

# ANNUAL REPORT 2006-2007



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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 (Upto 23rd May, 2007)

Mr. Manishkumar Verma (From 23rd May, 2007)

Mr. Surendra M. Shah

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.

Telephone No. 079-30070671

Fax No. 079-30070678

email-mcsmum@vsnl.com

#### 24th Annual General Meeting

Date : 13th September, 2007

Day : Thursday

Time : 10.00 AM

Venue : H. T. Parekh Convention Centre,  
Torrent AMA centre,  
Ahmedabad Management Association,  
ATIRA Campus, Dr. Vikram Sarabhai Marg,  
Vastrapur, Ahmedabad 380 015

## NOTICE

**NOTICE IS HEREBY GIVEN THAT** the 24th Annual General Meeting of GUJARAT LEASE FINANCING LIMITED will be held on 13th, september, 2007 at 10.00 AM at H . T. Parekh Convention Centre, Torrent AMA centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg , Ahmedabad 380 015 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,2007 and the Balance Sheet as at that date and cash flow statement.
2. To appoint a Director in place of Shri Ajay Mehta, 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, 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 24th Annual General Meeting until the conclusion of the 25th 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 Ordinary Resolution.

**"RESOLVED THAT** Shri Manishkumar Verma was appointed as an Additional Director under section 260 of the Companies Act,1956 and who holds office till the date of the Annual General Meeting and for whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act,1956 and accordingly Shri Manishkumar Verma be and is hereby appointed as a Director of the Company, liable to retire by rotation".

### NOTES :

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item 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 Thursday 6th September, 2007 to Thursday 13th September, 2007 (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 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. To bring the copy of Annual Report at the Meeting.
8. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 AM to 5.00 P.M. upto the date of AGM.

By Order of the Board of Directors

Ahmedabad  
May 23, 2007

Managing Director

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

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## EXPLANATORY STATEMENT

**ITEM NO.4** - Shri Manishkumar Verma was appointed as an Additional Director under section 260 of the Companies Act, 1956 on the Board of the company on 23rd May, 2007. He holds office till the date of the Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director and is eligible for appointment.

Shri Manishkumar Verma is B.A (Economics), CAIIB. He has rich experience in Treasury and Foreign Exchange Management as well as Banking operations.

The Board recommends the Resolution as set out in item no.4 of the Notice to the members for their approval.

None of the Director except Shri Manishkumar Verma is concerned or interested in the said resolution.

By Order of the Board of Directors

*Ahmedabad  
May 23, 2007*

*Managing Director*

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



## DIRECTORS' REPORT

Your Directors present the Twenty Fourth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2007.

### FINANCIAL RESULTS

The highlights of the Financial results are given below :

Particulars	Year ended 31.03.2007	(Rs. in lacs) Year ended 31.03.2006
Total Income	24	6
Add : Provisions/liabilities written back as no longer required	60	94
Less: Expenditure	67	73
Less: Depreciation	5	5
Less : Bad Debt Written off	8	3
Profit for the year	4	19
Taxation (FBT)	1	1
Net Profit	3	18
Add : Profit/(Loss) brought forward	(17603)	(17606)
Less: Balance of General Reserve	2297	2290
Balance Carried to Balance Sheet	(15306)	(15316)

### YEAR UNDER REVIEW

During the year 2004-05, the scheme of compromise and arrangement under section 391 of the Companies Act to discharge the liability of the banks was sanctioned by the Hon'ble High Court of Gujarat. 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 largely remained unchanged to Rs. 5 lacs, on account of discontinuation of business since last 5 years. As per the court's order, the income received after July, 2004 is transferred to the consortium of Banks. Subsequent to the courts order, GLFL has recovered Rs. 215 lacs (including Rs. 51 lacs received during the year 2006-07) from the charged assets and distributed to the member banks. GLFL's subsidiary company namely GLFL Housing Finance Ltd., has recovered Rs. 8.99 lacs, during the year.

The company earned profit of Rs. 3 lacs during the year, as against profit of Rs. 18 lacs during the previous year.

It is worthwhile to note that the company has **no external debts at the end of 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, 2007, is Rs. 27 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.9.13 lacs being unclaimed Fixed Deposit has 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 balance accounts has been the main thrust area during the year. The company has been able to recover Rs.8.99 lacs, from the overdue /NPA accounts, during the year under report. The company has earned profit of Rs.1.00 lac as against profit of Rs.0.95 lacs during the previous year.

#### GLFL Securities Limited

The company has earned the profit of Rs.0.67 lacs on account of interest income on deposits.

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**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**

The company has re-appointed Shri Vasant Shah as Managing Director of the company for a period of two years from 1st April, 2006 to 31st March, 2008, without any remuneration.

Shri Manishkumar Verma, is appointed as an Additional Director of the company with effect from 23rd May, 2007. At the same time, Shri A.K. Joti, IAS has resigned from the Board on the same date. The Board of Directors appreciated the contribution made by him, during his tenure. Additional Director is proposed to be re-appointed as Director in the ensuing 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 Auditors M/s C.C. Chokshi & Company, Chartered Accountants, Ahmedabad retired at the ensuing Annual General Meeting and are eligible for re-appointment. The Audit Committee in their meeting held on 23rd May, 2007 has recommended the re appointment of M/s C.C. Chokshi & Company, Chartered Accountants, as Auditors of the Company.

**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 GILC 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 Shareholders of the company in the difficult period.

For and on behalf of the Board

Ahmedabad  
May 23, 2007

Chairman

# CORPORATE GOVERNANCE REPORT

## 1. Philosophy on Code of Corporate Governance

The Philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company vis-a-vis interactions with employees, shareholders, creditors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are required in accordance with the latest global trend of making management completely transparent and institutionally sound.

## 2. Board of Directors :

The Company's board comprises of 6 Directors, with a mix of executive/non-executive and promoter/independent directors. The composition of Board complies with the requirements of the Corporate Governance code with not less than 50% of the directors being non-executive directors and at least 1/3 of the directors being independent directors.

Four Board meetings were held during the financial year 2006-2007. The dates on which Board Meetings held were 26th May, 2006, 29th July, 2006, 27th October, 2006, and 30th January, 2007.

The table below provides the composition of the Board, their attendance at Board meetings & AGM and number of other directorship, chairmanship/membership of other companies.

Name of the Director & Designation	Category	No. of other Directorship held in public companies in India	No. of other Board committees of which Member(M)/ Chairman ( C )	Board meetings attended	Attendance at the last AGM	No. of Shares held (of the Company)
Mr. D. Rajagopalan Chairman	Non Executive Independent Director	6	—	4	Yes	No
Mr. G. C. Murmu Director	Non Executive Independent Director	12	—	2	No	No
*Mr. A.K. Joti Director	Non Executive Independent Director	6	—	—	No	No
\$Mr. Manishkumar Verma Director	Non Executive Independent Director	4	1(M)	—	—	No
Mr. Vasant Shah, Managing Director	Executive Non Independent Director	6	4(M) 1(C)	4	Yes	No
Mr. Ajay Mehta Director	Non Executive Non Independent Director	3	1(M)	1	Yes	No
Mr. Surendra M. Shah Director	Non Executive Independent Director	2	3(C)	4	Yes	No

\* Resigned w.e.f. 23rd May, 2007

\$ Appointed w.e.f. 23rd May, 2007

As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (audit / remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship with the Executive Director of the Company. Non-executive Directors have no transaction with the company, and they are not paid any remuneration or sitting fees.

**Details of the Directors seeking Appointment/ Re-appointment in forthcoming Annual General Meeting**

Name of Director	Mr. Manishkumar Verma	Mr. Ajay Mehta
Date of Birth	01/08/1970	16/09/1954
Date of Appointment	23/05/2007	31/03/2003
Qualifications	B.A. (Economics), CAIIB	Fellow Company Secretary
Expertise in specific functional areas	Treasury and Foreign Exchange Management & Banking Operations	Finance and General Management
List of Public Ltd. Co. in which Directorship held	Gujarat State Financial Services Ltd.	1.GLFL Housing Finance Ltd. 2.GLFL Securities Ltd. 3.GLFL International Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company	—	Audit Committee-1 (M) Shareholders Grievance Committee-1 (M)
Chairman/Member of the Committees of the Board of Directors of other Company	Gujarat Housing Board (Member)	Audit Committee 1(M)

**3. Remuneration of Directors**

The Remuneration Committee as a sub-committee of the Board has been constituted mainly to determine and recommend to Board, the company's policies on remuneration packages for executive and non executives. The company has reconstituted Remuneration Committee consisting of three non independent directors with effect from 30.12.2005. The committee comprises of Shri D.Rajagopalan, IAS, as the Chairman of the Committee and Shri G.C.Murmu, IAS and Shri A.K.Joti, IAS as Members.

During the period under review, no committee meeting was held.

**4. Audit Committee**

The company has reconstituted Audit Committee consisting of two third independent directors and one third dependent directors with effect from 30.12.2005. The Manager (Finance) acts as the Secretary of the Audit Committee. The Audit Committee shall consist of following :-

Name	Designation	Attendance
Shri Rajagopalan, IAS	Chairman of the Committee Non Executive – Independent	4
Shri G. C. Murmu, IAS	Non Executive – Independent	2
Shri S. M. Shah	Non-Executive – Independent	4
Shri Ajay Mehta	Non-Executive – Dependent	1

The above composition meets all the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Manager (Finance) acts as the Secretary of the Audit Committee.

The terms of reference for the Audit Committee are as stipulated in clause 49 of the Listing Agreement and as laid down in Circular No.SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October, 2004- Annexure 1- Clause II (D).

The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange. Broadly, the same are (i) oversee company's financial reporting process, (ii) recommend the appointment or removal of External Auditors, decide the audit fee as well as approve fees for other services, discuss the nature and scope of audit and ascertain the areas of concern, (iii) review the annual and quarterly financial statement, (iv) review changes in the accounting policies and practices of major accounting entries, (v) review adjustments in financial statements, highlighted by audit findings, (vi) review disclosure of related party transactions, (vii) review with the Management the performance of statutory and internal audit and adequacy of internal control system, (viii) review the adequacy of internal audit function and discuss with them, significant findings (if any) (ix) review the findings of internal investigations in case of suspected fraud or irregularity and (x) probe into the reasons for substantial default in payment of declared dividend.

During the period under review, four meetings were held on 26th May, 2006, 29th July, 2006, 27th October, 2006 and 30th January, 2007. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 15th July, 2006. The Audit



Committee at its meeting held on 26th May, 2006, reviewed the Annual Accounts for the year 2005-06 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 29th July, 2006, on 27th October, 2006 and 30th January, 2007, reviewed the unaudited financial results for the quarter ended on 30th June, 2006, 30th September, 2006 and 31st December, 2006.

#### 5. Shareholders / Investors Grievance Committee

The Shareholders Grievance Committee as a sub-committee of the Board has been constituted mainly to focus on the redressal of Shareholders / Investors Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; repayment of principal and/or interest on Fixed Deposits / Debentures, etc.

The company has Shareholders Grievance Committee consisting of all non-executive Directors out of which three independent directors and one dependent director. During the year, 4 meetings were held on 26th May, 2006, 29th July, 2006, 27th October, 2006 and 30th January, 2007. The Company had received 36 complaints from the Shareholders, all of them have been resolved and no complaint was pending as on 31st March, 2007. The Company has no transfers pending at the close of the financial year.

Manager (Finance), provides secretarial support to the Committee and is also the designated Compliance Officer for such matters.

Name	Designation	Attendance
Shri D. Rajagopalan, IAS	Chairman of the Committee Non Executive – Independent	4
Shri G.C.Murmu, IAS	Non Executive – Independent	2
Shri S. M. Shah	Non Executive – Independent	4
Shri Ajay Mehta	Non Executive – Dependent	1

The company is in process of appointing a Company Secretary and till such time, Mr.A.K.Jhaveri, Manager (Finance) is shouldering the responsibility of Compliance Officer.

#### 6. Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary whose turnover or net worth (i.e.paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively; of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Copies of the Minutes of the Audit Committee/ Board Meetings of the Subsidiary Companies are tabled at the Board Meetings regularly.

#### 7. Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. The Code has also been posted on the Company's website [www.gujaratleasefinancing.com](http://www.gujaratleasefinancing.com).

#### 8. Disclosure

- (a) The Company has no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Note No.15 of Note on Accounts.

- (b) There were no instances of non-compliance or Penalties, imposed on the Company by the Stock Exchange/(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

#### 9. Means of Communication

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board meetings and were also published in two newspapers (Gujarati & English). These results are also put on the Company's website : [www.gujaratleasefinancing.com](http://www.gujaratleasefinancing.com).

The Company also informs by way of intimation to the stock exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

#### 10. Share Transfer System

The Company has appointed M/s MCS Limited as Registrar and Transfer Agents . Valid Share transfer in physical form and complete in all respects as well as transfer in dematerialised form were approved and registered within stipulated period.

**11. Dematerialisation of Shares and Liquidity**

Consequent upon the compulsory demat of the Equity Shares of the Company as notified by SEBI, about 82.72% of the Equity Capital of the Company has been dematerialized as on 31st March, 2007. The shares are traded on Mumbai and National Stock Exchanges.

- 12. Date, time and venue of 24th Annual General Meeting** : 13th September, 2007 - Thursday  
Time: 10-00 AM  
H.T. Parekh Convention Centre, Torrent AMA Centre,  
ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015
- 13. Book Closure Date** : 6th September, 2007 to  
13th September 2007 (Both the days inclusive)
- 14. Dividend Payment Date** : Not Applicable
- 15. Details of last three Annual General meetings**

Meeting	Year	Venue of AGM	Date	Time	No. of Special Resolution Passed
21st AGM	2003-2004	Town Hall, Ellisbridge, Ahmedabad-380006	3rd July, 2004	9.30 a.m.	2
22nd AGM	2004-2005	Town Hall, Ellisbridge, Ahmedabad-380006	25th June, 2005	9.30 a.m.	2
23rd AGM	2005-2006	H.T. Parekh Convention Centre, Torrent AMA Centre, ATIRA Ahmedabad-380015	15th July, 2006	10.00 a.m.	1

No Extra Ordinary General Meeting (EGM) was held during last three years.

The special resolutions indicated above were passed by show of hands. The Company has not passed any Resolution, through postal ballot during these years under reference.

The Company has not issued any GDRs/ ADRs/ Warrants/any other Convertible Instruments during these years.

**16. Tentative Financial Calendar for the year 2007-2008.**

Financial reporting for the quarter ending June 30, 2007	End of July, 2007
Financial reporting for the quarter /half year ending September 30, 2007	End of October, 2007
Financial reporting for the quarter ending December 31, 2007	End of January, 2008
Financial reporting for the year ending March 31, 2008	End of April, 2008
Annual General Meeting for the year ending March 31, 2008	June, 2008

**17. High/Low of monthly Market Price of the Company's Equity Shares traded on the Mumbai & National Stock Exchanges during the financial year 2006-2007 is furnished below:**

Mpnth	BSE					NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	BSE Sensex (High)	BSE Sensex (Low)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April '06	11.95	6.50	1457832	12102	11008	12.00	6.90	1384873
May '06	10.33	5.75	519460	12671	9827	10.95	5.60	521258
June '06	8.92	4.32	284354	10627	8799	7.25	4.05	249357
July '06	5.89	4.09	113764	10940	9875	5.90	4.10	95898
August '06	5.25	4.05	169660	11794	10645	5.20	4.00	90923
Sept. '06	5.47	4.16	261122	12485	11444	5.40	4.50	128417
October '06	5.80	4.51	204101	13076	12178	5.80	4.55	126839
Nov. '06	5.68	4.25	219783	13799	12937	5.65	4.45	150104
Dec. '06	5.53	4.30	193320	14035	12802	5.45	4.50	126345
Jan. '07	7.02	4.92	428594	14326	13303	6.95	4.75	228291
Feb. '07	6.55	4.75	290624	14724	12801	6.75	5.00	94567
Mar. '07	5.80	4.40	194041	13387	12316	5.90	4.25	144057