

**12TH
ANNUAL
REPORT
1996-97**

BOARD OF DIRECTORS

DIRECTORS

Shri Ved Prakash Gupta (Chairman)
Shri Y.P. Narang (Nominee, Punjab National Bank)
Shri Shyamal Datta Gupta (Nominee, IFC Washington)
Shri Lalit Gupta
Shri Rajiv Gupta

AUDITORS

Khanna & Annadham, Chartered Accountants, New Delhi

BANKERS

Punjab National Bank
State Bank of India

FINANCIAL INSTITUTIONS

International Finance Corporation, Washington, U.S.A.
Industrial Finance Corporation of India
Small Industries Development Bank of India

REGISTERED OFFICE

4th Floor, Indraprakash Building
21, Barakhamba Road, New Delhi-110 001.
Phone : 3325135, 3713514 Fax : 3716573

ME	/		BKC	/
CS	/		DPY	KD
RO	/		DIV	/
TRA	/		AC	/
ACM	/		SHI	/

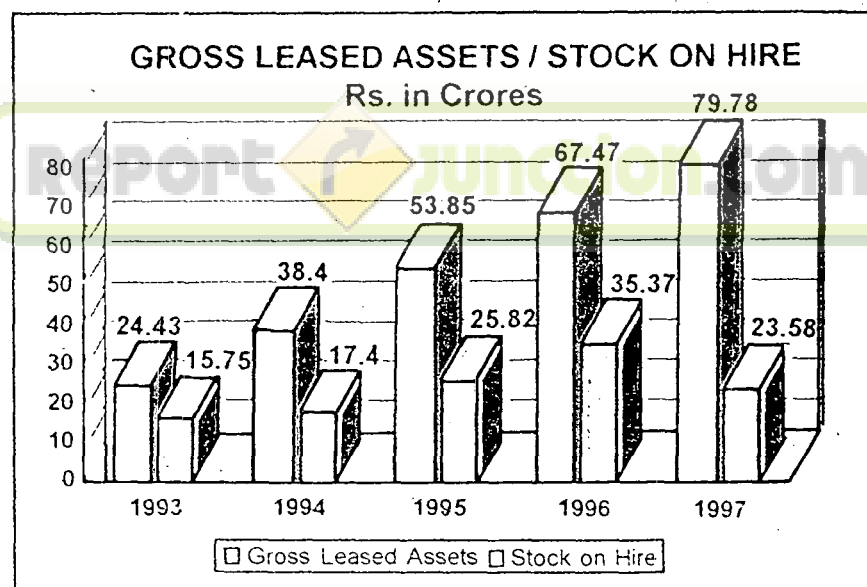
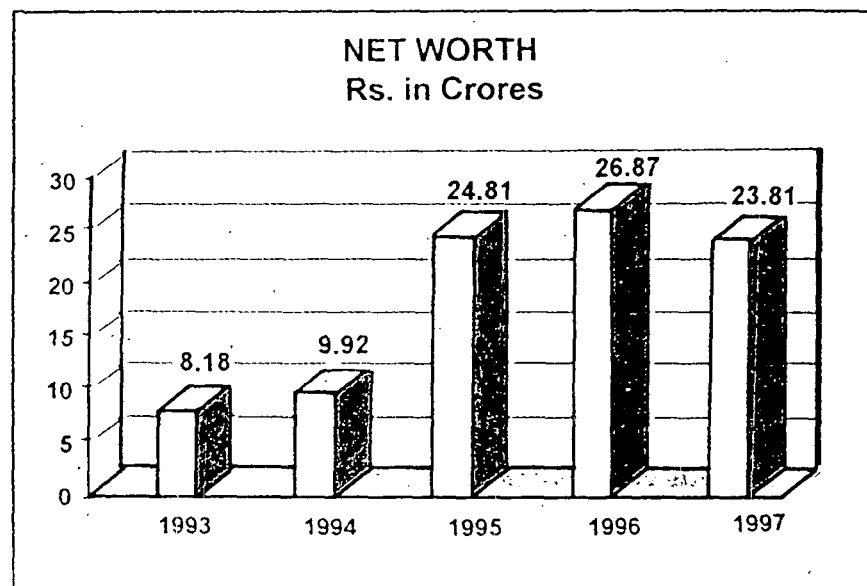
C O N T E N T S

	PAGE
Financial Highlight	2-3
Director's Report	4-5
Auditors' Report	6-7
Balance Sheet	8
Profit and Loss Account	9
SCHEDULES:	
1. Share Capital	10
2. Reserves and Surplus	10
3. Loan Funds	11
4. Fixed Assets	12-13
5. Investments - at cost	14-17
6. Current Assets, Loans and Advances	18-19
7. Current Liabilities and Provisions	19
8. Miscellaneous Expenditure	20
9. Other Income	20
10. Administrative and Other Expenses	21
11. Interest and Bank Charges	21
12. Accounting policies and notes	22-24
Balance Sheet Abstract & Company's	
General Business Profile	25
Cash Flow Statement	26-27
Performance At a Glance	28

ILD INDIA LEASE DEVELOPMENT LIMITED

**12TH
ANNUAL
REPORT
1996-97**

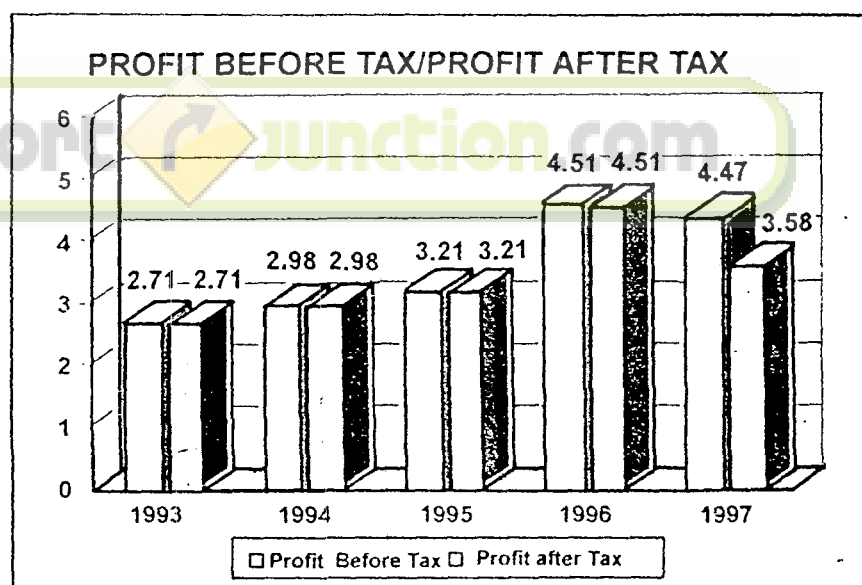
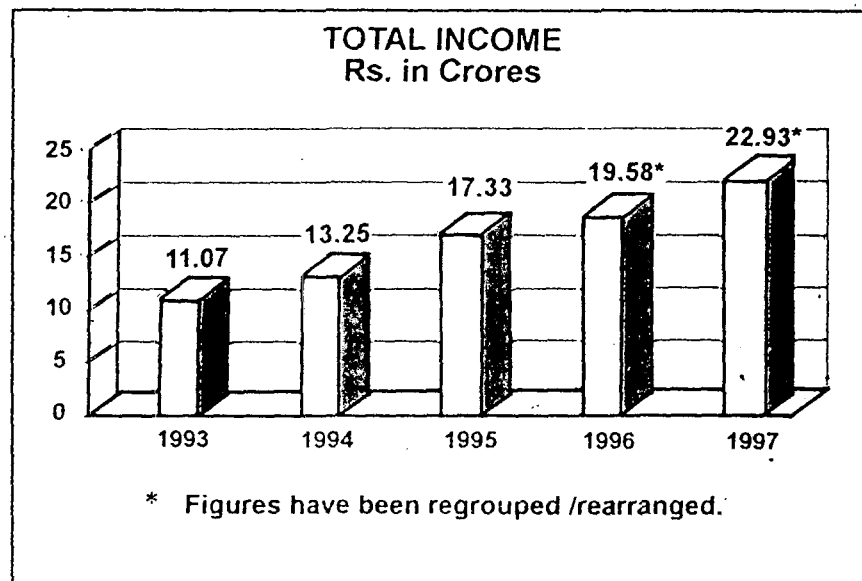
FINANCIAL HIGHLIGHTS



ILD INDIA LEASE DEVELOPMENT LIMITED

**12TH
ANNUAL
REPORT
1996-97**

FINANCIAL HIGHLIGHTS



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INDIA LEASE DEVELOPMENT LIMITED

12TH ANNUAL REPORT 1996-97

DIRECTORS' REPORT TO THE MEMBERS

1. The Directors are pleased to present the Twelfth Annual Report on the business and operations of the Company together with the Audited Balance Sheet as on 31st March, 1997 and Profit & Loss Account for the year ended on that date.

2. FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 1997 are summarized below for your consideration.

	Year ended 31.03.1997	(Rs. in Lacs) Year ended 31.03.1996
Profit before Taxation, Interest & Depreciation	2019.00	1753.90
Less: Interest (Net)	653.68	574.20
Less: Depreciation	855.75	719.73
Profit before provision for Non Performing Assets & Tax	509.57	459.97
Provision for Non Performing Assets	62.46	---
Provision for Tax : Corporate Tax	65.73	9.00
: Dividend Tax	22.99	---
Profit after Tax	358.39	450.97
Add: Balance b/f from last year	0.66	0.73
Less: Income Tax paid for earlier years	---	1.23
PROFIT AVAILABLE FOR APPROPRIATION	359.05	450.47
APPROPRIATION:		
Proposed Dividend	229.87	255.41
Statutory Reserve	71.68	---
General Reserve	35.84	172.00
Debenture Redemption Reserve	20.40	22.40
Balance carried to Balance Sheet	1.26	0.66

3. DIVIDEND

Your Directors are pleased to recommend a tax free dividend of 22.5% on the paid up capital of Rs. 1021.65 Lacs. Profit distributed together with tax on dividend amounts to Rs. 252.85 Lacs.

4. RESERVES

The Reserves of the Company stood at Rs. 1421.99 Lacs after making adequate provisions as required by prudential norms prescribed by Reserve Bank of India and Lease equalization charge as per 'Guidance Note on Accounting for Leases' made mandatory by Institute of Chartered Accountants of India respectively.

5. PERFORMANCE OF THE COMPANY

The key financial parameters of your Company's performance during the financial year ending 31.03.1997 are summarized below:

	Year ended 31.03.1997	(Rs. in lac) Year ended 31.03.1996
A. Particulars		
(i) Total Income	2292.52	1953.90
(ii) Gross Leased Assets	7977.59	674.40
(iii) Profit after Tax (available for appropriation)	359.05	450.47

6. AUDITOR'S REPORTS

Observations made by the Auditors in their report are self-explanatory.

ILD INDIA LEASE DEVELOPMENT LIMITED

12TH ANNUAL REPORT 1996-97

7. FIXED DEPOSITS

During the year under review the Company recorded a substantial growth in mobilizing fresh deposits. Reserve Bank of India relaxed the ceiling on interest rate and quantum of deposits for registered Non Banking Finance Companies which met the prudential norms and credit rating requirement. The Company obtained the requisite certificate from RBI permitting the above relaxation. However, the Company chose not to alter the interest rates taking a long term view.

Your Company continues to enjoy the 'MAA' rating from ICRA for its public deposit schemes signifying the high degree of safety for payment of principal and interest.

The Company had fixed deposits of Rs. 1,457.94 Lacs as on 31.03.97 as compared to Rs. 629.64 Lacs recorded as at 31.03.96. There were no unclaimed deposits as on 31st March, 1997. All deposits due for payment were either paid or renewed during the year. The Company has complied with the requirements of Reserve Bank of India to provide specified percentage of the deposits as liquid assets.

8. DIRECTORS

Shri Ved Prakash Gupta and Shri Rajiv Gupta retire by rotation and being eligible offer themselves for reappointment

9. AUDITORS

M/s. Khanna & Annadhanam, Chartered Accountants, the Auditors retire and being eligible offer themselves for reappointment. A certificate under section 224 (4) (B) of the Companies Act, 1956 has been obtained from them.

10. PARTICULARS OF EMPLOYEES

There were no employees in receipt of remuneration within the limits prescribed under Section 217 (2A) of the Companies Act, 1956 and as such no statement is furnished.

11. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

In terms of the requirements of clause (e) of sub-section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars are given as under:

a) Technology	Not applicable	
b) Transactions in Foreign Currency		
	This year (Rs.)	Previous year (Rs.)
(i) Expenditure for Foreign Currency Loan		
1. Repayment of Foreign Currency Loan	1,57,57,976	1,47,88,692
2. Interest on Foreign Currency Loan	64,96,249	77,41,875
(ii) Travelling Expenses	2,46,372	1,58,750
c) Shares held by non-resident shareholders.	11,29,500	11,29,500
No. of shareholders	5	5
Gross amount of dividend remitted in respect of shareholders (for the year ended 31st March 1996).	28,12,500	24,06,675
In the case of four shareholders, dividend aggregating to Rs. 8,075/- net of tax was deposited in Rupee Accounts of Non-Resident in India.		

12. ACKNOWLEDGEMENTS

Your Directors wish to thank all our valued Clients, Bankers, Financial Institutions, Debenture holders, Depositors, and Shareholders for their continued support. The Directors also wish to express their sincere appreciation to all the staff members for their contribution to the performance of the Company.

Place : New Delhi
Dated : 24th June, 1997

By Order of the Board
(Ved Prakash Gupta)
Chairman

ILD INDIA LEASE DEVELOPMENT LIMITED

**12TH
ANNUAL
REPORT
1996-97**

AUDITORS' REPORT

We have audited the attached Balance Sheet of India Lease Development Limited as at 31st March, 1997 also the profit & Loss Account of the Company for the year ended on that date annexed thereto and report thereon.

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable.
2. Further to our comments in the annexure referred to in paragraph 1 above, we refer to :
 - (i) Accounting Policy 6(d) with regard to accounting of overdue charges on hire purchase / lease receivables and bills discounted respectively, on cash basis;
 - (ii) Note no. 5 regarding loan of Rs. 472.71 lacs shown as Secured on the basis of Corporate Guarantee;
 - (iii) Note no. 8 regarding provisions having not been made for short fall in value of permanent investments of Rs. 52.98 lacs;

Subject to the above paragraphs:

- 3.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 3.2 In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
- 3.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- 3.4 In our opinion, and according to the explanations given to us, the accounts subject to and read with the accounting policies and notes attached thereto or appearing thereon give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view.
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1997 and
 - (b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For KHANNA & ANNADI
Chartered Accountants
(K.A. BALASUBRAM)

Place : New Delhi

Date : 24th June, 1997

ILD

INDIA LEASE DEVELOPMENT LIMITED

**12TH
ANNUAL
REPORT
1996-97**

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Management has carried out physical verification of "Other Fixed Assets" during the year and no discrepancies have been noticed. For assets on lease, management has sent confirmation letters as regards their physical existence as at 31.03.1997 but these were received in a few cases only.
2. None of the fixed assets have been revalued during the year.
3. The Company has not taken any loans, Secured or Unsecured, from Companies, Firms or Other Parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from Companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956, where the rate of interest and the terms and conditions are prima-facie prejudicial to the interest of the Company.
4. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to the Companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956 where the rate of interest and terms and conditions are prima-facie prejudicial to the interest of the Company. Loan granted to other parties includes Rs. 17.30 Lacs which is doubtful of recovery in respect of which full provision has been made.
5. (a) In respect of monies due under hire purchase transactions, where instalments are not received as stipulated, on the basis of the information and explanations given to us, we are of the opinion that reasonable steps have been taken by the Company for their recovery.
(b) In respect of interest free loan and advances in the nature of loans given to staff the repayment of principal is generally in accordance with the originally stipulated terms.
6. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to the purchase of plant and machinery, equipments and other assets. The Company being a hire purchase / lease company, the question of sale of goods does not arise.
7. In our opinion and according to the information and explanations given to us, the Company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956, and rules framed thereunder with regard to deposits from the public.
8. Internal audit was carried out by a firm of Chartered Accountants during the year which is commensurate with the size and nature of the business of the Company.
9. According to the records of the Company examined by us, Provident Fund dues have been regularly deposited with the appropriate authority during the year. We were informed that the Employees State Insurance Act, 1948, is not applicable to the Company.
10. According to the information and explanation given to us, no undisputed amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31.03.1997 for period of more than six months from the date they became payable.
11. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
12. According to information and explanations given to us, the provision of special statutes applicable to Chit Fund, Nidhi or benefit society are not applicable to the Company.
13. According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.

For KHANNA & ANNADHANAM

Chartered Accountants

(K.A. BALASUBRAMANIAN)

Partner

Place : New Delhi

Date : 24th June, 1997

ILD INDIA LEASE DEVELOPMENT LIMITED

**12TH
ANNUAL
REPORT
1996-97**

BALANCE SHEET AS AT 31ST MARCH, 1997

	SCHEDULE No.	As at 31.03.97 (Rs.)	As at 31.03.96 (Rs.)
SOURCES OF FUNDS			
Shareholders Funds			
Capital	1	10,21,14,125	10,21,08,750
Reserves and Surplus	2	14,21,98,506	24,43,12,631
			27,59,81,381
Loan Funds	3		
Secured Loans		24,77,75,988	29,29,76,709
Unsecured Loans		14,61,46,998	6,33,32,124
			35,63,08,833
Total Net Worth and Liabilities		63,82,35,616	63,22,90,214
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		80,94,06,793	68,13,24,933
Less : Depreciation		18,93,24,117	15,98,57,373
Net Block		62,00,82,676	52,14,67,560
Less: Accumulated Lease adjustment		10,56,06,915	7,43,08,711
			44,71,58,849
Assets Pending Lease		41,39,694	31,10,562
Investments at cost	5	5,76,93,821	5,45,26,389
Current Assets, Loans and Advances	6		
Current Assets		36,21,16,941	43,27,03,240
Loans and Advances		3,85,47,542	3,90,27,227
Total		40,06,64,483	47,17,30,467
Less: Current Liabilities & Provisions	7		
Current Liabilities		31,17,95,014	32,47,29,721
Provisions		3,32,01,676	2,67,41,510
Total		34,49,96,691	35,14,71,231
Net Current Assets		5,56,67,792	12,02,59,236
Miscellaneous Expenditure (to the extent not written off or adjusted)	8	62,58,548	72,35,178
Total Assets		63,82,35,616	63,22,90,214

Accounting Policies and
Notes to Accounts

As per our report of even date attached
For KHANNA & ANNADHANAM
Chartered Accountants

(K.A. BALASUBRAMANIAN)
Partner

Place : New Delhi
Dated : June 24, 1997

For and on behalf of the Board
Chairman
VED PRAKASH GUPTA

Directors
LALIT GUPTA
RAJIV GUPTA
SHYAMAL DATTA GUPTA

ILD INDIA LEASE DEVELOPMENT LIMITED

**12TH
ANNUAL
REPORT
1996-97**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

	Schedule No.	Current Year (RS.)	Previous Year (RS.)
INCOME			
Net Hire-Purchase Charges		6,04,48,907	6,02,32,739
Lease Charges *		15,10,76,477	1,95,54,932
Other Income	9	1,77,26,756	1,60,49,367
		<u>22,92,52,140</u>	<u>9,58,37,038</u>
EXPENDITURE			
Administrative & Other Expenses	10	2,48,61,753	1,73,92,112
Interest	11	6,53,68,245	5,74,20,178
Debts/Advances - Written Off		15,13,468	20,77,388
Depreciation		8,55,74,586	7,19,73,336
Miscellaneous Expenditure -Written Off		9,76,630	9,76,640
		<u>17,82,94,682</u>	<u>14,98,39,655</u>
NET PROFIT BEFORE PROVISION FOR NON PERFORMING ASSETS & TAX		5,09,57,458	4,59,97,383
Provision for Non Performing Assets		62,45,715	—
Income Reversal /Provision for			
Non performing Assets (Earlier Years)	2,60,70,452		
Additional charge for Lease Equalisation (Earlier years)	1,84,71,191		
Less: Transfer from General Reserve	4,45,41,643		
		<u>65,73,512</u>	<u>9,00,000</u>
Provision for : Corporate Tax		22,98,713	—
: Dividend Tax			
NET PROFIT AFTER TAXATION		3,58,39,518	4,50,97,383
Add : Balance Brought Forward from Previous year		65,881	73,481
Less: Income Tax Paid for Previous year		—	1,23,734
PROFIT AVAILABLE FOR APPROPRIATION		3,59,05,399	4,50,47,130
APPROPRIATIONS :-			
Debenture Redemption Reserve		20,40,000	22,40,000
Statutory Reserve		71,67,904	—
General Reserve		35,83,952	1,72,00,000
Proposed dividend		2,29,87,125	2,55,41,250
Surplus Carried to Balance Sheet		1,26,418	65,881
		<u>3,59,05,399</u>	<u>2,56,67,131</u>

**Accounting Policies and
Notes to Accounts**

12

* Net of Lease Equalisation Charges

As per our report of even date attached
For KHANNA & ANNADHANAM
Chartered Accountants

(K.A. BALASUBRAMANIAN)
Partner

Place : New Delhi
Dated : June 24, 1997

For and on behalf of the Board
Chairman
VED PRAKASH GUPTA

Directors
LALIT GUPTA
RAJIV GUPTA
SHYAMAL DATTA GUPTA

ILB INDIA LEASE DEVELOPMENT LIMITED