



13TH
ANNUAL
REPORT
1997-98

ILD

INDIA LEASE DEVELOPMENT LIMITED



NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of India Lease Development Limited will be held on Friday, 7th August, 1998 at FICCI Auditorium, Golden Jubilee Hall, Tansen Marg, New Delhi-110001 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1998 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Ved Prakash Gupta, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Lalit Gupta, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration, M/s Khanna & Annadham, Chartered Accountants, New Delhi, retire and are eligible for reappointment.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:

6. AS AN ORDINARY RESOLUTION

RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the limits laid down in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. Bharat Gupta as the "Manager" (designated as Vice President-Operations) of the Company for a period of 5 years, with effect from August 7, 1998 at a salary & perquisites as specified in detail in an agreement to be entered into between the Company and Mr. Bharat Gupta (a draft whereof was submitted to this meeting and initiated by the Chairman for the purpose of identification) and as set out in the Explanatory Statement attached to the Notice subject to the condition that the Board of Directors of the Company are authorized to revise, amend alter or otherwise vary the terms and conditions of this appointment as they may deem fit and acceptable to Mr. Bharat Gupta but at no time the remuneration payable to Mr. Bharat Gupta shall exceed the maximum limit prescribed in Section I of Part II of Schedule XIII to the Companies Act, 1956 as existing or as may be amended and in the event of the Company not earning profit or inadequacy of profit in any financial year Mr. Bharat Gupta would be entitled to receive the remuneration to the maximum extent prescribed in Section II of Part I & Part II of Schedule XIII to the Companies Act, 1956 as existing or as may be amended from time to time.

7. AS AN ORDINARY RESOLUTION

"Resolved that, in supersession of all previous Resolutions and pursuant to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, or of any other law for the time being in force, and subject to the approval of the Central Government, where necessary, the Board of Directors of the Company be and is hereby authorised to acquire from time to time by way of subscription, purchase or otherwise, shares and/or debentures (whether convertible or not) or warrants or other Equity related securities of any body/bodies corporate in India or abroad (existing or which may be promoted) in excess of the limits prescribed under section 372 of the said Act as it may, in its absolute discretion, deem beneficial and in the interest of the company, provided that the aggregate amount of investment so made shall not at any time exceed Rs. 8 Crores (Rupees Eight Crores Only).

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary, including deciding the body corporate(s) and the amount of investments to be made in each such body corporate to give effect to this Resolution.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to accept any modifications or stipulations which may be suggested or made by the Central Government, Reserve Bank of India or other authorities whose approvals are sought and as may be acceptable to the Directors and to decide on all or any matters out of and incidental to proposed investments without further reference to the members of the company.

8. AS A SPECIAL RESOLUTION

"Resolved that pursuant to Section 149 2(a) and other applicable provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the company for commencing and undertaking new business as and when deemed fit, as enumerated in sub-clause III(C) 1. & III (C) 2. of the Memorandum of Association of the Company detailed as under:

Sub Clauses

III (C) 1. To carry on all kind of agency business and subject to the provisions of the Act, to take part in the management, supervision or control of the business or operations of any other company, association, firm or person (and to act as the agent, or other officers



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of any such company, association, firm or person) and in connection therewith to appoint and remunerate any directors, accountants and other experts or agents.

III (C) 2. To carry on the business of import, export, all merchandise and to act as agents, stockists, distributors for firms and companies in India and abroad, to obtain recognition as an export house".

9. AS A SPECIAL RESOLUTION

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (herein referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of the shares and/or other Securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities (odd lots), the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities"), of the Company, from out of its free reserves or out of the Securities premium account of the Company specifically for the purpose, or from such other sources as may be prescribed by law from time to time; provided that the aggregate of the Securities so bought back shall not exceed 10% of the respective Securities of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper".

By Order of the Board of Directors

Place : New Delhi
Date : 9th June, 1998

(Ved Prakash Gupta)
Chairman

Notes:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business as set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS (48 HOURS) BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING, BLANK PROXY FORM IS ENCLOSED.
3. The Register of Members and Shares Transfer Books of the Company shall remain closed from Friday, 31st July, 1998 to Friday, 7th August, 1998 (both days inclusive) for the purpose of payment of dividend, if approved by the members.
4. (i) In terms of Section 205A of the Companies Act, 1956, the company has already transferred unclaimed dividend declared upto the financial year ended 31.03.94 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (transfer to General Revenue Account of the Central Government) Rules, 1978. Prior to such transfer the company had individually informed the shareholders concerned about the particulars of the unclaimed dividend remaining unencashed.
Shareholders who have a valid claim to the unclaimed dividends referred to above may claim the same from Registrar of Companies, NCT of Delhi and Haryana, Block B, 2nd floor, Paryavaran Bhawan, CGO Complex, Lodhi Estate, New Delhi-110003.
- (ii) The dividend warrants for the year ended 31st March, 1995 remaining unclaimed are required to be transferred to General Revenue Account of the Central Government on or before 12th October, 1998.
5. The final dividend on Equity Shares as recommended by the Directors for the year ended March 31, 1998 if approved at the Annual General Meeting of the Company will be payable within forty two days from the date of declaration of dividend by the members to those shareholders whose names stand on the Company's Register of Member as on Friday, 31st July, 1998 and to whom dividend warrants will be posted.
6. The members are advised once again to forward particulars of their respective bank account with full name of the bank account number, nature of account to the company which would enable the company to protect the interest of the members.
7. Persons holding shares in the identical names in different folios are requested to apply for consolidation of the said folios and send relevant shares certificates.
8. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at entrance of the meeting place.
9. Members are requested:
 - (a) To bring their copies of Annual Report and Attendance Slip at the time of the meeting.
 - (b) To quote their Folio No.(s) in all correspondence.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND THE NATURE OF THE CONCERN OR INTEREST OF DIRECTORS UNDER SECTION 302 READ WITH SECTION 173 OF THE COMPANIES ACT 1956.

ITEM NO. 6:

The Board of Directors in view of the increased business activities and the future expansion program of the company at their meeting held on 9th June, 1998 decided to appoint a person as Manager under the Provisions of companies Act, 1956 having extensive experience in the day to day functioning and financial management of the corporate bodies.

It was considered that Mr. Bharat Gupta, Vice President (Operations) who has been employed with the company since November, 1987 and who has acquainted himself in the field of Hirepurchase/lease and is actively involved in the day to day functioning of the company be appointed as a 'Manager' designated as Vice President (Operations) as such on the term and conditions as set out in the Draft Agreement to be entered in to between the company and Mr. Bharat Gupta (Draft of Agreement was submitted to the meeting and for the purpose of identification initialed by the Chairman) subject to the condition that Board of Directors of the Company be and are hereby authorized to vary/amend/alter the terms and conditions of his appointment as they may deem fit and which is acceptable to Mr. Bharat Gupta but in no case, remuneration payable including minimum remuneration shall exceed the limits laid down in Section II of Part I and Part II Schedule XIII of the Companies Act, 1956 or any other amendment made thereto.

Mr. Bharat Gupta's appointment shall be effective from 7th August, 1998 and the same will be in conformity with the provisions contained in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

The terms and conditions of the appointment and remuneration of Mr. Bharat Gupta are detailed as under:

(A) Remuneration including perquisites

- | | |
|-------------------|---|
| 1. Salary | (a) Basic Salary Rs. 21,000 with the provision that Annual increments as may be decided by the Board from time to time |
| | (b) Ex-Gratia to be calculated in accordance with the Company's Rules. |
| 2. Housing | House Rent Allowance shall be provided @ 35% of Basic Salary. |
| 3. Telephone | Telephone will be provided at the Company's expenses for official purposes. |
| 4. Car | Car maintained by the Company shall be provided on Company's expense. In case Personal Car for official purposes is used, expenses will be Reimbursed. |
| 5. Medical | For him and his Family as per the Rules of the Company from time to time. |
| 6. Provident Fund | Company's contribution towards Provident Fund subject to ceiling of 12% of the salary with a provision to vary it according to any amendments of Employee Provident Fund Act. |
| 7. Gratuity | Gratuity will be payable for each completed year of service at the rate of 15 days salary including for the past period of service with the Company. |

(B) Other Conditions:

- He will be discharging the functions as 'Manager' of the Company within the meaning of Section 2(24) of the Companies Act, 1956 and will be responsible for the efficient working of the Company and subject to supervision, control and direction of the Board, shall manage the affairs of the Company.
- Notwithstanding anything to the contrary contained above, either party shall be entitled to terminate this appointment giving not less than three calendar months' notice in writing in that behalf to the other party without the necessity of showing any cause, and on the expiry of the period of such notice this appointment shall stand terminated.

None of the Directors is concerned or interested in the passing of the above resolution.

Mr. Bharat Gupta, being an appointee, may be concerned or interested as such in the passing of the above resolution.

The Board commends that the above resolution be passed.

ITEM NO. 7:

The Board of Directors of the Company have been empowered by the shareholders to make Investments in Shares, Debentures and similar other instruments of the other bodies corporate in excess of the limits prescribed under Section 372 of the Companies Act, 1956 upto an aggregate amount of Rs. 5 Crores. Taking into account the long term plans, the Company may be required to invest in shares and securities of other bodies corporate. Your Directors consider that the existing ceiling, as aforementioned, is inadequate and also that there should be authorisations by the shareholders in terms of Section 372 of the Act for any increase in the limit.

The Resolution set out at Item No. 7 of the convening notice is intended for aforementioned purposes & wherever necessary, approval of the Central Government will be obtained.



The Director recommend the resolution for approval of the shareholders.

None of the Directors is concerned or interested in the said resolution.

ITEM NO. 8:

In the process of expansion & diversification of its activities the Company may undertake the business of Import/Export of all or any merchandise including Software Business and/or to take part in the management supervision or control of operation of any other business. Sub Clause III C 1 & Sub Clause III C 2 of the Memorandum of Association of the Company are covering the above said objects.

The Resolution set out at Item No. 8 of the convening notice is intended for aforementioned purposes.

The Resolution as such and is being proposed as an enabling Resolution aimed at facilitating the Company to under take new activities as and when considered appropriate and in the best interests of the Company.

The Director recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

ITEM NO. 9:

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/securities by companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

It is proposed to buy back not exceeding 10% of the total voting powers relating to the shares or other securities giving right to subscribe for shares of the company, from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares or other securities giving right to subscribe for shares of the company and shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the prevailing law/regulation.

The Board is of the opinion that it will be in the best interests of the company if shareholders approve the said resolution, permitting such buy back, so that the company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The proposed Resolution as set out in this notice to be passed at the ensuing Annual General Meeting shall be valid upto 30th September, 1999.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Director recommended the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By order of the Board
for India Lease Development Limited

Place : New Delhi
Date : 9th June, 1998

(Ved Prakash Gupta)
Chairman

BOARD OF DIRECTORS

DIRECTORS

Shri Ved Prakash Gupta (Chairman)

Shri Y.P. Narang (Nominee, Punjab National Bank)

Shri Lalit Gupta

Shri Rajiv Gupta

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

AUDITORS

Khanna & Annadhanam, Chartered Accountants, New Delhi

BANKERS

Punjab National Bank

State Bank of India

FINANCIAL INSTITUTIONS

International Finance Corporation, Washington, U.S.A.

Small Industries Development Bank of India

REGISTERED OFFICE

4th Floor, Indraprakash Building,

21, Barakhamba Road, New Delhi-110 001.

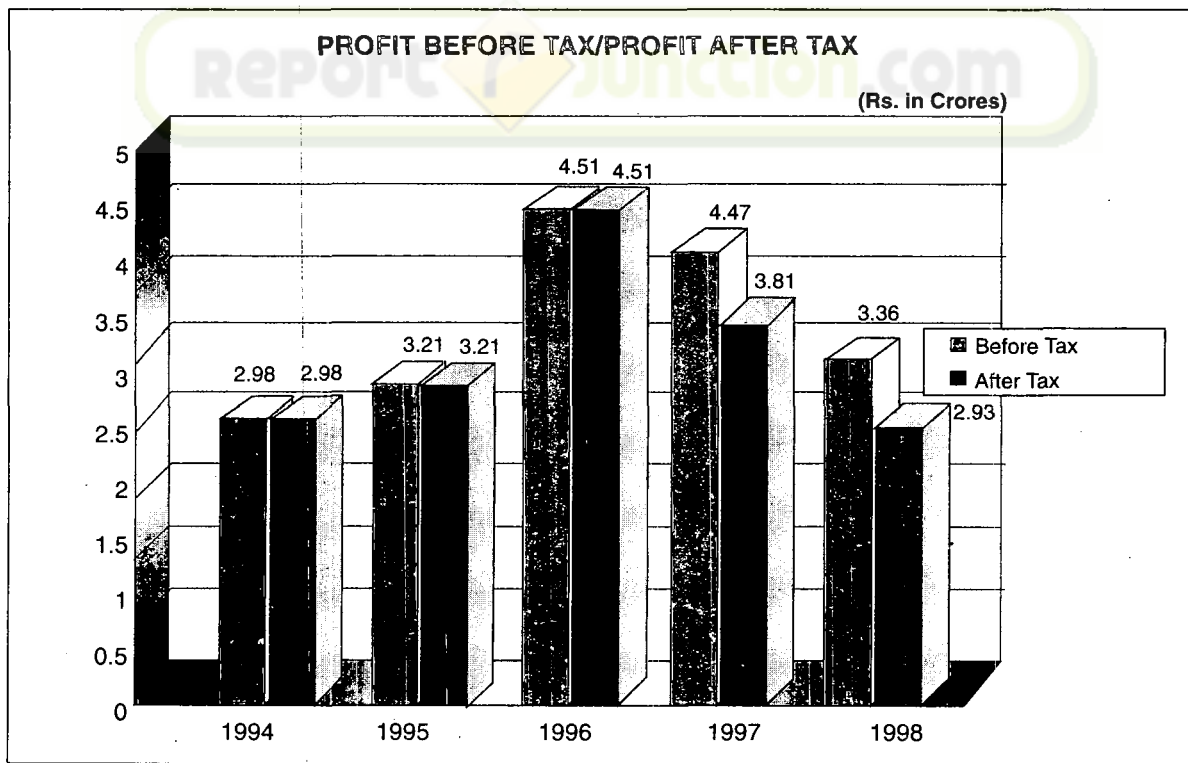
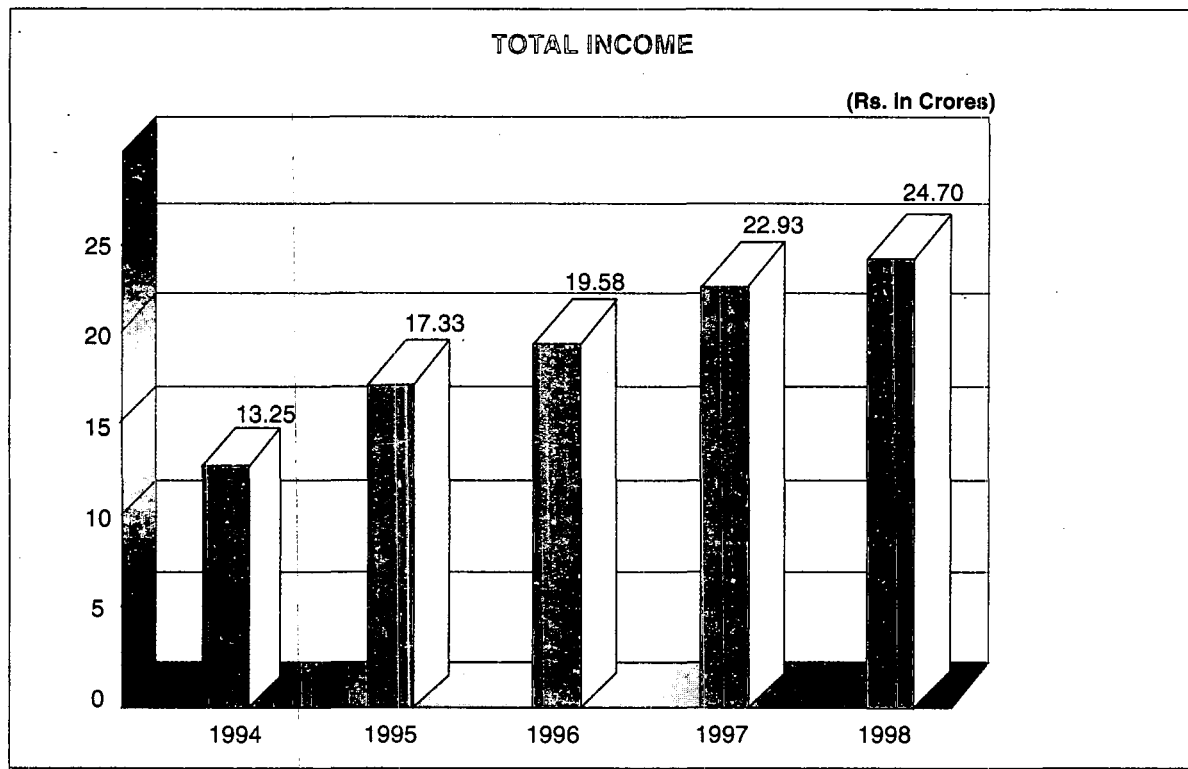
Phone : 3325135, 3713514 Fax : 3716573

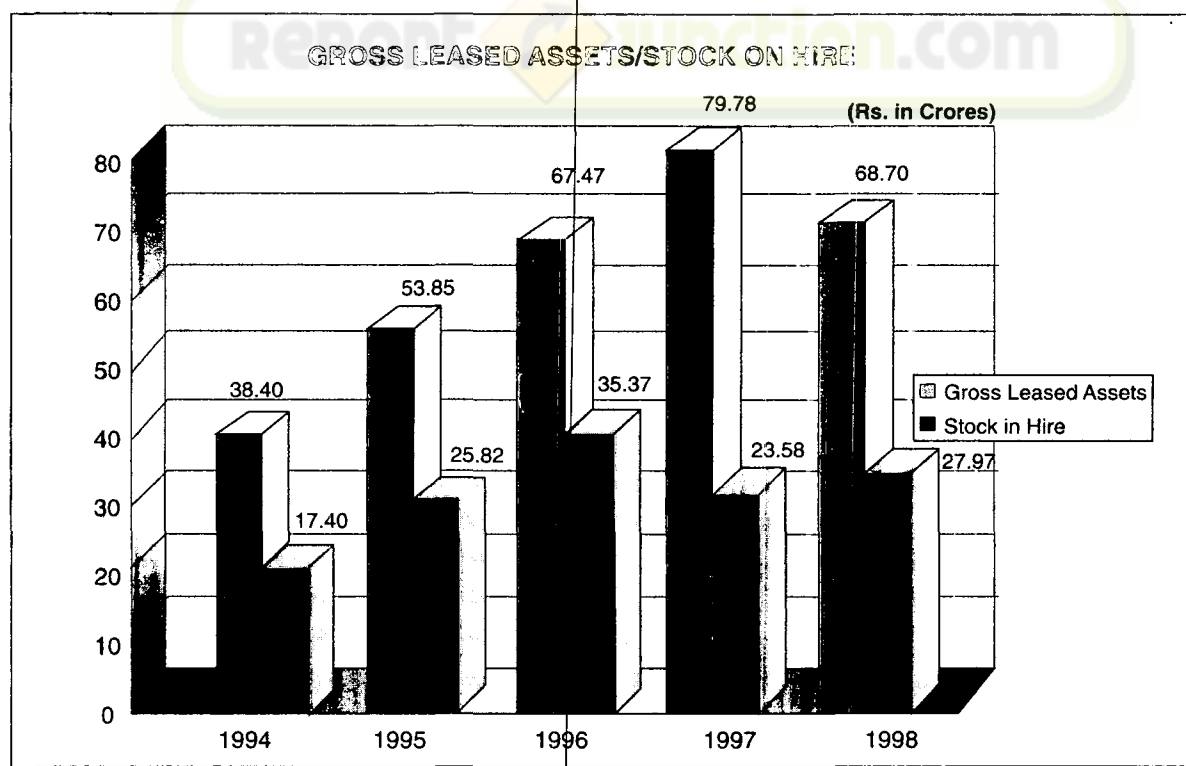
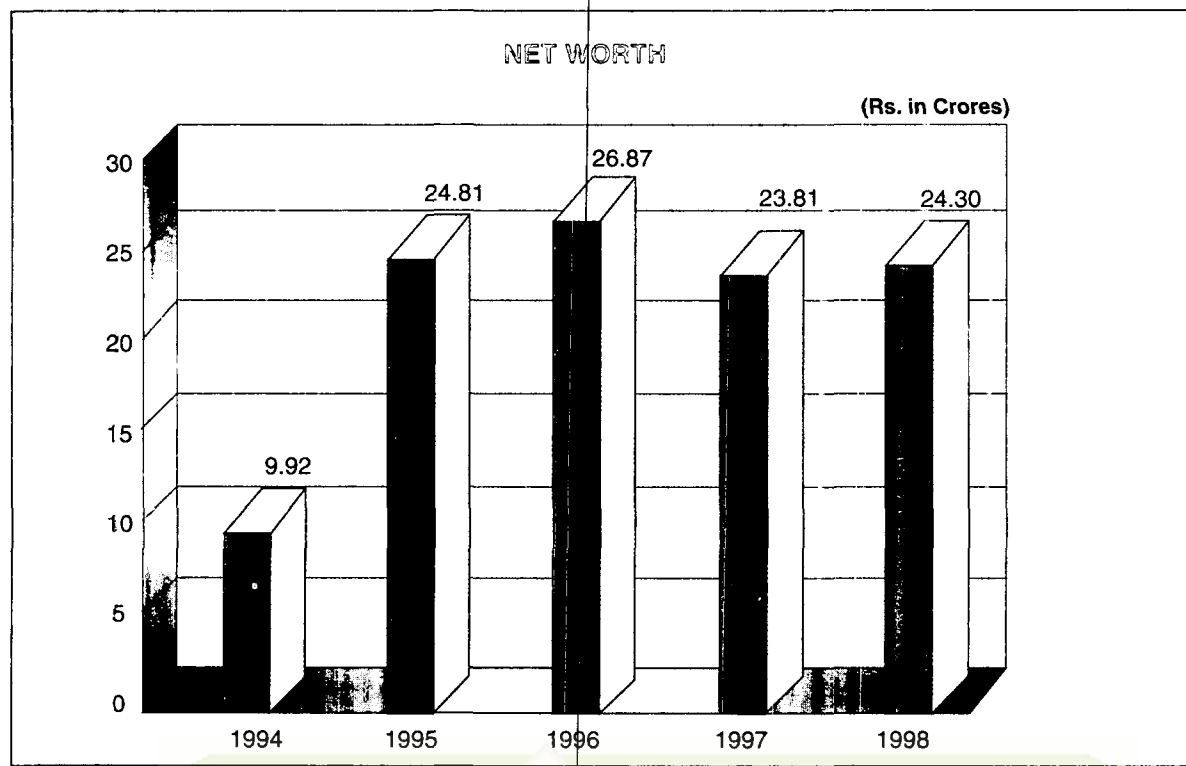
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DIRECTORS' REPORT TO THE MEMBERS

1. The Directors are pleased to present the Thirteenth Annual Report on the business and operations of the Company together with the Audited Balance Sheet as at 31st March 1998 and Profit and Loss Account for the year ended on that date.

2. FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March 1998 are summarised below for your consideration.

	(Rs. in Lakhs)	
	Year ended 31st March, 1998	Year ended 31st March, 1997
Profit before Taxation, Interest & Depreciation	2101.32	2019.00
Less : Interest (Net)	665.64	653.68
Less : Depreciation	1021.36	855.75
Profit Before Provision for Non Performing Assets & Tax	414.32	509.57
Provision for Non Performing assets	78.28	62.46
Provision for Tax : Corporate Tax	43.50	65.73
Profit after Tax	292.54	381.38
Add: Balance b/fd from last year	1.26	0.66
Transfer From Debenture Redemption Reserve	50.00	—
PROFIT AVAILABLE FOR APPROPRIATION	343.80	382.04
APPROPRIATION :		
Proposed Dividend	229.87	229.87
Dividend Tax	22.99	22.99
Statutory Reserve	58.51	71.68
General Reserve	29.25	35.84
Debenture Redemption Reserve	—	20.40
Balance carried to Balance Sheet	3.18	1.26

3. DIVIDEND

Your Directors are pleased to recommend a tax-free dividend of 22.5% (Rs. 2.25 on equity share of Rs. 10/- each) on the Paid up capital of Rs. 1021.65 lacs. Profit distributed together with tax on dividend amounts to Rs. 252.86 Lacs.

4. AUDITORS' REPORT

Observations made in the Auditors' report are dealt with in the notes to the accounts at appropriate places and being explanatory need no further explanation. In terms of RBI Directions the Auditors' submitted a separate report to the Board of Directors. The observations made by them are general in nature and require no specific comment.

5. RESERVES

The Reserves of the Company stood at Rs. 1461.83 lacs after making mandatory transfers to Statutory Reserves and General Reserves.

6. PERFORMANCE OF THE COMPANY

The Key financial parameters of your Company's performance during the financial year ending 31.03.1998 are summarised below:

	(Rs. in Lakhs)	
Particulars	Year ended 31st March, 1998	Year ended 31st March, 1997
(i) Total Income	2469.52	2292.52
(ii) Stock on Hire	2796.94	2358.06
(iii) Gross Leased Assets	6870.08	7977.59
(iv) Profit after Tax (available for appropriation)	343.80	382.04

7. DEBENTURES

As per the terms of Debenture Issue, the Company redeemed Rs. 20/- out of the face value of Rs. 60/- of 14% Secured Redeemable Non-Convertible Debentures in May, 1997. After the part redemption, the Debenture amount outstanding was Rs. 2 crores. Out of this Rs.1 Crore has been redeemed in May, 1998. The balance amount shall be fully redeemed by 10th May, 1999.

8. FIXED DEPOSITS

During the year the Credit Rating of the Company was reviewed by ICRA and maintained at 'MAA' signifying high degree of safety for payment of principal & interest. As per RBI Directions the Company can raise Public Deposits to the extent of 2.5 times the

ILD INDIA LEASE DEVELOPMENT LIMITED