND	-	-	-	-	-
Shri Deepak Dalal	DIR	2	Yes	4	-	—
Shri Vasant Shah	MD	4	Yes	7	3	1
Shri Ajay Mehta*	DIR	4	No	1	1	—

CM-Chairman DIR-Director MD-Managing Director ND-Nominee Director

*Appointed during the financial year 2004-2005.

**Includes only Audit and Shareholders/Investors Grievance Committee in all Public Limited Companies.

Nominee Director of Unit Trust of India.

@ Resigned as Director during the financial year 2004-2005.

Details of Board Meetings held during the year 2004-2005.

Date of Meeting	No. of Directors Present
21/05/2004	4
31/07/2004	4
26/10/2004	3
29/01/2005	4

3. Remuneration of Directors

The constitution of Remuneration Committee is a non mandatory requirement under clause 49 of the Listing Agreement. However, the Board at its meeting held on 21st May,2004, has constituted a Remuneration Committee which comprises of Four Independent Non-Executive Directors as below :

- 1] Shri D. Rajagopalan, IAS - chairman
- 2] Shri P. D. Vaghela, IAS**
- 3] Shri Ajay Mehta
- 4] Shri K. N. Pujara*

*Resigned w.e.f. 31st July, 2004

**Resigned w.e.f. 26th October, 2004

The terms of reference of the Remuneration Committee is to consider the matters relating to the company's policies on remuneration packages to the Managing Director.

The remuneration committee recommended the remuneration to the Managing Director. The details of remuneration are as under:-

Name of Managing Director	Remuneration	Amount (Rs. in lacs)	Appointment Period
Shri Vasant Shah	1. Salary 2. Contribution to PF 3. Other Perquisites	7.68 p.a. 0.58 p.a. 0.88 p.a.	01-07-04 to 31-03-06
	Total	9.14 p.a.	

The special resolution in respect of remuneration to Managing Director to be passed at ensuing Annual General Meeting as per the directives of the Central Government vide its letter dated 28th October, 2004.

4. (a) The brief particulars of retiring directors proposed for reappointment are as under:

Name of the Director	Brief Particulars	Details of Other Directorships	Details of Membership of Committees in other Companies
Shri Ajay Mehta	Fellow Company Secretary General Manager (Torrent Limited)	GLFL Housing Finance Limited	GLFL Housing Finance Limited –Audit Committee

(b) The brief particulars of directors appointed during the year are as under:

Name of the Director	Brief Particulars	Details of Other Directorships	Details of Membership of Committees in other Companies
Shri G. C. Murmu, IAS	Managing Director (GIIC Limited)	Gujarat State Machine Tools Corporation Limited Gujarat Venture Finance Limited Gujarat Heavy Chemicals Limited Gujarat Alkalies & Chemicals Limited Gujarat Chemical Port Terminal Limited Petronet VK Ltd. Infrastructure Finance Company Gujarat Limited Gujarat Port Infrastructure Development Company Limited Gujarat Alcok Ashdown Limited Gujarat State Investments Limited Haldyn Glass Gujarat Ltd. Gujarat Sidhee Cement Ltd.	Nil
Shri A. K. Joti, IAS	Principal Secretary (Expenditure) (Govt. of Gujarat)	Gujarat State Civil Supplies Corporation Ltd. Gujarat Agro Industries Corp. Ltd. Gujarat Power Corporation Ltd. Gujarat Mineral Development Ltd. Gujarat Water Infrastructure Ltd. Gujarat State Financial Corporation Ltd. Gujarat Maritime Board Gujarat Industrial Development Corp. Ltd.	NIL