



# **19th** Annual Report (2003-2004)

## **India Lease Development Limited**



**ILD**

**NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of India Lease Development Limited will be held on Monday, 27th September, 2004 at Sri Sathya Sai International Centre, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi – 110003 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 Mr. Arun Mitter, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sharad Agarwal, 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.

By order of the Board  
for India Lease Development Limited

Place : New Delhi  
Dated : 30th June, 2004

**Lalit Gupta**  
Whole-time Director

**Registered Office:**

401 – 406, Indraprakash Building,  
21 Barakhamba Road,  
New Delhi – 110 001

**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/HERSELF AND SUCH 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. Register of Members and Share Transfer Books of the Company remained closed from Tuesday, 21st September, 2004 to Monday, 27th September, 2004 (both days inclusive).
3. In terms of Section 205A of the Companies Act, 1956, the company has already transferred unclaimed dividend declared up to the financial year ended 31.03.96 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.

Further in view of the amended section 205-C of the Education & Protection Fund (Awareness and Protection of the Investors) Rules, any money transferred by the company to the unpaid dividend account remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to a Fund Called the Investor Education and protection Fund (the fund) setup by the Central Government.

Accordingly unpaid/unclaimed dividend starting with 1996-97 shall become due for transfer to the fund in November, 2004 followed by the transfers of the amounts unpaid/unclaimed dividend every year. **No claims shall lie thereafter against the fund or the company in respect of such amounts transferred.** Shareholders are requested to verify their records and send claims, if any, for the relevant years from 1996-97 onwards, before the respective amounts become due for transfer to the fund. The claims may be sent to the Registered Office of the company or to its Registrar and transfer agents, M/s. Alankit Assignments Ltd.

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) are requested to seek issue of duplicate warrant(s) by writing directly to Company at its Registered office or to the Company's Registrar and Transfer Agents, M/s Alankit Assignment Limited having their office at 101A-104, Anarkali Complex, Jhandewalan Extn. New Delhi-110055 immediately. Shareholders are requested to note that no claims shall lie

against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

4. Pursuant to the directions of the Securities Exchange Board of India (SEBI), trading in the shares of your company is in compulsory de-materialised form for all investors. Members who have not yet got their shares de-materialised, are requested to opt for the same in their own interest and send their certificates through Depository Participant(s) with whom they have de-materialised account, to the Company's Registered Office.
5. 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.
6. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at entrance of the meeting place.
7. 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.

#### Listing Requirements:

As required under Clause 49 (VI) of the Listing Agreement, given below are the details of; the Director(s) who retire by rotation and are eligible for re-appointment;

#### (a) Director being appointed by rotation: (Resolution at Item No. 2)

Name : Mr. Arun Mitter  
Age : 41 years (27.11.1962)  
Qualifications : B. Com, ACA

Shri Arun Mitter is a qualified chartered accountant. He has been associated with leasing and hire purchase business for the last 15 years in various capacities.

**Other Directorships:** The Motor & General Finance Ltd., Bahubali Services Ltd., MGF Automobiles Ltd., Jayabharat Automobiles Ltd., MGF Motors Ltd., Kerala Cars Pvt. Ltd., Capital Vehicles Sales Pvt. Ltd., Grosvenor Estates Pvt. Ltd., Discovery Holdings Pvt. Ltd., Nap Sales Pvt. Ltd., Omega Motors Pvt. Ltd., Compact Motors Ltd., MGF Infotech Pvt. Ltd., Janta Cinema Properties & Finance Ltd., MGF Developments Ltd., Upper India Hire-Purchase Co. Asso. Ltd., MGF Auto Sales Pvt. Ltd., MGF Vehicles Sales Pvt. Ltd., Bee Gee Holdings Pvt. Ltd., Paramba International Ltd., MGI (India) Pvt. Ltd., Jayabharat Credit Ltd.

#### Committee Memberships:

1. Audit Committee	: The Motor & General Finance Limited, India Lease Development Limited
2. Shareholders Grievance Committee	: -do-
3. Remuneration Committee	: -do-
4. Asset Liability Management Committee (ALCO)	: -do-
5. Investment Committee	: India Lease Development Limited

#### (b) Director being appointed by rotation: (Resolution at Item No. 3)

Name : Mr. Sharad Agarwal  
Age : 37 years (24.11.1966)  
Qualifications : B.Com, ACA, L.L.B.

Shri Sharad Agarwal, is a qualified chartered accountant and also holds a law degree.

**Other Directorships:** Oaykay Forgings Pt. Ltd., Sterling Hotels Pvt. Ltd., Jay Vee Leatherite Pvt. Ltd., Knit Foulds Pvt. Ltd., K F Beltings Pvt. Ltd., Macro Lease Pvt. Ltd.

#### Committee Memberships:

1. Audit Committee	: India Lease Development Limited.
2. Asset Liability Management Committee (ALCO)	: — do —

**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 : 23325135, 23713514 Fax : 23716573

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## INDIA LEASE DEVELOPMENT LIMITED



## PERFORMANCE AT A GLANCE 1994-2004

(Rs. In Lacs)

	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95
<b>INCOME, PROFITABILITY AND DIVIDENDS</b>										
TOTAL INCOME	807.96*	1168.46*	1542.48	1504.22	1961.81	1978.05	2469.52	2292.52	1958.37*	1732.82
DEPRECIATION	258.71	547.03	689.85	742.18	733.66	856.13	1021.36	855.75	719.73*	857.51
PROFIT BEFORE TAX & PROVISIONS	(241.38)	(465.30)	(44.57)	(25.67)	450.64	215.70	414.32	509.57	459.97	320.48
TAXATION	—	(55.07)	158.15**	—	(61.39)	(22.65)	(43.50)	(65.74)	(9.00)	—
(LOSS)/PROFIT AFTER TAX & PROVISIONS (After adjustments)	(246.25)	(444.16)	(317.46)	(328.70)	282.53	(54.49)	292.53	381.38	450.97	320.48
(LOSS) / PROFIT AVAILABLE FOR APPROPRIATION	(1007.87)	(761.62)	(317.46)	(328.70)	282.53	(54.49)	343.80	382.04	450.47	321.29
DIVIDEND	—	—	—	—	153.01	—	229.87 #	229.87 #	255.41	189.16
DIVIDEND TAX	—	—	—	—	16.83	—	22.99	22.99	—	—
DIVIDEND (%)	—	—	—	—	15#	—	22.50 #	22.50 #	25	25@
<b>ASSETS, LIABILITIES AND NET WORTH</b>										
FIXED ASSETS	519.85	1095.37	2092.49	3474.14	3330.42	3297.83	4163.96	5186.15	4502.69	3826.84
INVESTMENTS	656.95	653.76	694.95	642.66	764.41	848.46	705.76	576.94	545.26	390.05
DEBTS	2424.88	2975.75	3504.47	3355.08	2663.61	3520.58	3974.11	3939.23	3563.09	2636.53
SHARE CAPITAL	1021.30	1021.30	1021.30	1021.30	1021.30	1021.23	1021.21	1021.14	1021.09	1020.33
RESERVES	1101.59	1101.59	1099.34	1099.34	1444.08	1354.24	1461.83	1421.99	1738.73	1542.49
NET WORTH	1277.55	1515.06	1950.50	2062.32	2430.44	2331.80	2429.91	2380.54	2687.46	2480.70

# Tax Free Dividend

@ Prorata

(\*) During this year figures have been rearranged/regrouped wherever considered necessary

\*\* 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 Nineteenth Annual Report with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2004.

2. **Financial Results**

The financial results of the Company for the year ended 31st March, 2004 are summarised below for your consideration.

(Rs. In Lacs)

	Year ended 31 <sup>st</sup> March, 2004	Year ended 31 <sup>st</sup> March, 2003
Profit before Taxation, Interest, Depreciation and Provisions	390.01	556.37
Interest	372.68	474.64
Depreciation	258.71	547.03
<b>Profit / (Loss) before Provision of Non Performing Assets &amp; Tax</b>	<b>(241.38)</b>	<b>(465.30)</b>
Provision for Tax : Corporate Tax	—	—
: Deferred Tax	—	(26.35)
Provision for Non Performing assets	(64.74)	(16.39)
Income tax paid for earlier years	—	(33.28)
Excess provision for Tax written back	—	4.56
Provision for Diminution in value of Investments written back	59.87	92.60
<b>Profit / (Loss) after Taxation</b>	<b>(246.25)</b>	<b>(444.16)</b>
Balance b/fd from last year	(761.62)	(317.46)
<b>Balance Profit / (Loss) carried to Balance Sheet</b>	<b>(1007.87)</b>	<b>(761.62)</b>

3. **Business**

During the year under review the pressure on 'margins' available continued, however, the Company remained fully invested. The Company continued with its focus on recoveries and 'cost reduction'. The 'borrowing costs' were further reduced. The Company is in negotiation with the banks for further reduction in its borrowing costs against the credit facilities sanctioned by them.

The Capital to Risk Asset ratio of your company determined in terms of RBI norms stood at 35.01% as at 31<sup>st</sup> March, 2004 well above the prescribed minimum of 12%.

4. **Public Deposits**

During the year the Public Deposits of the Company increased and were at Rs. 2239.87 lacs as compared to Rs.2187.50 lacs as at 31<sup>st</sup> March, 2003. There were no overdue Deposits, however, there were 181 unclaimed deposits for Rs.32.34 Lacs as at 31<sup>st</sup> March, 2004. Out of these 124 unclaimed deposits aggregating to Rs. 20.20 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 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.

**INDIA LEASE DEVELOPMENT LIMITED**

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 Director's Report.

#### **7. Auditors' Report**

The Auditors' observations in their report on audited accounts for the year ended 31<sup>st</sup> March, 2004, are self explanatory and require no further comments except those, relating 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 long term Investments of Rs. 38.23 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, based on their intrinsic net worth.

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, Mr. Arun Mitter and Mr. Sharad Agarwal, Directors retire by rotation and being eligible offers themselves for re-appointment.

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.

#### **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



**INDIA LEASE DEVELOPMENT LIMITED**

particulars are given as under:

- |                                       |                |
|---------------------------------------|----------------|
| a) Technology                         | Not applicable |
| b) Conservation of Energy             | Not applicable |
| c) Transactions in Foreign Currency : |                |

	This Year Rs.	Previous Year Rs.
a) Expenditure in Foreign Currency		
i) Repayment of Foreign Currency Loan	—	—
ii) Interest on Foreign Currency Loan	—	—
iii) Travelling Expenses	2,57,350	3,45,150
b) Shares held by non-resident Shareholders	11,35,000	1129500
No. of Shareholders	10	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  
Dated : 30<sup>th</sup> June, 2004

**Lalit Gupta**  
Whole-time Director

**Arun Mitter**  
Director





## INDIA LEASE DEVELOPMENT LIMITED



## ANNEXURE 'A' TO THE DIRECTORS REPORT

## 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. Mr. Ved Prakash Gupta	Non-Executive -Independent
2. Mr. Lalit Gupta	Whole-time Director
3. Mr. Rajiv Gupta	Non-Executive -Independent
4. Mr. Arun Mitter	Non-Executive -Independent
5. Mr. 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 1<sup>st</sup> April, 2003 to 31<sup>st</sup> March, 2004, the Board of Directors met nine times on the following dates:

S.No.	Date of Meeting	Board Strength	No.of Directors present
1	24 <sup>th</sup> June, 2003	5	5
2	5 <sup>th</sup> July, 2003	5	2
3	25 <sup>th</sup> July, 2003	5	5
4	30 <sup>th</sup> Aug, 2003	5	2
5	29 <sup>th</sup> Oct, 2003	5	3
6	29 <sup>th</sup> Nov, 2003	5	5
7	30 <sup>th</sup> Jan, 2004	5	4
8	28 <sup>th</sup> Feb, 2004	5	3
9	29 <sup>th</sup> Mar, 2004	5	5

## INDIA LEASE DEVELOPMENT LIMITED

**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 31 <sup>st</sup> March, 2004	No. of Memberships in all Committees* of the Board as on 31 <sup>st</sup> March, 2004
1. Mr. Ved Prakash Gupta Chairman	9	4	Leave of absence	6	4
2. Mr. Lalit Gupta	9	8	Present	4	5
3. Mr. Rajiv Gupta	9	6	Leave of absence	26	9
4. Mr. Arun Mitter	9	9	Present	22	6
5. Mr. Sharad Agarwal	9	8	Present	6	1

\* In accordance with clause 49 of listing agreement with the stock exchanges membership/chairmanship of Audit Committee, Shareholders' Grievance Committee and Remuneration Committee of all the public limited companies has been considered.

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

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

**3. Committees of the Board:**

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 conform 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:

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

The Company also has Share Transfer Committee and Investment Committee. Mr. Ved Prakash Gupta, Mr. Lalit Gupta, Mr. Rajiv Gupta and Mr. Arun Mitter are members of these committees. Besides this the Company has asset liability management committee (ALCO) for review of risk management policies of the Company and making recommendations to the Board. Mr. Lalit Gupta, Mr. Rajiv Gupta and Mr. Arun Mitter and officials of the Company from operations and finance departments are members of this committee.