



# **INDIA LEASE DEVELOPMENT LIMITED**

**26<sup>th</sup>**

**Annual Report  
2010 - 2011**



**Shri Ved Prakash Gupta**

(15<sup>th</sup> August, 1915 - 20<sup>th</sup> August 2005)

***A True Karmayogi.***

*Your integrity, values and vision will continue to guide  
and inspire us for all our activities and future growth.*

**BOARD OF DIRECTORS****SHRI RAJIV GUPTA**

Chairman

**SHRI ARUN MITTER**

Director

**SHRI SHARAD AGGARWAL**

Director

**SHRI M. K. MADAN**

Director

**SHRI ROHIT MADAN**

Manager &amp; Company Secretary

**AUDITORS**

M/S S.N.DHAWAN & CO.  
 CHARTERED ACCOUNTANTS  
 C-37, CONNAUGHT PLACE,  
 NEW DELHI-110 001

**BANKERS**

BANK OF INDIA  
 KOTAK MAHINDRA BANK LTD

**REGISTERED OFFICE :**

MGF HOUSE, 4/17-B, ASAF ALI ROAD,  
 NEW DELHI-110 002.

PHONE: 011- 41519433, 41520070

E-mail : [info@indialease.com](mailto:info@indialease.com)

Website : [www.indialease.com](http://www.indialease.com)

**REGISTRAR AND SHARE****TRANSFER AGENTS :**

M/S ALANKIT ASSIGNMENTS LIMITED  
 ALANKIT HOUSE,  
 2E/21, JHANDEWALAN EXTENSION,  
 NEW DELHI-110 055.  
 PHONE: 011-42541953-63

**INDEX**

	From - To
Notice .....	2-6
Directors' Report Including Corporate Governance .....	7-20
Secretarial Audit Report .....	21-22
Auditors' Report.....	23-25
Balance Sheet .....	26
Profit & Loss Account .....	27
Schedules to Accounts .....	28-34
Accounting Policies .....	35-36
Notes to Accounts .....	37-44
Cash Flow Statement .....	45
Balance Sheet Abstract .....	46
List of Offices & Addresses.....	47
MCA's Green Initiative .....	51
Proxy Form .....	53

**NOTICE**

NOTICE is hereby given that the Twenty Sixth (26th ) Annual General Meeting of the Shareholders of India Lease Development Limited will be held at The Executive Club, 439, Village Shahoorpur, P.O.Fatehpur Beri, New Delhi-110030 on Thursday the 29th September, 2011 at 1.00 P.M. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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 the place of Shri Rajiv Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Arun Mitter, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration. M/s S.N.Dhawan & Co., Chartered Accountants, (ICAI Firm Reg. No.000050N) retires and are eligible for re-appointment. Certificate under Section 224(1B) of the Companies Act, 1956, has been obtained from them.

**SPECIAL BUSINESS**

**TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTIONS:-**

**ASA SPECIAL RESOLUTION****5. Alteration of Articles of Association**

“Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act.1956, Articles of the Association of the Company be and is hereby altered by inserting the following two new Articles i.e. 71(a) and 98(a) after existing Articles 71 and Articles 98 respectively :-

**71(a) Participation in General Meeting(s) of the Members through electronic mode**

- (a) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the provisions of applicable rules, regulations, circulars, guidelines, notifications etc as may be specified by the Ministry of Corporate Affairs(MCA,)Security & Exchange Board of India(SEBI), Stock Exchanges or any other competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act.1956 or by the rules, regulations etc, made there under or the Listing Agreement with Stock Exchanges, from time to time, allow the member(s) of the company to participate in the General Meeting(s) of the Members through any type of electronic mode like video conferencing etc. and the members so participating shall be deemed to be present in such General Meeting(s) for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.
- (b) For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules , regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by Ministry of Corporate Affairs(MCA), Security & Exchange Board of India(SEBI), Stock Exchanges or any other competent authority(ies) in this regard.

**98(a) Participation in Meeting(s) of Directors through electronic mode**

- (a) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs(MCA), Security & Exchange Board of India(SEBI), Stock Exchanges or any other competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act,1956 or by the rules, regulations, etc made there under or the Listing Agreement with Stock Exchanges , from time to time, the Director(s) may participate in the meeting(s) of the Board or any Committee of the Directors through

any type of electronic mode like video conferencing etc and the Director(s) so participating shall be deemed to be present in the meeting for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.

- (b) For conducting aforesaid meetings, the company shall follow the procedure specified under the applicable laws for the time being in force, and the rules, regulations, circulars, notifications, guidelines etc issued/ to be issued from time to time by Ministry of Corporate Affairs(MCA), Security & Exchange Board of India(SEBI), Stock Exchanges or any other competent authority(ies) in this regard.

By order of the Board of Directors  
For **India Lease Development Limited**

Place : New Delhi  
Date : August 25, 2011

**Rohit Madan**  
Manager & Company Secretary

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 5**

Recently, Ministry of Corporate Affairs, Government of India, as part of its Green Initiative in the Corporate Governance, came up with a series of circulars, thereby allowing use of electronic modes in convening and conducting the Board and Shareholders meetings of the Companies.

With a view to implement the green initiative in the Company and in order to ensure maximum participation of shareholders and Board of Directors in the General and Board Meetings respectively, the Board of Directors of the Company have decided to make enabling provisions in the Articles of Association of the Company for adopting electronic modes like video conferencing and other modern electronic systems in conducting Board and General Meetings of the Company.

The new Articles in the Articles of Association will facilitate holding Board and General Meetings vide electronic mode and will ultimately result in effective and larger participation of Directors and Shareholders in the affairs of the company and strengthening Corporate Governance norms in the Company.

Considering the benefits attached with the use of electronic mode and to ensure the maximum participation of the Board of Directors and shareholders in their respective meetings, the Board recommends the alteration of Articles of Association as stated in the Special Resolution at Item No.5.

None of the Directors of the company is deemed to be concerned or interested in the resolution proposed at Item No.5 of the accompanying Notice.

By order of the Board of Directors  
For **India Lease Development Limited**

Place : New Delhi  
Date : August 25, 2011

**Rohit Madan**  
Manager & Company Secretary

**Notes:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST FORTY EIGHT HOURS (48 HOURS) BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Register of Members and Share Transfer Books of the company will remain closed from Monday, the 26th September, 2011 to Thursday, the 29th September, 2011 (both days inclusive).
3. Trading in the shares of your company is in compulsory demat mode. Members who have not yet got their shares dematerialized are requested to opt for the same in their own interest and send their certificates through Depository Participant(s) with whom they have dematerialised account to the Company' Registrars and Transfer Agents, M/s Alankit Assignments Limited, having their office at 2E/21, Alankit House, Jhandewalan Extn, New Delhi-110055.

Further Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the company/Registrars and Transfer Agents.

4. Member(s) holding shares in the identical names in different folios are requested to apply for consolidation of the said folios and send relevant share certificate(s).

#### 5. REGARDING UNCLAIMED DIVIDEND

- (i) In accordance with the provisions of Section 205(5) of the Companies Act, 1956, the Company has already transferred Unclaimed Dividend declared for the financial year ended 31st March, 2000 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, Those shareholders who have so far not claimed their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana, CGO Complex, Paryavaran Bhawan, Lodhi Road, New Delhi-110003.
- (ii) In view of the Section 205C of the Companies Act, 1956 read with Investors Education and Protection Fund (Awareness and Protection of the Investors) Rules, 2003, no dividend has been declared after 2000 and as such, there are no unclaimed dividend which is required to be deposited/transferred.

#### 6. Member(s) are requested:-

- a) To bring their copy of annual report and attendance slip at the time of meeting.
- b) To quote their registered Folio No(s)/ DPID/Client ID No. in all correspondence.
- c) Members who hold shares in dematerialised form are requested to bring their DPID/ Client ID numbers for easy identification of attendance at the meeting.

By order of the Board of Directors  
For India Lease Development Limited

Place : New Delhi  
Date : August 25, 2011

Rohit Madan  
Manager & Company Secretary

#### 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 re-appointed by rotation (Resolution at Item No.2)

Name : Shri Rajiv Gupta  
Age & Date of Birth : 65 years (13-08-1946)  
Qualification : B.E.(IIT. Delhi.)

#### Experience in specific financial areas

Mr. Rajiv Gupta is a Graduate in Engineering from IIT, Delhi. He has business experience and all around knowledge on issues concerning Hire Purchase, Leasing, Corporate Finance, Taxation and Administration. His continued association with the company is considered absolutely necessary.

#### Other Directorships

The Motor & General Finance Ltd, Jayabharat Credit Ltd, MGF Services Ltd, Bahubali Services Ltd, Associated Traders & Engineers Ltd, Upper India Hire Purchase Companies Association Ltd, Cards Services India Pvt Ltd, MGF Securities Pvt. Ltd, Ram Prakash & Company Pvt. Ltd, MGF Estates Pvt. Ltd, Local Goods Carriers Pvt. Ltd.

**Committee Membership****India Lease Development Ltd**

Audit Committee

Remuneration Committee

Shareholders Grievance Committee

**The Motor & General Finance Limited**

Audit Committee

Remuneration Committee

Shareholders Grievance Committee

Shri. Rajiv Gupta holds 2,62,800 shares.

b) **Director being re-appointed by rotation (Resolution at Item No.3)****Name** : Shri Arun Mitter**Age & Date of Birth** : 49 years (27-11-1962)**Qualification** : B.Com. ACA**Experience in specific financial Areas**

Shri. Arun Mitter, is a qualified Chartered Accountant. He has extensive business experience in general and financial management of corporate bodies. He has acquainted himself in the field of Hire Purchase and Leasing. His continued association with the company is considered necessary in the interest of the Company.

**Other Directorships**

The Motor & General Finance Ltd, MGF Development Ltd, Jayabharat Credit Ltd, MGF Automobiles Ltd, MGF Motors Ltd, Upper India Hire Purchase Co. Assoc Ltd, MGF Services Ltd, Bahubali Services Ltd, Paramba International Ltd, Technofab Engineering Ltd, Discovery Holdings Pvt, Ltd, Omega Motors Pvt Ltd, Kerala Cars Pvt. Ltd. MGF Auto Sales Pvt Ltd, MGF Vehicles Sales Pvt Ltd, MGF Projects Pvt Ltd, MGI (India) Pvt Ltd, Capital Vehicles Sales Pvt Ltd, Ram Prakash & Co. Pvt Ltd, MGF Infotech Pvt. Ltd, Cards Services India Pvt. Ltd, Dove Promoters and Entertainment Pvt Ltd, Meta Dor Technologies Pvt Ltd, MGF Metro Mall Pvt Ltd, MGF Securities Pvt Ltd, Nanny Infrastructure Pvt Ltd, Deep Hospitality Pvt. Ltd.

**Committee Memberships :****India Lease Development Ltd**

Audit Committee

Remuneration Committee

Shareholders Grievance Committee

**Jayabharat Credit Ltd**

Audit Committee

Shareholders Grievance Committee

**Bahubali Services Ltd**

Audit Committee

Shri. Arun Mitter holds Nil shares

**SHAREHOLDERS INFORMATION**

<b>Head Office &amp; Registered Office</b>	: MGF House 4/17-B, Asaf Ali Road, New Delhi- 110002
<b>E-mail</b>	: <a href="mailto:info@indialease.com">info@indialease.com</a>
<b>Company's Website</b>	: <a href="http://www.indialease.com">www.indialease.com</a>
<b>Telephone Nos.</b>	: 41519433, 41520070
<b>Fax</b>	: 41503479
<b>Date of Annual General Meeting</b>	: 29 <sup>th</sup> September, 2011
<b>Time, Day and Venue</b>	: 1.00 P.M. Thursday at The Executive Club 439, Village Shahoorpur, P.O.Fatehpuri Beri, New Delhi- 110 030.
<b>Day and Date of Book Closure</b>	: Monday, the 26 <sup>th</sup> September, 2011 to Thursday, the 29 <sup>th</sup> September, 2011 (Both days inclusive)
<b>Shares Listed At</b>	: The Stock Exchange, Mumbai Phirozjeejeebhoy Towers, Dalal Street, Mumbai- 400 001.

The company confirms that it has paid the Annual Listing Fee to the above Stock Exchange for the Year 2011-12.

**NOMINATION FACILITY**

Shareholders are eligible to file their nominations against shareholdings. Nomination forms are available at the Registered Office i.e. MGF House, 4/17-B, Asaf Ali Road, New Delhi-110 002. Those interested in getting the facility of nomination may write to the Company Secretary for a copy of the prescribed Nomination Form.



**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the Twenty Sixth (26th) Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

**FINANCIAL RESULTS**

The Financial Results of the Company for the year ended 31<sup>st</sup> March, 2011 are summarised below for your consideration:-

(Rs. In Lacs)

	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
Profit/ (Loss) before taxation, interest, depreciation and provisions	(206.33)	(67.56)
Interest	(0.10)	(0.47)
Depreciation including Impairment	(8.97)	(21.53)
Profit / (Loss) before provision for non performing assets & tax	(215.40)	(89.56)
Provision for non performing assets written back	572.58	92.31
Excess provision of income tax written back	31.65	-
Transferred to Statutory Reserves u/s 45-1C of the RBI Act, 1934	(77.76)	(0.55)
Net Profit	311.07	2.20
Balance brought forward from last year	(2326.78)	(2328.99)
Add accumulated losses brought forward from MGF Services Ltd (amalgamated on 29.04.2011)	(151.57)	-
Balance carried forward to Balance Sheet	(2167.28)	(2326.79)

**REVIEW OF OPERATIONS**

As already reported it is a 'Debt Free Company'. The company is focusing its attention in recovery of the dues from the customers. The management is confident that with the maximum recovery, the funds generated will be deployed to earn better yield on investments.

**AMALGAMATION**

In the last report shareholders were informed about the amalgamation of MGF Services Limited (MGFS). During the year under review erstwhile MGFS in pursuance to Honble' Delhi High Court Order passed u/s 391 to 394 of the Companies Act, 1956, was amalgamated with your company. Consequent to the amalgamation shares were allotted, as per the scheme, in the ratio of 3 (Three) equity shares of India Lease Development Limited (ILD) for every 2 (Two) equity shares of MGFS. The Paid Up Capital has increased from Rs. 10,20,03,000/- to 14,70,02,910. As the Honble' High Court's order was received after the close of the Financial Year, the new shares allotted consequent to amalgamation have been kept in "Shareholders' Suspense Account." Bombay Stock Exchange has given its approval for listing of the new equity shares allotted to the erstwhile shareholders of MGFS. However, trading permission will be allowed after receipt of confirmation letters from CDSL and/ or NSDL.

**DIVIDEND**

In view of accumulated losses, your Directors have not recommended any dividend for the year under review.

**COMPANY'S CATEGORY**

The company continues to hold the certificate issued by Reserve Bank of India in Category "B" as Non Accepting Deposits Non Banking Finance Company.

**AUDITORS' REPORT****INFORMATION AND EXPLANATIONS/OBSERVATIONS IN THE AUDITORS' REPORT.****A. OBSERVATIONS IN THE MAIN AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREOF.****Auditors' Observations****Para 2 -On a Going Concern Basis**

It has been suitably explained in para 2 of Schedule-14 Notes on Accounts.

**Para 3(a)****Short fall in value of Long Term Investment**

In regard to short fall, management is of the view that these investments are in associates companies which are running satisfactorily on Going Concern Basis, the diminution in value is not of permanent nature and as such no provision for the short fall has been considered necessary.

**Para 3(b)**

Accounting of Overdue Charges on Hire-Purchase/ Lease Receivables and Bill Discounted, Loans against hypothecation respectively, are accounted for on realisation basis, in view of significant uncertainties instead of on accrual basis.

In accordance with para 8(c) of accounting policy, overdues are consistently accounted for only on realisation basis.

**Para 3(c)-Non Compliance of Prudential Norms**

In view of negative net worth, this has a consequential effect which, inter-alia, means non compliance of the provisions of RBI's prudential norms as regards maintenance of Credit Adequacy Ratio (CAR), Credit/ Investments, etc

**Observations in Annexure referred in paragraph 1 of the Auditor' Report (CARO)****Para (i)(a) & (b)-Quantitative details of assets on lease**

The management has since carried out physical verification of assets on lease. Confirmation from some lessees has been received.

**Para 8 of Schedule 14- Notes to Accounts**

Where the balances debit/credit are appearing, the same in the ordinary course of business, are at least equal to the amount at which they are stated and as such, no further comments are required.

In terms of RBI Directions, the Auditors have submitted a separate report to the Board of Directors. As the observations on account of negative net worth are general in nature viz, non meeting the requirement of capital adequacy and concentration of credit/investments, the same have been suitably explained hereinabove and have not been responded to separately.

**REPORT ON CORPORATE GOVERNANCE**

A detailed report on Corporate Governance together with Management Discussions and Analysis Report has been included separately in Annexure 'A' and 'B' respectively which forms part of the Director's Report.

**DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.**

The Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the applicable accounting standards;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs for the company as at the end of financial year ended 31st March, 2011 and of the Profit of the Company for that period;
- iii) The Directors have taken proper and sufficient care 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;
- iv) The statement of accounts for the year ended 31st March, 2011 have been prepared on a Going Concern Basis.