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14TH ANNUAL ~~REPORT~~ 1998-99



**INDIA LEASE DEVELOPMENT LIMITED**

**INDIA LEASE DEVELOPMENT LIMITED****NOTICE**

Notice is hereby given that the 14th Annual General Meeting of the Members of the India Lease Development Limited will be held on Thursday, 22nd July, 1999 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 31st March, 1999 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 appoint a Director in place of Shri Ved Prakash Gupta, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Rajiv Gupta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration. M/s Khanna & Annadhanam, Chartered Accountants, New Delhi, retire and are eligible for reappointment.

**NOTES:**

1. **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.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 15th July, 1999 to Thursday, 22nd July, 1999 (both days inclusive).
3. In terms of Section 205A of the Companies Act, 1956, the company has already transferred unclaimed dividend declared upto the financial year ended 31.03.95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (transferred 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 refer 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.
4. 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.
5. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting place.
6. 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.

By Order of the Board of Directors

Place: New Delhi  
Date : 21st May, 1999

(Ved Prakash Gupta)  
Chairman

**INDIA LEASE DEVELOPMENT LIMITED****ILD****BOARD OF DIRECTORS****DIRECTORS**

Shri Ved Prakash Gupta (Chairman)  
 Shri P.K. Gupta (Nominee, Punjab National Bank)  
 Shri Lalit Gupta  
 Shri Rajiv Gupta

**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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## INDIA LEASE DEVELOPMENT LIMITED

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## DIRECTORS' REPORT TO THE MEMBERS

1. The Directors are pleased to present the Fourteenth Annual Report on the business and operations of the Company together with the Audited Balance Sheet as on 31st March 1999 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 1999 are summarised below for your consideration.

Particulars	(Rs. in Lakhs)	
	Year ended 31st March, 1999	Year ended 31st March, 1998
Profit before Taxation, Interest & Depreciation	1672.33	2101.32
Less: Interest (Net)	600.50	665.64
Depreciation	856.13	1021.36
<b>Profit before provision of Non Performing Assets &amp; Tax</b>	<b>215.70</b>	<b>414.32</b>
Less : Provision for Non Performing assets	(297.11)	(78.28)
Provision for Tax : Corporate Tax	(22.65)	(43.50)
: Tax for earlier years	(3.60)	—
Add : Balance b/fd from last year	3.17	1.26
Transfer From Debenture Redemption Reserve	50.00	50.00
<b>Balance (Loss)/Profit</b>	<b>(54.49)</b>	<b>343.80</b>
<b>Less: Appropriation:</b>		
Proposed Dividend	—	229.87
Tax on Proposed Dividend	—	22.99
Statutory Reserve	—	58.51
General Reserve	—	29.25
Debenture Redemption Reserve	—	—
Balance carried to Balance Sheet	(54.49)	3.18

**3. REVIEW OF OPERATIONS**

The year under review was a difficult year for the Company and financial services industry as a whole. The recessionary environment in the country resulted in lower offtake of automobiles and commercial vehicles. The collection against existing contracts also declined due to the above environment. During the year further pressure was exerted on the resources available to the Company. The resources available to the Company remained constant, however the company remained fully invested and ended the year with an operating profit. The provisions for Non Performing Assets as per the RBI guidelines increased substantially resulting in loss for the year.

**4. DIVIDEND**

In view of the Loss on account of provisioning as per RBI Prudential Norms your Directors do not recommend a dividend for the current year.

**5. 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 were general in nature and require no specific comment.

**6. DEBENTURES**

As per the terms of the Debenture issue the Company has redeemed Rs.40/- out of the face value of Rs.60/- of 14% Secured Redeemable Non-Convertible Debentures upto 31st March,1999 aggregating Rs.200 Lakhs. After the part redemption, the Debenture amount outstanding was Rs. 100 Lakhs which was due for redemption on 10th May, 1999. This amount has been fully redeemed on 10th May,1999.

**7. FIXED DEPOSITS**

The Company obtained the 'Registration Certificate' from Reserve Bank of India. The Credit Rating of the Company for Fixed Deposits was reviewed by ICRA and revised to MA+ . This Credit Rating signifies 'Adequate Safety' for payment of principal & interest. As per revised RBI Directions the Company can raise Public Deposits to the extent of 4 times the Networth of the Company i.e Rs 9327.20 Lacs. The Company had a fixed deposit base of Rs.1604.90 Lacs as compared to Rs.1929.85 Lacs as at 31st March,1998. There were no unclaimed deposits as on 31st March, 1999. All deposits due for payment were either

## INDIA LEASE DEVELOPMENT LIMITED

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paid or renewed during the year. The Company has complied with all the requirements of Reserve Bank of India Directions to provide specified percentage of the deposits as liquid asset.

**8. DIRECTORS**

In accordance with the requirement of Section 256 of the Companies Act, 1956 and the Articles of Association of your Company, Shri. Ved Parkash Gupta and Shri. Rajiv Gupta, Directors retire by rotation and being eligible offer themselves for re-appointment. The Nomination of Shri. Y.P. Narang from the Company's Board was withdrawn by Punjab National Bank and in his place Shri P.K. Gupta has been nominated. The Board of Directors wish to place on record sincere appreciation of Mr. Y.P. Narang's contribution towards the Company and welcome Shri P.K. Gupta's Nomination.

**9. AUDITORS**

M/s. Khanna & Annadham, Chartered Accountants, the Auditors retire and being eligible offer themselves for reappointment. A Certificate under section 224 (1) (B) of the Companies Act, 1956 has been obtained from them.

**10. YEAR 2000 COMPLIANCE**

To manage the year 2000 (Y2K) problem effectively the strategy adopted by the Company ensured that both Software and Hardware of the Company are Y2K compliant. Throughout the remainder of 1999 your Company shall continue to focus on ensuring that Software and Hardware Systems that have been tested and certified remain compliant.

**11. 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.

**12. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE RECEIPT OF BOARD OF DIRECTORS) RULES, 1988.**

In terms of the requirements of clause (e) of sub-section (1) of 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:

	This year	Previous year
a) Technology	Not applicable	
b) Conservation of Energy	Not applicable	
c) Transactions in Foreign Currency		
(i) Expenditure in Foreign Currency Loan		
(a) Repayment of Foreign Currency Loan	Rs. 1,86,20,974	Rs. 1,66,85,688
(b) Interest on Foreign Currency Loan	Rs. 36,14,891	Rs. 50,65,682
(ii) Travelling expenses	Rs. 5,88,279	Rs. 7,24,031
(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 1998).	Rs. 25,31,250	Rs. 25,31,250
In case of four shareholders, dividend aggregating to Rs. 10,125 (previous year Rs. 10,125/-) net of tax was deposited in Rupee Accounts of Non-Resident in India.		

**13. ACKNOWLEDGEMENTS**

The Directors wish to place on record 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.

By Order of the Board

Place : New Delhi  
Dated : 21st May, 1999

(Ved Prakash Gupta)  
Chairman

**INDIA LEASE DEVELOPMENT LIMITED****ILD****AUDITORS' REPORT**

We have audited the attached Balance Sheet of India Lease Development Limited as at 31st March, 1999 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in 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 7(c) with regard to accounting of overdue charges on hire purchase/lease receivable and bills discounted respectively, on cash basis;
  - (ii) Financial Note no. 4 regarding provisions having not been made for short fall in value of long term investments of Rs. 60.73 lacs for reasons explained there in.

Subject to the above paragraph.

- 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; the Profit & Loss account and the Balance Sheet comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- 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, 1999 and
  - (b) in the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date.

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For KHANNA & ANNADHANAM  
Chartered Accountants

Place : New Delhi  
Date : 21st May, 1999

(K.A BALASUBRAMANIAN)  
Partner

**INDIA LEASE DEVELOPMENT LIMITED****ILD****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 31.03.1999 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 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. Loans granted to other parties includes Rs. 15.30 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 installments 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 loans 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 regard to the purchase of plant and machinery, equipment's and other assets. The Company being a hire purchase/ lease Company, the question of sale of goods doesn't arise.
7. In our opinion and according to the information and explanation 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, 1986, 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 explanations given to us, no undisputed amount payable in respect on income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31.03.1999 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 the information and explanations given to us, the provisions of special statutes applicable to Chit Fund, Nidhi or benefit society are not applicable to the Company.
13. According to the information and explanations 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

Place : New Delhi  
Date : 21st May, 1999

(K.A.BALASUBRAMANIAN)  
Partner

## INDIA LEASE DEVELOPMENT LIMITED

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## BALANCE SHEET AS AT 31ST MARCH, 1999

	SCHEDULE NO.	As at 31st March, 1999 (Rs.)	As at 31st March, 1998 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Capital	1	10,21,23,125	10,21,20,525
Reserves and Surplus	2	13,54,23,978	14,61,82,869
		23,75,47,103	24,83,03,394
<b>Loan Funds</b>			
Secured Loans	3	19,13,77,383	20,37,67,174
Unsecured Loans		16,06,80,689	19,36,43,565
		35,20,58,072	39,74,10,739
<b>Total Liabilities</b>		<b>58,96,05,175</b>	<b>64,57,14,133</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	59,50,96,620	70,21,54,146
Less: Depreciation		16,39,44,611	17,33,06,644
<b>Net Block</b>		<b>43,11,52,009</b>	<b>52,88,47,502</b>
Less: Acc. Lease Adjustment		10,23,32,619	11,46,39,220
		32,88,19,390	41,42,08,282
<b>Assets Pending Lease</b>		<b>9,64,249</b>	<b>21,87,830</b>
<b>Investments</b>	5	<b>8,48,46,317</b>	<b>7,05,75,661</b>
<b>Current Assets, Loans and Advances</b>			
Current Assets	6	36,69,50,967	44,34,72,988
Loans And Advances		5,54,70,974	4,79,46,440
<b>Total</b>		<b>42,24,21,941</b>	<b>49,14,19,428</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	7	23,69,87,817	30,03,33,413
Provisions		1,48,25,933	3,76,56,443
<b>Total</b>		<b>25,18,13,750</b>	<b>33,79,89,856</b>
<b>Net Current Assets</b>		<b>17,06,08,191</b>	<b>15,34,29,572</b>
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>		<b>43,67,028</b>	<b>53,12,788</b>
<b>Total Assets</b>		<b>58,96,05,175</b>	<b>64,57,14,133</b>

The Schedule referred to above form an integral part of the Accounts

Accounting Policies and  
Notes to Accounts

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As per our report of even date attached  
For KHANNA & ANNADHANAM  
Chartered Accountants(K.A BALASUBRAMANIAN)  
PartnerPlace : New Delhi  
Dated : May 21, 1999For and on behalf of the Board  
Chairman  
VED PRAKASH GUPTADirectors  
LALIT GUPTA  
RAJIV GUPTA  
P.K. GUPTA (PNB Nominee)



## INDIA LEASE DEVELOPMENT LIMITED

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## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999

	SCHEDULE NO.	For the Year ended 31st March, 1999 (Rs.)	For the Year ended 31st March, 1998 (Rs.)
<b>INCOME</b>			
Net Hire-Purchase Charges		4,97,00,714	4,74,82,481
Lease Charges *		12,88,33,090	17,73,08,130
Other Income	9	1,92,71,485	2,21,61,717
		<u>19,78,05,289</u>	<u>24,69,52,328</u>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	10	2,85,91,844	3,17,95,520
Interest	11	6,00,50,296	6,65,63,619
Debts/Advances - Written Off		10,34,124	40,79,303
Depreciation		8,56,13,197	10,21,36,288
Miscellaneous Expenditure - Written Off		9,45,760	9,45,760
		<u>17,62,35,221</u>	<u>20,55,20,490</u>
Profit before Provision for NPAs and Tax		2,15,70,068	4,14,31,838
Provision for Non Performing Assets		(2,97,10,727)	(78,28,394)
Provision for : Corporate Tax		(22,64,857)	(43,50,343)
Income Tax Paid - Earlier Years		(3,60,775)	—
(Loss)/Profit After Taxation		<u>(1,07,66,291)</u>	<u>2,92,53,101</u>
Balance Brought Forward from Previous Year		3,17,751	1,26,418
Transfer from Debenture Redemption Reserve		50,00,000	50,00,000
Balance (Loss)/Profit		<u>(54,48,540)</u>	<u>3,43,79,519</u>
<b>Less: Appropriations</b>			
Debenture Redemption Reserve		—	—
RBI Reserve Fund		—	58,50,620
General Reserve		—	29,25,310
Proposed Dividend		—	2,29,87,125
Dividend Tax		—	22,98,713
Balance Carried to Balance Sheet		<u>(54,48,540)</u>	<u>3,17,751</u>
		<u>(54,48,540)</u>	<u>3,43,79,519</u>

Accounting Policies and  
Notes to Accounts

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\* Net of Lease Equalisation Charges

The Schedule referred to above form an integral part of the Accounts.

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

(K.A.BALASUBRAMANIAN)  
Partner

Place : New Delhi  
Dated : May 21, 1999

For and on behalf of the Board  
Chairman  
VED PRAKASH GUPTA

Directors  
LALIT GUPTA  
RAJIV GUPTA  
P.K. GUPTA (PNB Nominee)