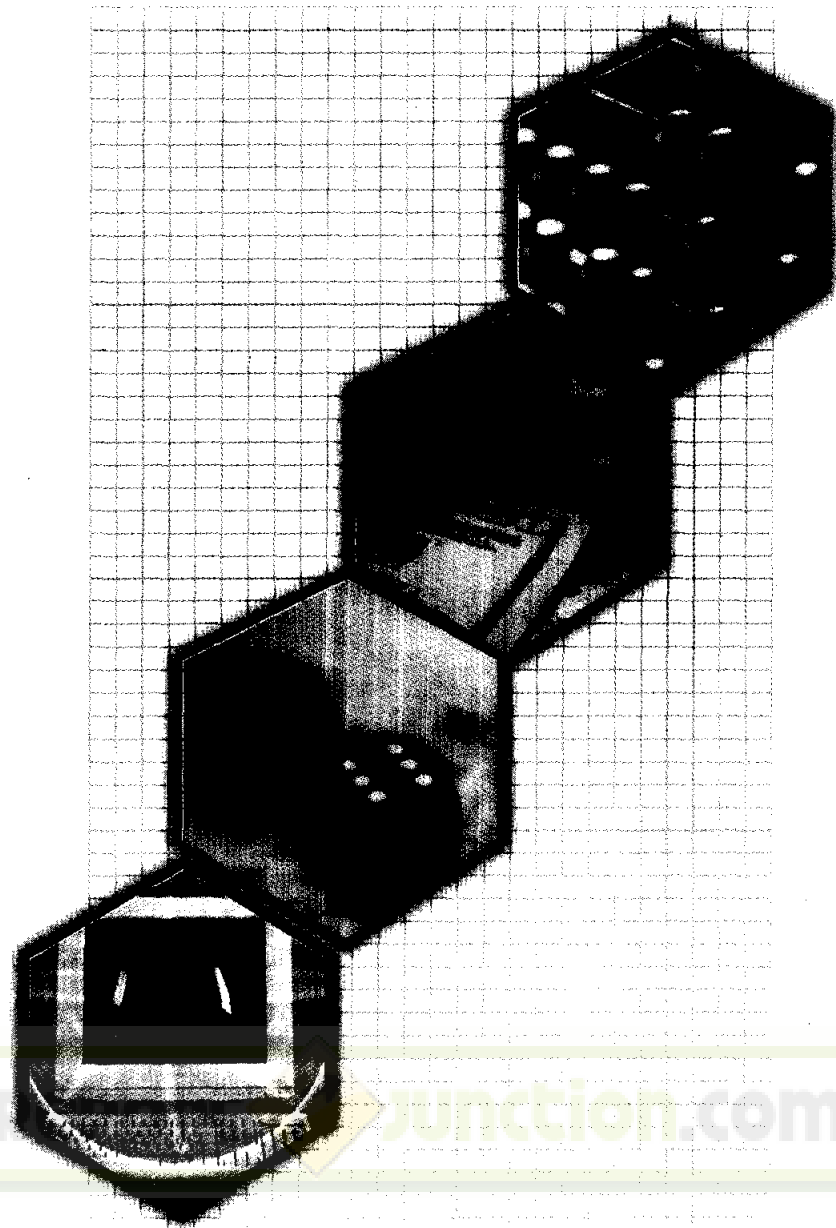


17TH ANNUAL REPORT 2001-2002



ILD

India Lease Development Limited

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

Shri Ved Prakash Gupta (Chairman)
 Shri Lalit Gupta (whole-time Director)
 Shri Rajiv Gupta
 Shri Arun Mitter
 Shri Sharad Agarwal

MANAGER

Shri Bharat Gupta

AUDITORS

Khanna & Annadhanam, Chartered Accountants, New Delhi

BANKERS

Punjab National Bank
 State Bank of India

REGISTERED OFFICE

401-406, Indraprakash Building,
 21, Barakhamba Road, New Delhi-110 001.
 Phone : 3325135, 3713514 Fax : 3716573

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INDIA LEASE DEVELOPMENT LIMITED



PERFORMANCE AT A GLANCE 1992-2002

(Rs. in Lacs)

	2001-2002	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
INCOME, PROFITABILITY AND DIVIDENDS										
TOTAL INCOME	1542.48	1504.22	1961.81	1978.05	2469.52	2292.52	1958.37*	1732.82	1325.38	1106.03
DEPRECIATION	689.85	742.18	733.66	856.13	1021.36	855.75	719.73*	857.51	565.23	315.10
PROFIT BEFORE TAX & PROVISIONS	(44.57)	(25.67)	450.64	215.70	414.32	509.57	459.97	320.48	297.80	271.08
TAXATION	158.15**	—	(61.39)	(22.65)	43.50	65.74	9.00	NIL	NIL	NIL
(LOSS)/PROFIT AFTER TAX & PROVISIONS (After adjustments)	(317.46)	(328.70)	282.53	(54.49)	292.53	381.38	450.97	320.48	297.80	271.08
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION	(317.46)	(328.70)	282.53	(54.49)	343.80	382.04	450.47	321.29	298.21	271.09
DIVIDEND	—	—	153.01	—	229.87 #	229.87 #	255.41	189.16	125.00	125.00
DIVIDEND TAX	—	—	16.83	—	22.99	22.99	—	—	—	—
DIVIDEND (%)	—	—	15#	—	22.50 #	22.50 #	25	25@	25	25
ASSETS, LIABILITIES AND NET WORTH										
FIXED ASSETS	2093.49	3474.14	3330.42	3297.83	4163.96	5186.15	4502.69	3826.84	2823.42	1871.25
INVESTMENTS	694.95	642.66	764.41	848.46	705.76	576.94	545.26	390.05	92.87	68.11
DEBTS	3504.47	3355.08	2663.61	3520.58	3974.11	3939.23	3563.09	2636.53	2351.29	2086.81
SHARE CAPITAL	1021.30	1021.30	1021.30	1021.23	1021.21	1021.14	1021.09	1020.33	500.00	500.00
RESERVES	1099.34	1099.34	1444.08	1354.24	1461.83	1421.99	1738.73	1542.49	496.16	323.36
NET WORTH	1950.50	2062.32	2430.44	2331.80	2429.91	2380.54	2687.46	2480.70	991.62	817.70

Tax Free Dividend

@ Prorata

(*) During this year figures have been regrouped/rearranged and figures for the next year have been arranged accordingly.

(**) Deferred tax recognised as per Accounting Standard-22 issued by the Institute of Chartered Accountants of India

INDIA LEASE DEVELOPMENT LIMITED



DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors have pleasure in presenting the Seventeenth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2002.

2. **Financial Results**

The financial results of the Company for the year ended 31st March, 2002 are summarised below for your consideration.

	Year ended 31st March, 2002	Year ended 31st March, 2001
	(Rs. in Lacs)	
Profit before Taxation, Interest & Depreciation	1165.15	1162.75
Interest	519.87	446.24
Depreciation	689.85	742.18
Profit / (Loss) before Provision of Non Performing Assets & Tax	(44.57)	(25.67)
Provision for Tax : Corporate Tax	—	—
: Deferred Tax	158.15	—
Provision for Non Performing Assets	(104.33)	(219.96)
Provision for Diminution in value of Investments	1.99	(199.95)
Profit / (Loss) after Taxation	11.24	(445.58)
Balance brought forward from last year	(328.70)	48.16
Excess provision for Income Tax written back	—	68.72
Balance Profit / (Loss)	(317.46)	(328.70)
Appropriation :		
Statutory Reserve (u/s 45-1c of RBI Act)	—	—
General Reserve	—	—
Balance carried to Balance Sheet	(317.46)	(328.70)

3. **Review of Operations**

The year, under review was a difficult one. Declining spreads, due to competitive pressures, continued to reflect on the profitability picture. Despite the competition, the company had ample business opportunity in construction and transportation segments. However, availability of additional resources at competitive prices was a constraint and affected your company's ability to tap additional business. The Company continued to have public support by way of deposits.

4. **Public Deposits**

During the year the Public Deposits of the Company increased and were at Rs. 1872.22 lacs as compared to Rs.1737.94 Lacs as at 31st March, 2001. There were no overdue Deposits, however there were 165 unclaimed deposits for Rs. 24.97 Lacs as at 31st March, 2002. Out of these 82 unclaimed deposits aggregating to Rs.8.95 Lacs were renewed/ repaid till the date of this report. The Company has complied with all the requirements of Reserve Bank of India Directions to maintain specified percentage of Public Deposits as liquid assets. The Credit Rating of MA- (minus) indicating Adequate Safety assigned by ICRA continues to remain in force.

5. **Directors' Responsibility Statement As Required Under Section 217(2AA) of the Companies Act, 1956**

Your Directors state that the annual accounts of the Company have been prepared in conformity, in all material respects, with the generally accepted accounting standards in India and supported by reasonable

INDIA LEASE DEVELOPMENT LIMITED

and prudent judgements and statements so as to give a true and fair view of the state of affairs of the Company and of the results of the operations of the Company.

Significant accounting policies followed and other disclosures are appearing in Schedule 12 to the Notes to the Accounts which form part of the annual accounts.

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The internal audit system of the Company is monitored by an independent firm of chartered accountants duly appointed for this purpose which encompasses the examination and evaluation of the adequacy and effectiveness of the system. An audit committee of the Directors of the Company has also been constituted. Internal Auditors, Audit committee members and statutory auditors have full and free access to all the information and records considered necessary to carry out the assigned responsibilities. The issues raised from time to time are suitably acted upon and followed up at different levels of management.

In the opinion of the Board, the Company is in a position to carry on its business in the foreseeable future and, accordingly, the financial statements have been prepared on the basis of a going concern.

6. Report on Corporate Governance

A detailed report on corporate governance has been included separately in Annexure 'A' and 'B' of the Annual Report.

7. Auditors' Report

The Auditors' observations in their report on audited accounts for the year ended 31st March, 2002, relate to (i) Accounting of Overdue charges on Hire-purchase / Lease receivables and Bill discounting respectively, on realisation basis, in view of uncertainties thereof; (ii) Provision for diminution in value of Investments of Rs.50.14 lacs having not been considered and consequential effect on Profit / Loss.

Management's Comments on the above; (i) Overdues are consistently accounted for only on realisation; (ii) Long Term Investments in quoted companies are consistently valued at cost, in view of intrinsic networth of the Companies.

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.

8. Directors

In accordance with the requirements of Section 256 of the Companies Act, 1956 and the Articles of Association of your Company, Shri Rajiv Gupta, Director retires by rotation and being eligible offers himself for re-appointment.

Further, the Board of Directors have appointed Shri Lalit Gupta, as a 'Wholetime Director' of the Company w.e.f 1st April, 2002 for a period of five years upto 31st March, 2007.

Shri Arun Mitter was appointed as an Additional Director of the Company with effect from 27th March, 2002 till the conclusion of the ensuing Annual General Meeting.

Shri Sharad Agarwal was also appointed as an Additional Director of the Company with effect from 27th June, 2002 till the conclusion of the ensuing Annual General Meeting.

The above appointments require the consent of the shareholders and as such necessary resolutions have been set out in the 'Notice' convening the Annual General Meeting.

INDIA LEASE DEVELOPMENT LIMITED**9. Auditors**

M/s. Khanna & Annadhanam, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual general Meeting and have confirmed their eligibility and willingness, to accept the office of the Auditors, if re-appointed at the close of forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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, as amended 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 (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:

a) Technology	Not applicable	
b) Conservation of Energy	Not applicable	
c) Transactions in Foreign Currency :		
	This Year	Previous Year
	Rs.	Rs.
a) Expenditure in Foreign Currency		
i) Repayment of Foreign Currency Loan	—	—
ii) Interest on Foreign Currency Loan	—	—
iii) Travelling Expenses	5,72,290	6,03,870
b) Shares held by non-resident Shareholders	1129500	1129500
No. of Shareholders	5	5

12. Acknowledgements

Your Directors wish to thank all our valued Clients, Bankers, Shareholders and Depositors 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
For **INDIA LEASE DEVELOPMENT LIMITED**

Place : New Delhi
Date : 27th June, 2002

Ved Prakash Gupta
Chairman

Corporate Governance Report

1. The Corporate Governance Code:

The Corporate Governance Code recently introduced by Securities and Exchange Board of India ('SEBI') as adopted by incorporating a new Clause 49 in the Listing Agreement of the Stock Exchanges and also by applicable provisions of the Companies (Amendment) Act, 2000, has been implemented by the Company.

The Company believes in and has consistently practiced good corporate Governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the Company operates.

2. Board of Directors ("Board")

2.1 The Board comprises of five Directors. The Chairman of the Board is a non-executive Director.

The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

2.2 Composition of the Board :

Name of Director	Status
1. Shri Ved Prakash Gupta	Non-Executive -Independent
2. Shri Lalit Gupta@	Non-Executive -Independent
3. Shri Rajiv Gupta	Non-Executive -Independent
4. Shri Arun Mitter*	Non-Executive -Independent
5. Shri Sharad Agarwal**	Non-Executive -Independent

2.3 Board Meetings:

The meetings of the Board of Directors are scheduled well in advance and generally held at MGF House, 17-B, Asaf Ali Road, New Delhi. The notice confirming the meeting and the detailed agenda is sent at least seven days in advance to all the Directors. Senior Management of the Company is invited to attend the board meetings, to make presentations and provide clarifications as and when required. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

2.3 (a) Number of Board Meetings:

During the year from 1st April, 2001 to 31st March, 2002, the Board of Directors met six times on the following dates:

S.No.	Date of Meeting	Board Strength	No.of Directors present
1	10th May, 2001	3	3
2	26th July, 2001	3	3
3	1st August, 2001	3	3
4	29th November, 2001	3	3
5	29th January, 2002	3	3
6	27th March, 2002	4	4

2.3 (b) Attendance of Directors:

Name of the Director	No.of Board Meetings held	No. of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorships in other Boards as on 31st March, 2002	No. of Memberships in all Committees of the Board as on 31st March,
1. Shri Ved Prakash Gupta Chairman	6	6	Present	12	7
2. Shri Lalit Gupta@	6	6	Present	10	5
3. Shri Rajiv Gupta	6	6	Absent	28	8
4. Shri Arun Mitter*	6	—	N.A.	14	8

INDIA LEASE DEVELOPMENT LIMITED

2.3 (c) **Remuneration to directors:**

No sitting fees and /or any other remuneration was paid to the directors for attending board and / or committee meetings of the company.

@ Appointed as Wholetime Director w.e.f. 1st April, 2002.

* Co-opted on the Board as additional director on 27th March, 2002.

** Co-opted on the Board as additional director on 27th June, 2002 and committees of the Board thereafter..

3. **Committees of Directors :**

Non-executive Directors, including the Chairman, provide guidance to operating management on policy matters as well as in the monitoring actions of operating management. This involvement is formalized through constitution of designated committees of the Board. The Committees are intended to provide regular exchange of information and ideas between the non-executive Directors and the operating management.

To confirm to the requirements of clause 49 of the Listing agreement with the Stock Exchanges and Companies Act, 1956, the Board has constituted the required Committees. The Composition of these Committees is as under:

S.No.	Various Committees Name of Members	Audit Committee	Shareholders Grievance Committee	Remuneration Committee
1.	Shri Ved Prakash Gupta Non-Executive Director	Yes	No	Yes
2.	Shri Lalit Gupta Non-Executive Director@	Yes	Yes	Yes
3.	Shri Rajiv Gupta Non-Executive Director	Yes	Yes	Yes
4.	Shri Arun Mitter* Non-Executive Independent Director	Yes	Yes	Yes
5.	Shri Sharad Agarwal** Non-Executive Independent Director	Yes	No	No

Besides this the Company also has Share Transfer Committee and Investment Committee. Shri Ved Prakash Gupta, Shri Lalit Gupta, Shri Rajiv Gupta and Shri Arun Mitter are members of these committees.

@ Appointed as Wholetime Director w.e.f. 1st April, 2002.

* Co-opted on the Board as additional director on 27th March, 2002.

** Co-opted on the Board as additional director on 27th June, 2002 and committees of the Board thereafter..

3.1 **Audit Committee:**

3.1(a) **Membership :** In compliance with the requirements of Clause 49 of the Listing Agreement the strength of the Board as also of the audit committee was augmented by inducting a non-executive director from 27th March, 2002. The composition of audit committee members are as given in para (3) above, Shri Rajiv Gupta, Director is the chairman of the Audit Committee.

3.1(b) **Broad Terms of reference of the Audit Committee:**

- Reviewing Audit Reports of both Statutory and Internal Auditors with Auditors and Management.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.

3.1 (c) During the year from 1st April, 2001 to 31st March, 2002, the Audit Committee met three times on the 9th May, 2001, 27th November, 2001 and 27th March, 2002.

3.1 (d) **Attendance of the Directors in the Audit Committee Meeting:**

S.No.	Name of Director	No.of meetings attended
1.	Shri Ved Prakash Gupta	3
2.	Shri Lalit Gupta	3
3.	Shri Rajiv Gupta	3
4.	Shri Arun Mitter	1

INDIA LEASE DEVELOPMENT LIMITED



3.2 Shareholders Grievances Committee:

This Committee, comprising of the above mentioned Members of the Board, approves transfer of shares, splitting and consolidation of shares, Issuance of duplicate shares and reviewing shareholders' complaints and resolution thereof. Mr. Bipin Garg, Vice President-Corporate Affairs, is the compliance officer.

3.2(a) Attendance of Directors in the Shareholders Grievance Committee meetings:

The Shareholders' Grievances Committee met once during the year ended 31st March, 2002. The attendance for the meetings are as stated below:

S.No.	Name of Director	No.of meetings held	No.of meetings attended
1.	Shri Lalit Gupta	1	1
2.	Shri Rajiv Gupta	1	1
3.	Shri Arun Mitter	1	1

3.2(b) Details of Investors complaints received during the year ended 31st March, 2002

S.No	Nature of complaints	Received	Disposed	Pending
1.	Non receipt of dividend warrant(s)	2	2	NIL
2.	Non receipt of share certificates after transfer/exchange/sub-divided/consolidated.	9	9	NIL
Total		11	11	NIL

3.2(c) Number of complaints pending with the Company:

All the shareholders' requests/complaints received during the financial year ended 31st March, 2002 by the Company and/or their registrars i.e. M/s. Alankit Assignments Limited were replied resolved to their satisfaction.

3.2(d) Number of shares pending for transfer:

No share(s) were pending for transfer as on 31st March, 2002.

3.3 Remuneration Committee:

3.3(a) Membership: As Stated in para (3) above.

3.3(b) Broad Terms of reference of the Remuneration Committee:

- To recommend and review remuneration package of Executive/Non-executive Directors and 'Manager'
- To present report to the Board on remuneration package of directors and others.

3.3(c) Remuneration Policy:

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goals. The Company does not have an Employee Stock Option Policy.

4. Management:

4.1 Management discussion and analysis:

The Company has provided a detailed management discussion and analysis in Annexure 'B' to the Directors' report.

4.2 Disclosure relating to all material financial and commercial transaction of the management, where they have a personal interest that may have a potential conflict with the interest of the Company at large.

During the year ended 31st March, 2002 the company had entered into transactions in the normal course of business with some of the companies in which some of the directors are interested and which have been disclosed adequately in the notes forming part of the accounts. There was no potential conflict of interest with that of the company.

5. Particulars of Past three AGMs:

The last three Annual General Meetings of the Company were held at FICCI Auditorium Golden Jubilee Hall, Tansen Marg, New Delhi- 110 001 on the following dates and time:

AGM No.	Year	Date	Time	Special Resolution required for
14th	1999	22nd July, 1999	11.30 A.M.	—
15th	2000	27th July, 2000	11.30 A.M.	Alteration in Articles of Association
16th	2001	28th June, 2001	11.30 A.M.	—

All the resolutions as set out in the respective notices were passed by the shareholders. No special resolutions were required to be put through the postal ballot.

INDIA LEASE DEVELOPMENT LIMITED**6. Shareholder Information :**

- 6.1 **Annual General Meeting** : 17th Annual General Meeting
Day & Date : Thursday , 8th August, 2002
Time : 11.30 A.M.
Venue : FICCI Auditorium, Golden Jubilee Hall, Tansen Marg, New Delhi - 110 001
- 6.2
- Financial reporting for the quarter ended 30th June,2002 Second fortnight of July, 2002
 - Financial reporting for the half year ended 30th September,2002 Second fortnight of November, 2002
 - Financial reporting for the nine months ended 31st December,2002 Second fortnight of January, 2003
 - Financial reporting for the year ended 31st March, 2003 Second fortnight of June, 2003
- 6.3 **Means of Communication:**
- Quarterly/Half Yearly Financial Results of the Company are forwarded to the Delhi, Mumbai and Chennai Stock Exchange and published in Business Standard and Veer Arjun newspapers. Half-yearly report is not sent to each household of shareholders as the results the Company is published in the Newspapers.
 - Company has not made any presentations to any institutional Investors/Analyst during the year.
 - All items required to be covered in the Management Discussion and Analysis have been included in the Annexure 'B' of the Directors' Report to Members.
 - Company has its own website and all the vital information relating to the Company and its products is displayed on the web site. Address of the website is <http://www.IndiaLease.com>
- 6.4 **Date of book closure** : Saturday,3rd August, 2002 to Thursday,8th August,2002 (both days inclusive)
- 6.5 **Registrar and Share Transfer Agents :**
- 6.5(a) **Share Transfer System:**
The turnaround time for completion of transfer of shares in physical mode is generally less than 15 days, if the documents are clear in all respects. The share transfer committee has delegated the responsibility of share transfers to a senior officer of the company to expedite share transfers. Shares under de-mat mode are transferred by the registrar for this purpose within 15 days.
- 6.5(b) **Under Demat Mode:**
Alankit Assignments Limited, 205-208, Anarkali Complex,
Jhandewalan Extension,
New Delhi - 110 055.
Phones: 3513512-15
- 6.5(c) **Under Physical Mode:**
India Lease Development Limited
Registered Office : 401-406, Indraprakash Building,
21, Barakhamba Road,
New Delhi - 110 001.
Phone: 3325135, 3713514, Fax: 3716573
- 6.6 The undernoted officials of the company have been designated for speedy redressal of shareholder's/ investor's requests/queries.
- 6.6(a) **Compliance Officer:**
Shri Bipin Garg
Vice President (Corporate Affairs)
- 6.6(b) **Company Secretary:**
Shri Akhilesh Nanda
Assistant Company Secretary
- 6.6(c) **Address for Correspondence:**
Registered Office: 401-406, Indraprakash Building,
21, Barakhamba Road,
New Delhi - 110 001.
Ph: 3325135, 3713514
Fax: 3716573