

## CORPORATE INFORMATION

### DIRECTORS

Mr. Surendra M. Shah  
Mr. Vasant Shah  
Mr. Ajay Mehta  
Mr. R. Rajyaguru  
Mr. Ashok B. Shah  
Mr. Harnish Patel

Director in Charge

### AUDITORS

M/s C.C. Chokshi & Company  
Chartered Accountants,  
Ahmedabad

### BANKERS

Bank of India  
Dena Bank  
Bank of Baroda  
Canara Bank  
Federal Bank Limited  
Central Bank of India  
Oriental Bank of Commerce  
Calyon Bank  
State Bank of India  
Andhra Bank  
State Bank of Saurashtra  
Vysya Bank Limited  
Vijaya Bank  
Dhanlaxmi Bank Limited  
Development Credit Bank Limited  
Union Bank of India

### REGD. OFFICE

6th Floor, Hasubhai Chambers,  
Opp. Town Hall,  
Ellisbridge,  
Ahmedabad - 380 006

### BRANCH OFFICE

Ahmedabad, Mumbai, New Delhi

### REGISTRARS & TRANSFER AGENTS

MCS Limited  
101, Shatdal Complex, Opp. Bata Show Room,  
Off Ashram Road, Ahmedabad-380 009.  
Telephone No. 079-30070671  
Fax No. 079-30070678  
email-mcsmum@vsnl.com

#### 27th Annual General Meeting

Date : 5th August-2010  
Day : Thursday  
Time : 10.00 AM  
Venue : ATMA Hall, Ahmedabad Textile Mills Association,  
Opp. La-Gajjar Chamber, Ashram Road,  
Navrangpura, Ahmedabad-380 009.

**G/L/F/L**

# NOTICE

**NOTICE IS HEREBY GIVEN THAT** the 27<sup>th</sup> Annual General Meeting of GUJARAT LEASE FINANCING LIMITED will be held on 5th August, 2010 at 10.00 A.M. at ATMA Hall, Ahmedabad Textile Mills Association, Opp. La-Gajjar Chamber, Ashram Road, Navrangpura, Ahmedabad - 380 009 to transact the following business :

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and Audited Profit & Loss Account of the Company for the year ended on that day, together with Auditors' Report thereon and Directors' Report for the year ended on that date.
2. To appoint a Director in place of Shri Vasant Shah who retire by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashok B. Shah who retire by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

## SPECIAL BUSINESS :

5. To consider and if thought fit to pass the following resolutions, with or without modification(s), as a Special Resolution;

**RESOLVED THAT** in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII and subject to the approval of the share holders at the ensuing AGM and other applicable provisions, if any of the Companies Act, 1956 Shri Harnish Patel be and is hereby appointed as Director In-charge of the Company for a period of one year from 1st April, 2010 to 31<sup>st</sup> March 2011, without any remuneration.

## NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF OF THE COMPANY AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hitherto in respect of special business and forms part of this notice under item 5 set above is annexed hereto.
3. The Share Transfer Books and Register of Members will remain closed from Friday 30th July, 2010 to Thursday 5th August, 2010 (both days inclusive).
4. At the ensuing Annual General Meeting, Shri Vasant Shah and Shri Ashok B. Shah retire by rotation, and being eligible, offer themselves for reappointment. The details pertaining to these directors as stipulated under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual Report.
5. Members are requested to intimate immediately, change of address if any, to the Company quoting reference of their Registered Folio Number.
6. Members desiring any information about Accounts at the meeting are requested to write to the Company at least 5 days prior to the Annual General Meeting.
7. The relevant documents are open for inspection at the Registered Office of the Company on any working days except Sundays and public holiday between 10.30 AM to 12.30 P.M. upto the date of AGM or any adjournment(s) thereof.
8. Members/Proxies are requested to produce the Attendance Slip at the entrance of the Meeting Hall.
9. To bring the copy of Annual Report at the Meeting.

Place : Ahmedabad

Date : 15/5/2010

## Registered Office :

6<sup>th</sup> Floor, Hasubhai Chambers  
Opp. Town Hall, Ellisbridge,  
Ahmedabad 380 006

By Order of the Board of Directors

**Harnish Patel**  
Director In-charge

## EXPLANATORY STATEMENT

### Item No.5

Shri Harnish Patel was appointed as Director In-charge of the Company w.e.f. 1<sup>st</sup> April,2009 by the Board on 31<sup>st</sup>March,2009. He is In-charge of operations and overall affairs of the company in compliance with the requirements of the section 269 and other applicable provisions of the Companies Act, 1956.

Shri Harnish Patel is Chartered Accountant and he has been working with Torrent Group for more than 16 years in various capacities. At present, he is Vice President (Finance) Torrent Power Limited. He has vast experience in the field of finance and related matters.

The Board of Directors at its meeting held on 23<sup>rd</sup> January 2010 has reappointed Shri Harnish Patel as Director In Charge of the company for a further period of one year i.e. from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 without any remuneration.

The explanatory statement together with the notice should be treated as an abstract of the terms of the appointment and memorandum of concerns or interest under Section 302 of Companies Act, 1956.

None of the director except Shri Harnish Patel is concerned or interested in the said resolution.

The Directors recommend the resolution for approval.

Place: Ahmedabad

Date: 15/5/2010

### Registered Office :

6<sup>th</sup> Floor, Hasubhai Chambers  
Opp. Town Hall, Ellisbridge  
Ahmedabad 380 006

By Order of the Board of Directors

**Harnish Patel**

Director In Charge

# DIRECTORS' REPORT

Your Directors present the Twenty Seventh Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

## Financial Results

The highlights of the financial results are given below:

(Rs. in lacs)

Particulars	Year ended 31.3.2010	Year ended 31.3.2009
Other Income	8	46
Provision written back as no longer required	13	65
Total Income	21	111
Expenditure		
Administrative & other expenses	30	51
Profit/(Loss) for the year before Depreciation	(9)	60
Depreciation	2	2
Profit/(Loss) before Taxation	(11)	58
Short Provision of tax of earlier years	0	6
Profit/(Loss) After Taxation	(11)	52

## YEAR UNDER REVIEW

It may be observed from the Profit and Loss Account that Income during the year is Rs.8 lacs as against last year income of Rs.46 lacs. The income for the year under review includes interest on deposits and other income received by way of recovery of expenses charged to subsidiaries companies. The interest income of last year also includes interest on refund of wealth tax Rs.41lacs. The income is declining year by year due to reducing activity of the company. In addition to above, company has written back provision of Rs. 13 lacs as against last year of Rs.65 lacs. After meeting the expenses, the Company incurred a loss of Rs.11 lacs as against a profit of Rs.58 lacs in the previous year. There is no provision for tax during the year as against the provision of Rs.6 lacs (including short provision of earlier years). As a result there is a net loss of Rs.11 lacs as against of profit of Rs.52 lacs.

During the year 2004-05, the scheme of compromise and arrangement under section 391 of the Companies Act to discharge the liability of the banks was sanctioned by the Hon'ble High Court of Gujarat. Your company has released payment as per the court order. Approval in respect of deed of assignment of receivables is awaited from the banks.

As per the court's order, the income received pertaining to assigned assets after July, 2004 is transferred to the consortium of Banks. Subsequent to the court's order, GLFL has recovered Rs.344 lacs till date from the charged assets and deposited with the member banks.

It is worthwhile to note that the company has **no external debts at the end of the year.**

## FIXED DEPOSITS

The company has neither accepted nor renewed any fixed deposits during the year. The outstanding liability of Fixed Deposits, as on 31<sup>st</sup> March, 2010, is Rs.Nil.

## TRANSFER TO THE INVESTOR EDUCATION FUND

In terms of Section 205 (C) of the Companies Act 1956, during the year an amount of Rs.35 lacs being unclaimed Fixed Deposits, Debentures and other liabilities have been transferred on completion of prescribed period to the Investor Education and Protection Fund, formed by the Central Government.

## SUBSIDIARIES

### GLFL Housing Finance Limited

After disinvestments of the major Housing Loan Portfolio, along with liabilities, in favour of LIC Housing Finance Ltd., recovery from balance accounts has been the main thrust area during the year. The company has been able to recover Rs.20 lacs, from the overdue /NPA accounts, during the year under report. The company has earned the profit of Rs.11 lacs mainly on account recovery from written off and NPA accounts as against the loss of Rs.2 lacs, during the previous year.

#### **GLFL Securities Limited**

The company has earned profit of Rs.10 lacs mainly on account of sale/increase in the value of stock of shares held by the company.

#### **GLFL International Limited**

The Company has yet not commenced business.

#### **EMPLOYEES**

The Company does not have any employee in the category as specified under Section 217(2A) of the Companies Act, 1956.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.**

The Company has no activities relating to conservation of energy or technology absorption. There has been no foreign exchange earning or outgo during the year under review.

#### **DIRECTORS**

The company has re-appointed Shri Harnish Patel as Director In-charge for a further period of one year from 1st April,2010 to 31<sup>st</sup> March,2011, without any remuneration. He shall not be liable to retire by rotation during his tenure as Director In-charge of the company. He shall be In-charge of operations and overall affairs of the company and has been delegated with necessary power to look after the affairs of the company under section 269 and other applicable provisions of the Companies Act, 1956.

The Board proposed the appointment of Shri Harnish Patel at the ensuing General Meeting.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri Vasant Shah and Shri Ashok B Shah, Directors of the Company retire by rotation and are eligible for re-appointment.

#### **CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance is furnished as a part of the Directors' Report and the certificate from the Company's Auditors regarding compliance of conditions of Corporate Governance is annexed to the said Report.

#### **AUDITORS' REPORT**

Notes on accounts are self-explanatory and do not require any further explanations on the Auditors' qualifications.

#### **AUDITORS**

The Auditors M/s C.C. Chokshi & Company, Chartered Accountants, Ahmedabad retired at the ensuing Annual General Meeting and are eligible for re-appointment. The Audit Committee in their meeting held on 15<sup>th</sup> May,2010 has recommended the re appointment of M/s. C.C. Chokshi & Company, Chartered Accountants, as Auditors of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

1. In the preparation of the annual accounts, the applicable accounting standards, as specified by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures.
2. The Accounting Policies have been applied consistently and judgments and estimates that have been made for the preparation of the accounts are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the Company for the year;
3. Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and taken steps to safeguard the assets of the Company and to prevent fraud and irregularities;
4. Directors have prepared accounts on going concern basis.

#### **ACKNOWLEDGEMENTS**

Your Directors are grateful to RBI, GIIC Limited, the Government of Gujarat and Torrent Group for their continued guidance and support to the Company. The Directors are pleased to place on record their appreciation for the excellent support extended by the Commercial Banks.

The Board would also like to express great appreciation for the understanding and support extended by the employees and Shareholders of the company in the difficult period.

Ahmedabad  
Date :15-05-2010

For and on behalf of the Board

Director In-charge

# REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the code) through clause 49 in the listing agreement executed by the Company with the stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in clause 49, for the financial year 2009-2010.

## Company's Philosophy on Corporate Governance :

The Philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are required in accordance with the latest global trend of making management completely transparent and institutionally sound.

### 1. Board of Directors :

The Board comprises of 6 Directors of which 3 are non-executive independent (50% of the Board strength) and 3 are non-executive Directors. The Chairman of the Board is non-executive independent Director. The composition of the Board complies with the requirements of the Code.

The Board of Directors of the Company met four times during the year on 8<sup>th</sup> May, 2009, 27<sup>th</sup> July, 2009, 15<sup>th</sup> October, 2009 and 23<sup>rd</sup> January, 2010.

### Composition of Board and other related matters:

Name of the Director & Designation	Category	No. of other Directorship held in public companies in India	No. of other Board committees of which Member(M)/ Chairman ( C )	Board meeting attended	Attendance at the last AGM	No. of Shares held (of the Company)
Mr. Vasant Shah Director	Non Executive Non Independent Director	4	1(C)	3	No	No
Mr. Ajay Mehta Director	Non Executive Non Independent Director	4	1(M)	4	Yes	No
Mr. Surendra M. Shah Director	Non Executive Independent Director	1	Nil	4	Yes	No
Mr. R. Rajyaguru Director	Non Executive Independent Director	3	Nil	3	No	No
Mr. Ashok B. Shah Director	Non Executive Independent Director	4	Nil	3	Yes	No
*Harnish J. Patel Director in charge	Executive Non Independent Director	2	Nil	4	Yes	No

\* Appointed with effect from 1st April 2009.

Shri Harnish Patel was appointed as Director In charge of the company with effect from 1st April, 2009, for a period of one year without any remuneration. The terms of appointment expires on 31st March 2010. The Board in its meeting held on 23-1-2010 has reappointed him as Director In charge for the further period of one year from 1st April 2010 to 31st March 2011 without any remuneration subject to the approval of the share holders at next AGM and shall look after affairs of the company and shall not be liable to retire by rotation.

As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (audit /remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship with the Executive Director of the Company. Non-executive Directors have no transaction with the company, and they are not paid any remuneration or sitting fees.

## Details of the Directors seeking Re-appointment in forthcoming Annual General Meeting.

Name of Director	Mr. Vasant Shah	Mr. Ashok B. Shah
Date of Birth	21/09/1943	02/09/1958
Date of Appointment	28/09/1994	29/05/2008
Qualifications	B.Com, FCA	B.E. (Mechanical)
Expertise in specific functional areas	Finance and General Management	Project Financing
List of Public Ltd. Co. in which Directorship held	1. GLFL Housing Finance Ltd. 2. GLFL Securities Ltd. 3. GLFL International Ltd. 4. Torrent Cables Ltd.	1. Gujarat State Machine Tools Copn Ltd. 2. Gujarat Poly AVX Electronics Ltd. 3. Remi Metals Ltd. 4. Gujarat Gold Coin Ceramics Ltd. 5. Gujarat Themis Bio-Syn Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company	--	Audit Committee 1 (M) Share holders Grievance Committee 1 (M)
Chairman/Member of the Committees of the Board of Directors of other Company	Audit Committee 1 (C)	--

### 2. Remuneration of Directors

The Remuneration Committee as a sub-committee of the Board has been constituted mainly to determine and recommend to Board, the company's policies on remuneration packages for executive and non executives. The company has Remuneration Committee consisting of independent directors, consisting of Shri S.M.Shah as Chairman of the Committee and Shri R.Rajyaguru and Shri Ashok B.Shah, as members.

During the period under review, no committee meeting was held.

No Director is drawing any remuneration or sitting fees from the Company. The Company does not pay any severance fee.

### 3. Audit Committee

Audit Committee consisting of two third independent directors and one third non independent directors. The Manager (Finance) acts as the Secretary of the Audit Committee. Shri S.M. Shah acts as Chairman of audit committee.

The company has Audit Committee consisting of four directors consisting of Shri S.M.Shah, Shri R.Rajyaguru, Shri Ashok B.Shah and Shri Ajay Mehta.

During the period under review, four meetings were held on 8<sup>th</sup> May, 2009, 27<sup>th</sup> July, 2009, 15<sup>th</sup> October, 2009 and 23<sup>rd</sup> January, 2010. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 27<sup>th</sup> July, 2009. The Audit Committee at its meeting held on 8<sup>th</sup> May, 2009, reviewed the Annual Accounts for the year 2008-09 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 27<sup>th</sup> July, 2009, 15<sup>th</sup> October, 2009 and 23<sup>rd</sup> January, 2010, reviewed the unaudited financial results for the quarter ended on June 30, 2009, 30<sup>th</sup> September, 2009 and 31<sup>st</sup> December, 2009.

The Audit Committee shall consist of following :-

Name	Designation	Attendance
Shri S.M.Shah	Non Executive Independent	4
Shri Ajay Mehta	Non Executive Non Independent	4
Shri R.Rajyaguru	Non Executive Independent	3
Shri Ashok B.Shah	Non Executive - Independent	3

The above composition meets all the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference for the Audit Committee are as stipulated in clause 49 of the Listing Agreement and as laid down in Circular No.SEBI/CFD/DIL/CG/1/2004/12/10 dated 29<sup>th</sup> October, 2004- Annexure 1- Clause II (D).

The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange. Broadly, the same are (i) oversee company's financial reporting process, (ii) recommend the appointment or removal of External Auditors, decide the audit fee as well as approve fees for other services, discuss the nature and scope of audit and ascertain the areas of concern, (iii) review the annual and quarterly financial statement, (iv) review changes in the accounting policies and practices of major accounting entries, (v) review adjustments in financial statements, highlighted by audit findings, (vi) review disclosure of related party transactions, (vii) review with the Management the performance of statutory and internal audit and adequacy of internal control system, (viii) review the adequacy of internal audit function and discuss with them, significant findings (if any) (ix) review the findings of internal investigations in case of suspected fraud or irregularity and (x) probe into the reasons for substantial default in payment of declared dividend.

#### 4. Shareholders / Investors Grievance Committee

The Shareholders Grievance Committee as a sub-committee of the Board has been constituted mainly to focus on the re-dressal of Shareholders / Investors Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; repayment of principal and/or interest on Fixed Deposits / Debentures, etc.

The company has Shareholders/ Investors Grievance Committee consisting of four directors Shri S.M.Shah, Shri R.Rajyaguru , Shri Ashok B.Shah and Shri Ajay Mehta.

The company has Shareholders Grievance Committee consisting of all non-executive Directors out of which three independent directors and one dependent director. During the year, four meeting were held on 8<sup>th</sup> May, 2009, 27<sup>th</sup> July, 2009, 15<sup>th</sup> October, 2009 and 23<sup>rd</sup> January, 2010. The Company had received 34 complaints from the Shareholders, all of them have been resolved and no complaint was pending as on 31<sup>st</sup> March 2010. The Company has no transfers pending at the close of the financial year.

Manager (Finance), provides secretarial support to the Committee and he is also the designated Compliance Officer for such matters.

Name	Designation	Attendance
Shri S. M. Shah	Non-Executive – Independent	4
Shri Ajay Mehta	Non Executive – Non Independent	4
Shri R. Rajyaguru	Non-Executive – Independent	3
Shri Ashok B. Shah	Non-Executive – Independent	3

The company is in process of appointing a Company Secretary and till such time, Mr.A.K.Jhaveri, Manager (Finance) is shouldering the responsibility of Compliance Officer.

#### 5. Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary whose turnover or net worth (i.e.paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Copies of the Minutes of the Audit Committee/ Board Meetings of the Subsidiary Companies are tabled at the Board Meetings regularly.

#### 6. Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. The Code has also been posted on the Company's website [www.gujaratleasefinancing.com](http://www.gujaratleasefinancing.com).

#### 7. Disclosures

- (a) The Company has no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Note No.13 of Schedule 12 of the financial statement for the financial year 2009-2010.

- (b) There were no instances of non-compliance or Penalties, imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

#### 8. Means of Communication

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board meetings and were also published in two newspapers, Western Times (English) and Western Times (Gujarati). These results are also put on the Company's website: [www.gujaratleasefinancing.com](http://www.gujaratleasefinancing.com).

The Company also informs by way of intimation to the stock exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.



#### 9. Share Transfer System

The Company has appointed M/s MCS Limited as Registrar and Transfer Agents. Valid Share transfer in physical form and complete in all respects as well as transfer in dematerialized form were approved and registered within stipulated period.

#### 10. Dematerialization of Shares and Liquidity

Consequent upon the compulsory demat of the Equity Shares of the Company as notified by SEBI, about 84.03% of the Equity Capital of the Company has been dematerialized as on 31<sup>st</sup> March, 2010. The shares are traded on Mumbai and National Stock Exchanges.

11. **Date, time and venue of 27<sup>th</sup> Annual General Meeting** : 5th August-2010, Thursday  
at 10.00 AM at  
ATMA Hall, Ahmedabad Textile Mills Association,  
Opp. La-Gajjar Chamber, Ashram Road,  
Navrangpura, Ahmedabad - 380 009.
12. **Book Closure Date** : 30th July, 2010 to  
5th August, 2010 (Both the days inclusive)
13. **Dividend Payment Date** : Not Applicable
14. **Details of last three Annual General Meetings :**

Meeting	Year	Venue of AGM	Date	Time	No. of Special Resolution passed
24 <sup>th</sup> AGM	2006-07	H. T. Parekh Convention Centre, Torrent AMA Centre, ATIRA, Ahmedabad -15	13 <sup>th</sup> September, 2007	10.00 AM	1
25 <sup>th</sup> AGM	2007-08	Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat Chamber of Commerce & Industries, Ashram Road, Ahmedabad 380009	18 <sup>th</sup> October, 2008	10.00 AM.	1
26 <sup>th</sup> AGM	2008-09	Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat Chamber of Commerce & Industries, Ashram Road, Ahmedabad 380009	27 <sup>th</sup> July, 2009	10.00 AM.	1

No Extra Ordinary General Meeting (EGM) was held during last three years.

The special resolutions indicated above were passed by show of hands. The Company has not passed any Resolution, through postal ballot during these years under reference.

The Company has not issued any GDRs/ ADRs/ Warrants/ any other Convertible Instruments during these years.

#### 15. Tentative Financial Calendar for the year 2010-11

Financial reporting for the quarter ending June 30, 2010 : End of July, 2010

Financial reporting for the quarter /half year ending September 30, 2010 : End of Oct.2010

Financial reporting for the quarter ending December 31,2010 : End of Jan.,2011

Financial reporting for the year ending March 31, 2011 : End of May,2011

Annual General Meeting for the year ending March 31, 2011 will be in July, 2011

16. High/Low of monthly Market Price of the Company's Equity Shares traded on the Mumbai & National Stock Exchange during the financial year 2009-10 is furnished below:

Month	BSE					NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	BSE Sensex (High)	BSE Sensex (Low)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April '09	3.76	2.50	156814	11492	9546	3.75	2.70	112269
May '09	5.20	2.76	227797	14931	11621	5.15	2.70	257556
June '09	5.78	3.72	332996	15600	14017	5.70	3.85	296980
July '09	4.98	3.30	224657	15733	13220	5.00	3.30	188881
August '09	4.45	3.75	175621	16002	14684	4.40	3.70	177662
Sept. '09	4.59	3.76	170140	17143	15357	4.65	3.70	188729
October'09	4.32	3.50	171973	17493	15805	4.25	3.60	157198
Nov. '09	4.83	3.58	229894	17290	15331	4.35	3.00	396858
Dec.'09	4.85	3.53	212545	17531	16578	4.40	3.30	316353
Jan. '10	6.56	4.00	1491843	17790	15982	6.55	4.00	1233876
Feb. '10	4.80	4.00	216136	16669	15652	4.75	4.10	115566
Mar. '10	4.85	3.75	219630	17793	16438	4.85	3.85	166521

17. Distribution of Shareholding (as on March 31, 2010)

a. On the basis of Shares held

No. of Equity Shares held (Range)	No. of share-holders	Percentage to total share-holders (%)	No. of Shares held	Percentage to total shares held
Up to 5000	31756	99.03	10526275	38.80
5001 - 10000	169	0.53	1285018	4.74
10001 - 50000	114	0.36	2231639	8.23
50001 - 100000	13	0.05	1045236	3.85
Above 100000	10	0.03	12037599	44.38
<b>TOTAL</b>	<b>32062</b>	<b>100.00</b>	<b>27125767</b>	<b>100.00</b>

b. On the basis of Category

Category	No. of Shares held	Percentage to total shares held
Promoters	11171446	41.18
Individuals	13639326	50.29
Bodies Corporate	1571344	5.79
Financial Institutions / Mutual Funds / Banks	4562	0.02
Central Govt. / State Govt. Companies	250000	0.92
Others	489089	1.80
<b>TOTAL</b>	<b>27125767</b>	<b>100.00</b>

18. Listing on Stock Exchanges at :

<b>The National Stock Exchange of India Ltd.</b> Plot No.C/1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	<b>The Bombay Stock Exchange Ltd</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023
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The company has paid Listing Fee to Bombay Stock Exchange Limited and National Stock Exchange for the financial year 2010-11.

19. Stock Codes	Mumbai Stock Exchange	....	500174
	The National Stock Exchange	....	GLFLEQ
	ISIN No. – NSDL/CDSL	....	INE 540A01017

20. Details of Shares

Types of shares	:	Equity Shares
No. of paid up shares	:	2,71,25,767
Market lot of shares	:	1 share

21. Registered Office & Shareholder's & Correspondence address	:	6th Floor, Hasubhai Chambers Opp. Town Hall, Ellisbridge, Ahmedabad – 380 006. Tele No. (079) 2657 5722 Fax No. (079) 2657 5702
Compliance Officer	:	Anil Jhaveri (Manager)
Redressal of Investors Grievances	:	glfl.invcomplain@yahoo.co.in
Registrar & Transfer Agent	:	MCS Limited 101, Shatdal Complex Opp. Bata Show Room Ahmedabad Tel.079-30070671 Fax:079-30070678 Email- mcsnum@vsnl.com

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Gujarat Lease Financing Limited  
Ahmedabad.

We have examined the compliance of conditions of corporate governance by Gujarat Lease Financing Limited, for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of an opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR C. C. Chokshi & Co.,  
Chartered Accountants  
(Registration No. 101876W)

H. P. Shah  
Partner  
Membership No.33331

Place : Ahmedabad,  
Date : 15<sup>th</sup> May, 2010

## Declaration for Compliance of Code of Conduct

Code of conduct for Board Members and Senior Management Personnel was approved at the Board Meeting held on 30th December, 2005, It was placed on the Website of the company.

Company has obtained confirmation for the compliance of Code of Conduct from all the Board Members and Senior Management Personnel of the Company on an annual basis.

This is a declaration as required by Circular No. SEBICFD/DIL/CG/2004/12/10 dated 29th October, 2004- Annexure – I- Clause I (D) (II)

Place : Ahmedabad,  
Date : 15<sup>th</sup> May, 2010

Harnish Patel  
Director In charge

# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF GUJARAT LEASE FINANCING LIMITED

1. We have audited the attached Balance Sheet of **Gujarat Lease Financing Limited** ("the company") as at 31st March, 2010 the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
  4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
    - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - (ii) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of those books;
    - (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
    - (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
    - (v) Attention is invited to the following notes in Schedule No. 12 (B):
      - i. Note No. 2 : regarding accounts of the Company prepared on going concern basis
      - ii. Note No.4(c): regarding non recognition of income of interest on tax refunds amounting to Rs. 1033.66 lacs (previous year Rs. 1033.66 lacs) and short provision of tax and interest thereon of Rs. 284.96 lacs (previous year Rs.284.96 lacs)
- We further report that had the observation made by us in item (ii) above been considered, the accumulated losses would have been Rs.16,734.58 lacs (as against reported figure of Rs.17,483.28 lacs), provision for taxation net of advance tax would have been converted to advance tax net of provision Rs. 8.28 lacs (as against reported figure of Rs. 740.42 lacs).
- Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - ii) in the case of Profit and Loss Account, of the Loss of the company for the year ended on that date; and
  - iii) in the case of Cash Flow statement, of the Cash flows of the company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of section 274(1)(g) of the Companies Act, 1956.

For **C. C. Chokshi & Co.**,  
Chartered Accountants  
(Registration No. 101876W)

(H. P. Shah)  
Partner

Membership No.33331

Place : Ahmedabad  
Date : 15th May, 2010

## ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i). Having regard to the nature of the Company's activities, clauses (ii), (viii) and (xiii) of CARO are not applicable.
- (ii). In respect of its fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However the Company has taken interest free unsecured loans from its three subsidiary companies. The maximum amount involved was Rs. 1808.26 lacs and the year-end balance of such loans was Rs. 1800.97 lacs.
- (c) The other terms and conditions on which the interest free unsecured loans have been taken are not stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for the sale of shares. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangement referred to Section 301 that need to be entered in the register maintained under the said section have been so entered.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956. The Company has complied with the requirements of the prudential Norms of Reserve Bank of India except in respect of Capital Adequacy and Concentration of Credits/Investments as disclosed in Note No 5 of Schedule 12(B)
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues :
  - (a) The Company has generally been regular in depositing undisputed dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it with appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of income tax, wealth tax, custom duty, excise duty and cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
  - (c) Details of dues of income-tax, sales tax, wealth-tax, service tax, custom duty, excise duty and cess which have not been deposited as on 31st March,2010 on account of dispute are given below:

Statute	Nature of Dues	Forum where the dispute is pending	Period to which the amount relates	Amount Involved (Rs. In Lacs)
Central Sales Tax Act, 1956	Demand of tax and penalty	Sales Tax Tribunal	1989-90 to 1994-95	36.22

- (ix) The accumulated losses of the Company at the end of the financial year are exceeding its net worth and the Company has incurred cash losses in the financial year under report. The Company has not incurred cash losses in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not borrowed any loans from banks, financial institutions and debenture holders.
- (xi) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not obtained term loan during the financial year.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis prima-facie, not been used during the year for long- term investment.
- (xvi) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xviii) During the year, the Company has not raised money by public issue.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year.

For C. C. Chokshi & Co.,  
Chartered Accountants  
(Registration No. 101876W)

Place : Ahmedabad  
Date : 15th May, 2010

H. P. Shah  
Partner  
Membership No.33331

## Balance Sheet as at 31ST MARCH, 2010

PARTICULARS	SCHEDULE	(Rs. in Lacs)	
		As at 31.03.10	As at 31.03.09
<b>SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	2716.05	2716.05
(b) Reserves and Surplus	2	9578.16	9578.16
<b>(2) LOAN FUNDS</b>			
Unsecured Loans	3	3325.97	3370.92
<b>TOTAL</b>		<b><u>15620.18</u></b>	<b><u>15665.13</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
(a) Gross Block	4	129.88	129.88
(b) Less: Depreciation		68.35	66.47
(c) Net Block		<u>61.53</u>	<u>63.41</u>
<b>(2) INVESTMENTS</b>			
	5	1123.98	1111.12
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Cash & Bank Balances	6	22.61	142.30
(b) Loans & Advances	7	0.82	1.25
		<u>23.43</u>	<u>143.55</u>
Less : Current Liabilities & Provisions	8		
(a) Current Liabilities		33.37	81.10
(b) Provisions		741.34	746.92
		<u>774.71</u>	<u>828.02</u>
NET CURRENT ASSETS		<b>(751.28)</b>	<b>(684.47)</b>
<b>(4) PROFIT AND LOSS ACCOUNT</b>			
Debit Balance Of Profit and Loss Account		17483.28	17472.40
Less:General Reserve Deducted per Contra		2297.33	2297.33
		<u>15185.95</u>	<u>15175.07</u>
<b>TOTAL</b>		<b><u>15620.18</u></b>	<b><u>15665.13</u></b>
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS		12	

As per our report of even date

For C. C. Chokshi & Co.  
Chartered Accountants

H.P. SHAH  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH

Director

HARNISH PATEL

Director In charge

Place : Ahmedabad  
Date : 15th May, 2010



## Profit and Loss Account for the year ended 31st MARCH, 2010

PARTICULARS	SCHEDULE	(Rs. in Lacs)	
		Year ended 31.03.10	Year ended 31.03.09
<b>INCOME</b>			
Other Income	9	8.07	45.74
Provision / Liabilities no longer required written back		12.85	65.63
<b>TOTAL</b>		<u><u>20.92</u></u>	<u><u>111.37</u></u>
<b>EXPENDITURE</b>			
Payment to and Provisions for Employees	10	2.47	3.27
Administrative and Other Expenses	11	24.47	47.29
Loss on Sale / Assignment of Investment		2.98	261.00
Less: Adjusted Against Provision for Investment		0.00	261.00
Equalization		<u>2.98</u>	<u>0.00</u>
Depreciation		<u>1.88</u>	<u>2.36</u>
<b>TOTAL</b>		<u><u>31.80</u></u>	<u><u>52.92</u></u>
<b>(LOSS) / PROFIT BEFORE TAX</b>		<b>(10.88)</b>	58.45
Less : Provision for Fringe Benefit Tax		(0.00)	(0.30)
Less : Short provision of Wealth Tax of earlier years		(0.00)	(6.09)
<b>(LOSS) / PROFIT AFTER TAX</b>		<b>(10.88)</b>	52.06
Deficit brought forward from previous year		(17472.40)	(17524.46)
<b>DEFICIT CARRIED TO BALANCE SHEET</b>		<u><u>(17483.28)</u></u>	<u><u>(17472.40)</u></u>
Earning Per Share : Basic & Diluted ( Rs.)		(0.04)	0.19
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS	12		

As per our report of even date

For C. C. Chokshi & Co.  
Chartered Accountants

H.P. SHAH  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH  
Director

HARNISH PATEL  
Director In charge

Place : Ahmedabad  
Date : 15th May, 2010

## Cash Flow Statement For Year Ended 31st March, 2010

PARTICULARS	(Rs. in Lacs)	
	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>NET (LOSS) / PROFIT BEFORE TAX</i>	(10.88)	58.45
<i>Adjustments for :</i>		
DEPRECIATION	1.88	2.36
LOSS ON SALE / WRITE OFF OF FIXED ASSETS (Net )	0.00	4.27
LOSS ON SALE / ASSIGNMENT OF INVESTMENTS	2.98	261.00
INTEREST RECEIVED	(2.25)	(4.59)
DIVIDEND RECEIVED	0.00	0.00
PROVISION / LIABILITIES NO LONGER REQUIRED WRITTEN BACK	(12.85)	(326.63)
<b><i>OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES</i></b>	<b>(21.12)</b>	<b>(5.14)</b>
<i>Adjustments for :</i>		
TRADE AND OTHER RECEIVABLES	0.07	1.85
TRADE PAYABLES, OTHER LIABILITIES AND PROVISIONS	(50.61)	(11.82)
<b><i>CASH (USED) IN OPERATIONS</i></b>	<b>(71.66)</b>	<b>(15.11)</b>
DIRECT TAXES REFUND / (PAID)	(5.69)	58.64
<b><i>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</i></b>	<b>(77.35)</b>	<b>43.53</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
SALE OF FIXED ASSETS	0.00	1.80
SALE OF INVESTMENTS (NET)	0.00	75.00
INTEREST RECEIVED	2.61	4.59
<b><i>NET CASH GENERATED FROM INVESTING ACTIVITIES</i></b>	<b>2.61</b>	<b>81.39</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(REPAYMENT) OF BORROWINGS (NET)	(44.95)	(37.45)
<b><i>NET CASH (USED IN) FINANCING ACTIVITIES</i></b>	<b>(44.95)</b>	<b>(37.45)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(119.69)</b>	<b>87.47</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>142.30</b>	<b>54.83</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>22.61</b>	<b>142.30</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
- CASH ON HAND	0.16	0.13
- BALANCES WITH SCHEDULED BANKS:		
- CURRENT ACCOUNTS	1.09	58.81
- DEPOSIT ACCOUNTS	21.36	83.36
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>22.61</b>	<b>142.30</b>

Figures in brackets represent outflow.

The Cash Flow Statement has been prepared under the "Indirect Method" set out in, Accounting Standard 3 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

As per our report of even date

For C. C. Chokshi & Co.  
Chartered Accountants

H.P. SHAH  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH                      Director

HARNISH PATEL                    Director In charge

Place : Ahmedabad  
Date : 15th May, 2010

## Schedules Annexed to and Forming Part of the accounts

	(Rs. in Lacs)	
	As at 31.03.10	As at 31.03.09
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
5,00,00,000 Equity Shares Rs.10 each.	5000.00	5000.00
<b>ISSUED:</b>		
2,80,15,117 Equity Shares of Rs. 10/- each	<u>2801.51</u>	<u>2801.51</u>
<b>SUBSCRIBED:</b>		
2,71,99,017 Equity Shares of Rs. 10/- each	<u>2719.90</u>	<u>2719.90</u>
<b>PAID-UP:</b>		
*2,71,25,767 Equity Shares of Rs. 10/- each	<u>2712.58</u>	<u>2712.58</u>
Add : Amount paid up on Shares Forfeited	<u>3.47</u>	<u>3.47</u>
<b>TOTAL</b>	<u><u>2716.05</u></u>	<u><u>2716.05</u></u>

Notes:

- \* Of the above 99,52,390 (99,52,390) Shares are allotted as Fully Paid-up Bonus shares by capitalising General Reserve of Rs. 250.27 lacs ( Rs 250.27 Lacs) and share premium of Rs 744.96 lacs ( Rs 744.96 lacs)

### SCHEDULE-2

#### RESERVES AND SURPLUS

##### GENERAL RESERVE

As per last Balance Sheet	2297.33	2297.33
Less : Debit balance in Profit & Loss Account deducted as per contra	<u>2297.33</u>	<u>2297.33</u>
	0.00	0.00

##### SHARE PREMIUM ACCOUNT

As per last Balance Sheet	6759.39	6759.39
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##### STATUTORY GENERAL RESERVE

As per last Balance Sheet	460.00	460.00
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##### CAPITAL RESERVE

As per last Balance Sheet	2358.77	2358.77
<b>TOTAL</b>	<u><u>9578.16</u></u>	<u><u>9578.16</u></u>

### SCHEDULE-3

#### UNSECURED LOANS

Deposits from Companies *	3325.97	3370.92
<b>TOTAL</b>	<u><u>3325.97</u></u>	<u><u>3370.92</u></u>

- \* Includes (a) Rs. 1525 Lacs ( Rs. 1600 Lacs ) against which 0% unsecured Debenture or instrument of like nature to be issued  
(b) from subsidiary companies :(Interest Free)  
(i) GLFL International Ltd. Rs.10.34 lacs (Rs.10.54 lacs)  
(ii) GLFL Securities Ltd. Rs.250.56 lacs (Rs. 235.01 lacs)  
(iii) GLFL Housing Finance Ltd. Rs.1540.07 lacs (Rs. 1525.37 lacs)

## SCHEDULE-4

## FIXED ASSETS BLOCK AS ON 31.03.10

(Rs in lacs)

Sr No	Assets	Gross Block ( At Cost)			Depreciation			Net Block			
		As at 01.04.09	Additions during the Year	Deduction during the Year	As at 31.03.10	Up to 01.04.09	Additions during the Year	Deduction during the Year	Up to 31.03.10	As at 31.03.10	As at 31.03.09
1	Building	76.38	0.00	0.00	76.38	16.39	1.24	0.00	17.63	58.75	59.99
2	Furniture & Fixtures	6.11	0.00	0.00	6.11	5.67	0.15	0.00	5.82	0.29	0.44
3	Electrical Installation	1.70	0.00	0.00	1.70	1.28	0.08	0.00	1.36	0.34	0.42
4	Office Equipments	6.53	0.00	0.00	6.53	4.52	0.31	0.00	4.83	1.70	2.01
5	Computers	39.16	0.00	0.00	39.16	38.61	0.10	0.00	38.71	0.45	0.55
	<b>TOTAL</b>	<b>129.88</b>	<b>0.00</b>	<b>0.00</b>	<b>129.88</b>	<b>66.47</b>	<b>1.88</b>	<b>0.00</b>	<b>68.35</b>	<b>61.53</b>	<b>63.41</b>
	Previous Year	150.83	0.00	20.95	129.88	79.01	2.36	14.89	66.47	63.41	

**SCHEDULE-5**

(Rs. in Lacs)

**INVESTMENTS ( AT COST)**

	Face Value (Rs.)	No of Shares			
		as at 31.03.10	as at 31.03.2009	as at 31.03.2010	as at 31.03.2009
<b>LONG TERM TRADE INVESTMENTS</b>					
1) IN SUBSIDIARY COMPANIES (Unquoted)					
GLFL Housing Finance Limited ( Rs 7.50 paid-up on 3000000 Shares)	10	9000000	9000000	825.00	825.00
GLFL Securities Limited	10	7500000	7500000	750.00	750.00
GLFL International Limited	10	100007	100007	10.00	10.00
				<u>1585.00</u>	<u>1585.00</u>
2) IN EQUITY SHARES					
A) Quoted					
Adarsh Chemicals & Fertilisers Ltd	10	34000	34000	10.20	10.20
Eureka Industries Ltd	10	650000	650000	66.67	66.67
Gujarat Himalaya Cement Ltd	10	42796	42796	4.28	4.28
Jayant Paper Mills Ltd ( Rs 5/- paid up)	10	100000	100000	20.00	20.00
K.J.International Ltd	10	20300	20300	5.08	5.08
Malvika Steel Ltd ( Rs 5/- paid up)	10	153900	153900	15.48	15.48
Samrat Ashoka Exports Ltd	10	7900	7900	4.74	4.74
Somani Iron & Steel Co Ltd	10	13100	13100	3.93	3.93
Vikram Projects Ltd	10	26600	26600	9.79	9.79
				<u>140.17</u>	<u>140.17</u>
B) Unquoted					
Indo Deutche Metallo Chemique Ltd	10	171400	171400	299.95	299.95
				<u>299.95</u>	<u>299.95</u>
<b>TOTAL OF 1 and 2</b>				2025.12	2025.12
Less: Provision for diminution in value of investments				901.14	914.00
				<u>1123.98</u>	<u>1111.12</u>
Note:					
Aggregate cost of Quoted Investments				140.17	140.17
Aggregate cost of UnQuoted Investments				1884.95	1884.95
Aggregate Market Value of Quoted Investments				0.00	0.00

		(Rs. in Lacs)	
		As at 31.03.10	As at 31.03.09
<b>SCHEDULE- 6</b>			
<b>CASH AND BANK BALANCES</b>			
Cash on Hand		0.16	0.13
Balances with Scheduled Banks in			
* Current Accounts	1.09		58.81
\$ Fixed Deposit Accounts	<u>21.36</u>		<u>83.36</u>
		22.45	142.17
<b>TOTAL</b>		<u><u>22.61</u></u>	<u><u>142.30</u></u>

\* Current Accounts with Banks include as under:

Rs. 0.00 Lacs (Rs. 0.59 Lacs) with Bank Of India Escrow Account for payment of 'E' & 'F' Series Debenture Holders.

Rs. 0.06 Lacs (Rs. 0.88 Lacs) with BNP Paribas FD Escrow Account for payment to Fixed Deposits holders.

\$ Deposit with Banks represent as under:

Rs. 0.00 Lacs (Rs. 33.58 Lacs) with Bank Of India Escrow Account for payment of 'E' & 'F' Series Debenture Holders.

Rs. 0.36 Lacs (Rs. 0.36 Lacs) lodged as security with Sales Tax Department.

#### SCHEDULE-7

##### LOANS AND ADVANCES

Unsecured- (Considered Good Unless Otherwise Stated)

Interest receivable		0.22	0.58
Other receivable		0.60	0.67
<b>TOTAL</b>		<u><u>0.82</u></u>	<u><u>1.25</u></u>

#### SCHEDULE-8

##### CURRENT LIABILITIES AND PROVISIONS

###### (A) Current Liabilities

(a) Sundry Creditors		33.37	45.39
(b) * Investor Education and Protection Fund shall be credited by following:			
(i) Unclaimed Fixed Deposits		0.00	0.95
(ii) Unclaimed 'E' & 'F' Series Debentures		0.00	33.56
(iii) Unclaimed interest on 'E' & 'F' Series Debentures		0.00	1.20
		<u>33.37</u>	<u>81.10</u>

###### (B) Provisions For

Taxation (Net of TDS & Advance Tax)	740.42		746.12
Leave Encashment	<u>0.92</u>		0.80
		741.34	746.92
<b>TOTAL</b>		<u><u>774.71</u></u>	<u><u>828.02</u></u>

\* The figure reflects the position as at 31st March,2010. The amount due during the year have been transferred to Investor Education and Protection Fund.

SCHEDULE-9	(Rs. in Lacs)	
	Year ended 31.03.10	Year ended 31.03.09
<b>OTHER INCOME</b>		
Interest Income *	2.25	45.74
Other Income	5.82	0.00
TOTAL	<u>8.07</u>	<u>45.74</u>

\*Tax deducted at Source Rs.0.43 lacs (Rs.0.95 lacs).

#### SCHEDULE-10

##### PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

(a) Salaries & Other Allowances	2.28	2.91
(b) Contribution to Provident & other funds	0.14	0.20
(c) Staff Welfare	0.05	0.16
TOTAL	<u>2.47</u>	<u>3.27</u>

#### SCHEDULE-11

##### ADMINISTRATIVE AND OTHER EXPENSES

(1) Advertisement Expenses	0.52	1.78
(2) Rates & Taxes	0.68	0.68
(3) Insurance	0.03	0.03
(4) Repairs & Maintenance	1.14	1.49
(5) Travelling Expenses	0.11	0.30
(6) Printing, Stationary ,Postage & Telephone	4.78	5.95
(7) Auditors Remuneration		
(a) Audit Fees	0.55	1.11
(b) For Other Services	0.33	0.39
(c) Out of Pocket Expenses	<u>0.00</u>	<u>0.01</u>
	0.88	1.51
(8) Bank Charges	0.06	0.07
(9) Miscellaneous Expenses	5.72	7.07
(10) Professional/Legal Expenses	8.56	21.75
(11) Electricity Expenses	0.64	0.60
(12) Conveyance Expenses	1.35	1.79
(13) Loss on sale / written off of fixed Assets (Net)	0.00	4.27
TOTAL	<u>24.47</u>	<u>47.29</u>

## SCHEDULE-12

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (A) SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of accounting**

The accounts have been prepared on historical cost basis of accounting. The company adopts the accrual system of accounting and the accounts are prepared on a going concern basis.

2. **Revenue Recognition**

(a) Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

(b) Dividend Income is accounted on receipt basis.

3. **Fixed Assets**

Fixed Assets, including assets, given on lease if any, are recorded at the cost of acquisition. They are stated at historical cost.

4. **Depreciation**

Depreciation on own assets is provided on the Straight line method in accordance with Section 205(2)(a) of the Companies Act,1956 as per the rates and in the manner specified in Schedule XIV of the Companies Act,1956.

5. **Investments**

Investments are stated at cost of acquisition. Adequate provision for diminution in the value is made to recognize a decline, other than temporary, in the value of the investments.

6. **Retirement Benefits:**

The company has taken policy with the Life Insurance Corporation of India which covers the liability of gratuity to employees accruing under the Payment of Gratuity Act 1972. Annual premium on the basis of said policy is accounted for in the year of payment.

Provision for leave encashment is made as calculated by the management.

7. **Provision, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and its probable that there will be an out flow of resources.

Liabilities, which are contingent nature and not provided but are disclosed at their estimated amount in the Notes to the Accounts. Contingent assets are neither recognized nor disclosed in the financial statement.

#### (B) NOTES ON ACCOUNTS

1. **Contingent Liabilities**

A) Uncalled liability for partly paid-up shares amounts to Rs.141.08 lacs (Rs.141.08 lacs) .

B) Disputed demand of Income Tax for which appeals have been preferred NIL (Rs. 1369.27 lacs)

C) Disputed demand of Sales Tax for which appeals have been preferred Rs.36.22 lacs (Rs. 186.81 lacs)

2. The company's net worth had been fully eroded. However, the accounts have been prepared on going concern basis. The ability of the company to continue as a going concern depends upon the full implementation of the sanctioned scheme.

3. Hon'ble High Court has sanctioned the scheme of compromise and arrangement between GLFL and consortium of 16 banks on 27<sup>th</sup> July,2004 under section 391 of the Companies Act,1956 and made the payment in the accounting year 2004-05 to banks as per High Court order. However, the final deed of Assignment of the charged assets in favour of banks is yet to be entered into.



4. **Income Tax**

- (a) In view of unabsorbed losses and in the absence of taxable income under the provisions of the Income Tax Act, 1961 in the current year, the company believes that there will be no tax liability. Accordingly, no provision for income tax has been made in the accounts under review.
- (b) The company has unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, net deferred tax assets are not recognized in the accounts.
- (c) The company received refund of tax pertaining to earlier assessment year amounting to Rs.3067.45 lacs which includes interest on refund amounting to Rs.1033.66 lacs. In view of opinion received from the Tax Consultants and pendency of appeals, the company has, as a matter of prudence neither adjusted the book provisions nor recognised the interest on tax refund amounting to Rs.1033.66 lacs as income and short provision of tax and interest there on of Rs.284.96 lacs. Necessary entries for the same shall be made on settlement of pending matters/disputes with the tax/appellate authorities.

5. Provision for Non Performing Assets and compliances to guidelines issued by RBI.

- (a) As net-worth of the company has been fully eroded, the company has not been able to meet with the requirement of Capital Adequacy and Concentration of Credit/Investment.
- (b) Apart from the above, the company has complied with the guidelines issued by the Reserve Bank of India in respect of Prudential Norms for Provision for Bad and Doubtful Debts, Income Recognition and Accounting standards.

6. The company has only one revenue segment- Lease and Hire purchase income. Accordingly, segment reporting disclosure as envisaged in accounting standard (AS-17) " Segment Reporting" issued by Institute of Chartered Accounts of India is not applicable to the Company.

7. The basic and diluted earnings per share are

(Rs In Lacs)

Year		2009-10	2008-09
Net profit (Loss) (Rs. In lacs)	(a)	(10.88)	52.06
No.of equity shares	(b)	271.25	271.25
Basic & Diluted EPS (Rs)	(a/b)	(0.04)	0.19
Nominal value of shares(271.25 lacs shares of Rs.10/- each		2712.58	2712.58

8. In accordance with the Memorandum of Understanding dated 9<sup>th</sup> January, 2008 entered into between the company and banks, the banks has agreed to receive 1,79,520 equity shares being the 60% share of 2,99,200 equity shares of Competent Automobiles Ltd of Rs 10/- each held by GLFL groups i.e the company and GLFL Securities Ltd each holding 1,49,600 equity shares. During the year 2009-10 GLFL has acquired 29920 equity shares from GLFL Securities Ltd. The 179520 equity shares belonging to the banks will be sold / transferred by the Company as per the advice of the banks. Till such time, GLFL will hold the shares which are in Demat Account with HDFC Bank, on behalf of Banks.

9. The Company's opening defined benefit obligation in the form of Gratuity towards the only one employee is Rs.0.40 lacs. The Closing balance of the said obligation is Rs.0.40 lacs. The Company has taken a policy with the Life Insurance Corporation of India to cover the above liability of gratuity and fair value of plan assets at the beginning of the year was Rs. 8.39 lacs and the same at the end of the year is Rs.9.15 lacs. No benefits have been paid out of the said plan assets during the year.

The full liability for leave encashment as at the year end amounting to Rs 0.92 lacs has been provided.

10. Previous years figures have been regrouped and rearranged, wherever necessary.

11. Figures in bracket indicate previous year figures.

12. The amount in Balance sheet and Profit & Loss Account are rounded off to nearest thousand and indicated in lacs of rupees.

13. Related Party Transactions:

Details of transactions with related parties during the year/previous year.

(Rs. in lacs)

Nature of Transactions	Subsidiaries		Controlling Company/ Enterprises controlled by the Controlling Co.		Key Management Personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>A. Volume of Transactions</b>								
Expenses on behalf of GLFL Housing Finance Ltd.	2.54	3.28	-	-	-	-	2.54	3.28
GLFL Securities Ltd.	3.09	0.00					3.09	0.00
Loan taken / ( repaid )	30.05	62.55	(75.00)	(100.00)	-	-	(44.95)	37.45
<b>B. Balance at the end of the year</b>								
Amount payable Torrent Pvt.Ltd.	0.00	0.00	1525.00	1600.00	-	-	1525.00	1600.00
GLFL Housing Finance Limited	1540.07	1525.37	-	-	-	-	1540.07	1525.37
GLFL Securities Ltd	250.86	235.01	-	-	-	-	250.86	235.01
GLFL International Limited.	10.34	10.54	-	-	-	-	10.34	10.54
Investment in Equity shares of - GLFL Housing Finance Limited	825.00	825.00	-	-	-	-	825.00	825.00
GLFL Securities Ltd	750.00	750.00	-	-	-	-	750.00	750.00
GLFL International Limited.	10.00	10.00	-	-	-	-	10.00	10.00

**Names of related parties and description of relationship:**

- |    |  |  |
|----|--|--|
| 1  | Subsidiaries   | GLFL Housing Finance Ltd.<br>GLFL Securities Ltd.<br>GLFL International Ltd.   |
| 2  | Controlled by Company                                | Torrent Private Limited  |
| 3. | Enterprises controlled by<br>the controlling Company | Torrent Power Ltd.<br>Torrent Pharmaceuticals Limited<br>Torrent Cables Limited<br>Torrent Power Services Private Limited<br>Heumann Pharma GmbH & Co. Generica KG<br>Torrent Do Brasil Ltda.<br>Zao Torrent Pharma<br>Torrent Pharma GmbH.<br>Torrent Pharma Inc.<br>Torrent Pharma Philippines Inc.<br>Torrent Australasia Pty Ltd.<br>Laborotrios Torrent SA de CV<br>Torrent Pharma Japan Co. Ltd.<br>Torrent Pharma Canada Inc.<br>Torrent Pharma (Thailand) Co. Ltd.<br>Norispharm GmbH.<br>Heunet Pharma GmbH.<br>Torrent Financiers<br>AEC Cements & Constructions Limited<br>Torrent Power Grid Limited<br>Torrent Pipavav Generation Limited<br>Torrent Energy Limited<br>Torrent Power Bhiwandi Limited |
| 4. | Enterprises controlled by the company                | GLFL Employees Gratuity Fund   |
| 5. | Key Management Personnel                             | Shri Harnish Patel   |

(2) Transaction with related parties which are not material in nature and carried out in normal course of business such as payment of electricity bills, contribution to the employees fund etc. are not shown.

(14) Disclosure of details as required by para 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:

(Rs. in lakhs)

Particulars		2009-10		2008-09	
Liabilities :		Amount Outstanding	Amount overdue	Amount Outstanding	Amount overdue
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured : Unsecured (other than falling within the meaning of public deposits*)				
	(b) Deferred Credits				
	(c) Term Loans				
	(d) Inter-corporate loans and borrowing	3325.97	-	3370.92	-
	(e) Commercial Paper				
	(f) Other Loans				
(2)	Break up of (1), (f) above (out standing Public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of Unsecured Debentures				
	(b) In the form partly secured debentures i.e ,debentures where there is shortfall in the value of security				
	(c) Other Public Deposits	Nil	-	0.95	-
	<b>Assets:</b>	<b>Amount outstanding</b>			
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (3) below]:				
	(a) Secured	-		-	
	(b) Unsecured	0.82		1.25	
(4)	Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities				
	1) Lease assets including lease rentals under sundry debtors:				
	(a) Financial lease				
	(b) Operating lease				
	2) Stock on hire including hire charges under sundry debtors:				
	(a) Assets on hire	---N.A.---		---N.A.---	
	(b) Repossessed Assets				
	3) Other loans counting towards AFC activities				
	(a) Loans where assets have been repossessed				
	(b) Loans other than (a) above				
(5)	Break-up of Investments :				
	Current Investments :				
	1. Quoted :				
	(i) Shares: (a) Equity	-		-	
	(b) Preference				
	(ii) Debentures and Bonds	-		-	
	(iii) Units of mutual funds	-		-	
	(iv) Government Securities	-		-	
	(v) Others	-		-	
	2. Unquoted :				
	(i) Shares: (a) Equity	-		-	
	(b) Preference	-		-	
	(ii) Debentures and Bonds	-		-	
	(iii) Units of mutual funds	-		-	
	(iv) Government Securities	-		-	
	(v) Others	-		-	

	Long Term investments : 1. Quoted : (i) Share: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others 2. Unquoted : (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Partnership firm)	140.17 - - -	140.17 - -				
(6)	Borrower group-wise classification of assets financed as in (2) and (3) above :						
	Category	Amount net of provisions					
		2009-10			2008-09		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties	-	-	-	-	-	-
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
	2. Other than related parties	-	-	-	-	-	-
	<i>Total</i>	-	-	-	-	-	-
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):						
	Category	2009-10		2008-09			
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)		
(A)	1. Related Parties						
	(a) Subsidiaries	1868.10	1123.93	1847.31	1111.12		
	(b) Companies in the same Group						
	(c) Other related parties	0.00	0.00	0.00	0.00		
	2. Other than related parties						
	<b>Total</b>	1868.10	1123.93	1847.31	1111.12		
(B)	Other Information	2009-10		2008-09			
	(i) Gross Non-Performing Assets	NIL		NIL			
	(a) Related parties	NIL		NIL			
	Other than related parties	NIL		NIL			
	(ii) Net Non-Performing Assets						
	(a) Related parties	NIL		NIL			
	(b) Other than related parties	NIL		NIL			
	(iii) Assets acquired in satisfaction of debt	NIL		NIL			

Signature to schedule 1 to 12

As per our report of even date

For C. C. Chokshi & Co.  
Chartered Accountants

H.P. SHAH  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH Director

HARNISH PATEL Director In charge

Place : Ahmedabad  
Date : 15th May, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE AS PER PART IV OF  
SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**I. Registration Details**

Registration No. 

				6	3	4	5
--	--	--	--	---	---	---	---

  
Balance Sheet Date 

3	1	0	3	1	0
---	---	---	---	---	---

State Code 

0	4
---	---

**II. Capital Raised during the yeat (Amount in Rs. Thousands)**

Public Issue  

--	--	--	--	--	--	--	--

  
Bonus Issue  

--	--	--	--	--	--	--	--

Right Issue  

--	--	--	--	--	--	--	--

  
Private Placement  

--	--	--	--	--	--	--	--

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities  

--	--	--	--	--	--	--	--

  
Sources of Funds  
Paid-up Capital  

--	--	--	--	--	--	--	--

  
Secured Loans  

--	--	--	--	--	--	--	--

  
Application of Funds  
Net Fixed Assets  

--	--	--	--	--	--	--	--

  
+/- Net Current Assets  
- 

--	--	--	--	--	--	--	--

  
Accumulated Losses  

--	--	--	--	--	--	--	--

Total Assets  

--	--	--	--	--	--	--	--

  
Reserves & Surplus  

--	--	--	--	--	--	--	--

  
Unsecured Loans  

--	--	--	--	--	--	--	--

  
Investments  

--	--	--	--	--	--	--	--

  
Misc. Expenditure  

--	--	--	--	--	--	--	--

**IV. Performance of the Company (Amount in Rs. Thousands)**

Turnover  

--	--	--	--	--	--	--	--

  
+/- Profit/Loss before Tax  
- 

--	--	--	--	--	--	--	--

  
Earning per share in Rs.  
- 

--	--	--	--	--	--	--	--

Total Expenditure  

--	--	--	--	--	--	--	--

  
+/- Profit/Loss after Tax  
- 

--	--	--	--	--	--	--	--

  
Dividend rate %  

--	--	--	--	--	--	--	--

**V. Generic names of two principal products/services of the Company (as per monetary terms)**

Items Code No. (ITC Code)  

--	--	--	--	--	--	--	--

  
Items Code No. (ITC Code)  

--	--	--	--	--	--	--	--

Product Description  

--	--	--	--	--	--	--	--

  
Product Description  

--	--	--	--	--	--	--	--

For and on behalf of the Board

Place : Ahmedabad  
Date : 15th May, 2010

HARNISH PATEL  
Director In Charge

**GUJARAT LEASE FINANCING LIMITED**  
**DETAILS OF SUBSIDIARIES COMPANIES**  
**FOR THE FINANCIAL YEAR 2009-10**

(Rs. in lacs)

NAME OF THE SUBSIDIARY COMPANY	GLFL HOUSING FINANCE LTD	GLFL SECURITES LTD	GLFL INTERNATIONAL LTD
Capital	825.00	750.00	10.00
Reserve	743.73	NIL	0.35
Total Assets	1568.73	750.00	10.35
Total Liabilities	1568.73	750.00	10.35
Investments	NIL	NIL	NIL
Turnover / Total Income	22.50	21.97	0.00
Profit (+)/Loss (-) Before Tax	11.86	13.00	(0.20)
Taxation	(1.14)	(2.72)	0.00
Profit (+)/Loss (-) after Tax	10.72	10.28	(0.20)
Proposed Dividend	NIL	NIL	NIL

# AUDITORS' REPORT

## ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of  
Gujarat Lease Financing Limited

We have audited the attached Consolidated Balance Sheet of Gujarat Lease Financing Limited (the Company) and its subsidiaries (collectively referred to as "the Group"), as at 31st March, 2010 and also the Consolidated Profit and Loss account and the Consolidated Cash flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs.1734.05 lacs as at 31st March 2010, total revenues of Rs. 22.50 lacs and Cash inflows of Rs. 2.32 lacs for the year ended on that date has considered in Consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

Attention is invited to the following notes in Schedule No. 14(B) of the consolidated financial statements:

- i. Note No. 2 : regarding accounts of the Company prepared on going concern basis.
- ii. Note No.4(c): regarding non recognition of income of interest on tax refunds amounting to Rs. 1033.66 lacs (includes interest up to previous year Rs.1033.66 lacs) and short provision of tax and interest thereon of Rs.284.96 lacs (previous year Rs.284.96 lacs),

We further report that had the observation made by us in items (ii) above been considered the accumulated losses would have been Rs.16746.54 lacs (as against reported figure of Rs. 17495.24 lacs), provision for taxation net of advance tax would have been converted to advance tax net of provision Rs.11.21 lacs (as against reported figure of Rs.737.49 lacs).

Subject to the above, based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the components, and to the best of the information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
- (ii) in the case of the Consolidated Profit and Loss account, of the profit of the group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash flow statement, of the cash flows of the group for the year ended on that date.

For C. C. Chokshi & Co.,  
Chartered Accountants  
(Registration No. 101876W)

H. P. Shah  
Partner  
Membership No.33331

Place : Ahmedabad  
Date : 15th May, 2010

## Consolidated Balance Sheet as at 31st March, 2010

PARTICULARS	SCHEDULE	(Rs. in Lacs)	
		As at 31.03.10	As at 31.03.09
<b>SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	2716.05	2716.05
(b) Reserves & Surplus	2	10334.26	10334.26
<b>(2) LOAN FUNDS</b>			
Unsecured Loans	3	1525.00	1600.00
<b>TOTAL</b>		<b><u>14575.31</u></b>	<b><u>14650.31</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
(a) Gross Block	4	131.37	131.37
(b) Less: Depreciation		69.16	67.19
(c) Net Block		<u>62.21</u>	<u>64.18</u>
<b>(2) INVESTMENTS</b>			
	5	0.00	0.00
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Sundry Debtors	6	0.00	4.70
(b) Cash & Bank Balances	7	76.11	191.81
(c) Loans & Advances	8	11.77	17.01
		<u>87.88</u>	<u>213.52</u>
Less : Current Liabilities & Provisions	9		
(a) Current Liabilities		34.28	81.92
(b) Provisions		738.41	740.44
		<u>772.69</u>	<u>822.36</u>
<b>NET CURRENT ASSETS</b>		<b>(684.81)</b>	<b>(608.84)</b>
<b>(5) PROFIT AND LOSS ACCOUNT</b>			
DEBIT BALANCE OF PROFIT & LOSS ACCOUNT		17495.24	17492.30
Less : General Reserve Deducted per contra		2297.33	2297.33
		<u>15197.91</u>	<u>15194.97</u>
<b>TOTAL</b>		<b><u>14575.31</u></b>	<b><u>14650.31</u></b>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	14		

As per our report of even date

**FOR C. C. CHOKSHI & CO.**  
Chartered Accountants

**H. P. SHAH**  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH Director

HARNISH PATEL Director In charge

Place : Ahmedabad  
Date : 15th May, 2010



## Consolidated Profit & Loss Account for the year ended 31st March, 2010

PARTICULARS	SCHEDULE	Year ended 31.03.10	(Rs. in Lacs) Year ended 31.03.09
<b>INCOME</b>			
Income From Operations	10	11.17	15.19
Other Income	11	22.73	56.42
Provision / Liabilities no longer required written back		22.87	66.11
(Decrease) in stock in Trade		(4.38)	(26.57)
<b>TOTAL</b>		<u><b>52.39</b></u>	<u><b>111.15</b></u>
<b>EXPENDITURE</b>			
Payment to & Provisions for Employees	12	2.47	3.27
Administrative & Other Expenses	13	28.59	58.22
Depreciation		1.97	2.56
Bad Debts Written Off		5.58	0.00
Loss on sale of investments		0.00	261.00
Less: Adjusted against provision for investment equilisation		<u>0.00</u>	<u>261.00</u>
		0.00	0.00
<b>TOTAL</b>		<u><b>38.61</b></u>	<u><b>64.05</b></u>
<b>Profit before tax</b>		13.78	47.10
Less : Provision For :			
Current Tax		(3.09)	(0.07)
Fringe Benefit Tax		0.00	(0.30)
(Short) Provision for Tax of earlier years		(0.77)	(7.82)
		<u>(3.86)</u>	<u>(8.19)</u>
Profit after tax		9.92	38.91
Deficit brought forward from previous year		(17492.30)	(17542.38)
Less / (Add) : Adjustment against provision for diminution in value of investment ( Per Contra )		<u>12.86</u>	<u>(11.17)</u>
<b>DEFICIT CARRIED TO BALANCE SHEET</b>		<u><b>(17495.24)</b></u>	<u><b>(17492.30)</b></u>
Earning Per Share : Basic & Diluted ( Rs.)		<u><u>0.04</u></u>	<u><u>0.14</u></u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	14		

As per our report of even date

**FOR C. C. CHOKSHI & CO.**  
Chartered Accountants

**H. P. SHAH**  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH Director

HARNISH PATEL Director In charge

Place : Ahmedabad  
Date : 15th May, 2010

## Consolidated Cash Flow Statement for the year ended 31st March, 2010

PARTICULARS	(Rs. in Lacs)	
	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	13.78	47.10
Adjustments for :		
DEPRECIATION	1.97	2.56
LOSS ON SALE / WRITTEN OFF OF FIXED ASSETS (NET)	-	7.05
INTEREST RECEIVED	(8.48)	(9.46)
DIVIDEND RECEIVED	(0.34)	(0.46)
PROVISION/ LIABILITIES NO LONGER REQUIRED WRITTEN BACK	(22.87)	(66.11)
ADVANCES / BAD DEBTS WRITTEN OFF	5.58	-
BAD DEBTS RECOVERED	(13.72)	(5.25)
<b>OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>(24.08)</b>	<b>(24.57)</b>
Adjustments for :		
TRADE AND OTHER RECEIVABLES AND LOANS AND ADVANCES	(9.29)	16.56
TRADE PAYABLES & OTHER LIABILITIES	(23.47)	(2.61)
CASH (USED IN) OPERATIONS	(56.84)	(10.62)
RECOVERY AGAINST NON PERFORMING ASSETS	13.72	5.25
TAX (PAID) / REFUND RECEIVED (NET)	(5.59)	58.69
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(48.71)</b>	<b>53.32</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
SALE OF FIXED ASSETS	-	16.80
SALE OF INVESTMENTS ( NET )	-	75.00
INTEREST RECEIVED	7.67	9.46
DIVIDEND RECEIVED	0.34	0.46
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>8.01</b>	<b>101.72</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
REPAYMENT OF BORROWINGS	(75.00)	(100.00)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(75.00)</b>	<b>(100.00)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(115.70)</b>	<b>55.04</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	191.81	136.77
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>76.11</u>	<u>191.81</u>
CASH AND CASH EQUIVALENTS COMPRISE		
- CASH ON HAND	0.16	0.13
- BALANCES WITH SCHEDULED BANKS:		
- CURRENT ACCOUNTS	7.14	62.72
- DEPOSIT ACCOUNTS	<u>68.81</u>	<u>128.96</u>
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>76.11</u></b>	<b><u>191.81</u></b>

Figures in brackets represent outflow

The Cash Flow Statement has been prepared under the "Indirect Method" set out in, Accounting Standard 3 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

As per our report of even date

**FOR C. C. CHOKSHI & CO.**  
Chartered Accountants

**H. P. SHAH**  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH Director

HARNISH PATEL Director In charge

Place : Ahmedabad  
Date : 15th May, 2010

## Schedules Forming Part of the Consolidated Balance Sheet

	(Rs. in Lacs)	
	As at 31.03.10	As at 31.03.09
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
5,00,00,000 Equity Shares Rs.10/- each.	<u>5000.00</u>	<u>5000.00</u>
ISSUED		
2,80,15,117 Equity Shares Rs.10/- each.	<u>2801.51</u>	<u>2801.51</u>
SUBSCRIBED		
2,71,99,017 Equity Shares Rs.10/- each.	<u>2719.90</u>	<u>2719.90</u>
PAID-UP		
*2,71,25,767 Equity Shares of Rs. 10/- each	2712.58	2712.58
Add : Amount paid up on Shares Forfeited	3.47	3.47
<b>TOTAL</b>	<u>2716.05</u>	<u>2716.05</u>
* Of the above 99,52,390 (99,52,390) Shares are allotted as Fully Paid-up Bonus Shares by capitalising General Reserve of Rs.250.27 (Rs. 250.27) Lacs and Share Premium of Rs.744.96 (Rs. 744.96) lacs.		
<b>SCHEDULE-2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	2,374.53	2374.53
Less : Debit balance of Profit & Loss account per contra	<u>2,297.33</u>	<u>2297.33</u>
	77.20	77.20
<b>SHARE PREMIUM ACCOUNT</b>		
As per last Balance Sheet	6759.39	6759.39
<b>STATUTORY GENERAL RESERVE</b>		
As per last Balance Sheet	460.00	460.00
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	2358.77	2358.77
<b>SPECIAL RESERVE</b>		
(In terms of section 36(1)(Viii) of the income tax Act, 1961)		
As per last Balance Sheet	678.10	678.10
<b>RESERVE FUND</b>		
As per last Balance Sheet	0.80	0.80
<b>TOTAL</b>	<u>10334.26</u>	<u>10334.26</u>
<b>SCHEDULE-3</b>		
<b>UNSECURED LOANS</b>		
Deposit from Company *	1525.00	1600.00
<b>TOTAL</b>	<u>1525.00</u>	<u>1600.00</u>

\* 0% unsecured Debenture or instrument of like nature to be issued

## SCHEDULE-4

## CONSOLIDATED FIXED ASSETS BLOCK AS ON 31.03.2010

(Rs in lacs)

Sr No	Assets	Gross Block ( At Cost)			Depreciation			Net Block			
		As at 01.04.09	Additions during the Year	Deduction during the Year	As at 31.03.10	Up to 01.04.09	Additions during the Year	Deduction during the Year	Up to 31.03.10	As at 31.03.10	As at 31.03.09
1	Building	76.38	0.00	0.00	76.38	16.39	1.24	0.00	17.63	58.75	59.99
2	Furniture & Fixtures	6.11	0.00	0.00	6.11	5.67	0.15	0.00	5.82	0.29	0.44
3	Electrical Installation	1.70	0.00	0.00	1.70	1.28	0.08	0.00	1.36	0.34	0.42
4	Office Equipments	8.02	0.00	0.00	8.02	5.24	0.40	0.00	5.64	2.38	2.78
5	Computers	39.16	0.00	0.00	39.16	38.61	0.10	0.00	38.71	0.45	0.55
	<b>TOTAL</b>	<b>131.37</b>	<b>0.00</b>	<b>0.00</b>	<b>131.37</b>	<b>67.19</b>	<b>1.97</b>	<b>0.00</b>	<b>69.16</b>	<b>62.21</b>	<b>64.18</b>
	Previous Year	172.57	0.00	41.20	131.37	81.99	2.56	17.36	67.19	64.18	

SCHEDULE-5

(Rs. in Lacs)

INVESTMENTS ( AT COST)

	Face Value (Rs.)	No of Shares			
		as at 31.03.10	as at 31.03.2009	as at 31.03.2010	as at 31.03.2009
<b>LONG TERM TRADE INVESTMENTS</b>					
<b>IN EQUITY SHARES</b>					
<b>A) Quoted</b>					
Adarsh Chemicals & Fertilisers Ltd	10	34000	34000	10.20	10.20
Eureka Industries Ltd	10	650000	650000	66.67	66.67
Gujarat Himalaya Cement Ltd	10	42796	42796	4.28	4.28
Jayant Paper Mills Ltd ( Rs 5/- paid up)	10	100000	100000	20.00	20.00
K.J.International Ltd	10	20300	20300	5.08	5.08
Malvika Steel Ltd ( Rs 5/- paid up)	10	153900	153900	15.48	15.48
Samrat Ashoka Exports Ltd	10	7900	7900	4.74	4.74
Somani Iron & Steel Co Ltd	10	13100	13100	3.93	3.93
Vikram Projects Ltd	10	26600	26600	9.79	9.79
				<u>140.17</u>	<u>140.17</u>
<b>B) Unquoted</b>					
Indo Deutche Metallo Chemique Ltd	10	171400	171400	299.95	299.95
				<u>299.95</u>	<u>299.95</u>
<b>TOTAL OF A AND B</b>				440.12	440.12
Less: Provision for diminution in value of investments				440.12	440.12
				<u>0.00</u>	<u>0.00</u>
Note:					
Aggregate cost of Quoted Investments				140.17	140.17
Aggregate cost of UnQuoted Investments				299.95	299.95
Aggregate Market Value of Quoted Investments				0	0

	(Rs. in Lacs)	
	As at 31.03.10	As at 31.03.09
<b>SCHEDULE- 6</b>		
<b>SUNDRY DEBTORS</b>		
<b>Secured</b>		
Debts Outstanding for a period exceeding six months Considered Good	0.00	0.00
Considered doubtful	<u>0.00</u>	<u>9.40</u>
	0.00	9.40
Less: Provision	<u>0.00</u>	<u>4.70</u>
	0.00	4.70
<b>Unsecured</b>		
Debts Outstanding for a period exceeding six months considered doubtful	141.60	141.60
Less: Provision	<u>141.60</u>	<u>141.60</u>
	0.00	0.00
<b>TOTAL</b>	<u>0.00</u>	<u>4.70</u>

Note: Provision for doubtful debts had been made as per prescribed norms.

#### SCHEDULE- 7

##### CASH & BANK BALANCES

Cash on Hand		0.16	0.13
Balances with Scheduled Banks in			
* Current Accounts	7.14		62.72
\$ Deposit Accounts	<u>68.81</u>		<u>128.96</u>
		75.95	191.68
<b>TOTAL</b>		<u>76.11</u>	<u>191.81</u>

\* Current accounts with Banks include as under :

Rs. 0.06 Lacs (Rs. 0.88 Lacs) with BNP Paribas current escrow Account for payment to Fixed Deposits holders.

Rs. 0.00 Lacs (Rs. 0.59 Lacs) with Bank Of India current escrow Account for payment of 'E' & 'F' Series Debenture Holders.

\$ Deposit with Banks represent as under :

Rs. 0.00 Lacs (Rs. 33.00 Lacs) with Bank Of India Escrow Account for payment of 'E' & 'F' Series Debenture Holders.

Rs. 0.36 Lacs (Rs 0.36 Lacs) lodged as security with Sales Tax Department.

#### SCHEDULE-8

##### LOANS & ADVANCES

###### Unsecured

Advance Recoverable in Cash or in kind or for Value to be received - considered good		2.51	3.36
Stock in Trade		9.26	13.65
<b>TOTAL</b>		<u>11.77</u>	<u>17.01</u>

	(Rs. in Lacs)	
	As at	As at
	31.03.10	31.03.09
<b>SCHEDULE-9</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) Current Liabilities</b>		
Unsecured		
(a) Sundry Creditors	34.28	46.21
(b) * Investor Education and Protection Fund shall be credited by :		
(i) Unclaimed Fixed Deposit	0.00	0.95
(ii) Unclaimed 'E' & 'F' Series Debentures	0.00	33.56
(iii) Unclaimed 'E' & 'F' Series Debentures interest	0.00	1.20
	<u>34.28</u>	<u>81.92</u>
<b>(B) Provisions</b>		
Taxation Net of TDS & Advance Tax	737.49	739.64
Leave Encashment	0.92	0.80
	<u>738.41</u>	<u>740.44</u>
<b>TOTAL</b>	<u>772.69</u>	<u>822.36</u>

\* The figure reflects the position as at 31st March, 2010. The amount due during the year have been transferred to Investor Education and Protection Fund.

#### SSCHEDULE-10

##### INCOME FROM OPERATIONS

Sale of Shares	11.17	15.19
<b>TOTAL</b>	<u>11.17</u>	<u>15.19</u>

#### SCHEDULE-11

##### OTHER INCOME

Dividend	0.34	0.46
Interest Income (Gross) *	8.48	50.71
Bad Debts Recovered	13.72	5.25
Miscellaneous Income	0.19	0.00
<b>TOTAL</b>	<u>22.73</u>	<u>56.42</u>

\*Tax deducted at Source Rs.0.70 lacs (Rs.1.45 lacs).

	Year ended 31.03.10	(Rs. in Lacs) Year ended 31.03.09
<b>SCHEDULE-12</b>		
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
(a) Salaries & Other Allowances	2.28	2.91
(b) Contribution to Provident & other funds	0.14	0.20
(c) Staff Welfare	0.05	0.16
<b>TOTAL</b>	<u><u>2.47</u></u>	<u><u>3.27</u></u>

### SCHEDULE-13

#### ADMINISTRATIVE & OTHER EXPENSES

(1) Advertisement Expenses		0.52	1.81
(2) Rates & Taxes		0.68	0.68
(3) Insurance		0.03	0.03
(4) Repairs & Maintenance		1.14	1.49
(5) Travelling Expenses		0.11	0.30
(6) Printing, Stationary, Postage & Telephone		4.78	5.95
(7) Auditors Remuneration:			
(a) Audit Fees	0.76		1.47
(b) For Other Services	0.33		0.59
(c) Out of Pocket Expenses	-	<u>-</u>	<u>0.01</u>
		1.09	<u>2.07</u>
(8) Bank Charges		0.10	0.10
(9) Miscellaneous Expenses		5.79	7.26
(10) Professional/Legal Expenses		12.06	29.09
(11) Electricity Expenses		0.64	0.60
(12) Conveyance Expenses		1.65	1.79
(13) Loss on Sale / Written Off of Fixed Assets (Net)		0.00	7.05
<b>TOTAL</b>		<u><u>28.59</u></u>	<u><u>58.22</u></u>



## SCHEDULE-14

### NOTES TO THE CONSOLIDATED ACCOUNTS

#### (A) STATEMENT OF ACCOUNTING POLICY

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of the Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(b) Principles of consolidation.

- (1) The consolidated financial statements relate to Gujarat Lease Financing Limited (the company) and its following wholly owned subsidiary companies.

Name of the company	Country of Incorporation	% voting	Voting power held as at
GLFL Housing Finance Ltd.	India	100%	31.3.2010
GLFL Securities Ltd.	India	100%	31.3.2010
GLFL International Ltd.	India	100%	31.3.2010

- (2) The consolidated financial statements have been prepared on the following basis.

- (a) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

- (b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

(c) Other Significant Accounting Policies

The accounting policies adopted by Gujarat Lease Financing Limited (GLFL) have been detailed in Schedule 12 to the attached accounts of GLFL. The accounting policies adopted by subsidiaries are same as that of GLFL.

#### (B) NOTES ON ACCOUNTS:

In respect of Gujarat Lease Financial Limited

1. Contingent Liabilities

- A) Uncalled/unpaid liability for partly paid-up shares amounts to Rs. 66.08 lacs (Rs. 66.08 lacs) .  
B) Disputed demand of Income Tax for which appeals have been preferred NIL (Rs. 1369.27 lacs).  
C) Disputed demand of Sales Tax for which appeals have been preferred Rs 36.22 lacs (Rs.186.81 lacs).

2. The company's net worth had been fully eroded. However, the accounts have been prepared on going concern basis. The ability of the company to continue as a going concern depends upon the full implementation of the sanctioned scheme.

3. Hon'ble High Court has sanctioned the scheme of compromise and arrangement between GLFL and consortium of 16 banks on 27th July, 2004 under section 391 of the Companies Act, 1956 and made the payment in the accounting year 2004-05 to banks as per High Court order. However, the final deed of Assignment of the charged assets in favour of banks is yet to be entered into.

4. Income Tax

- (a) In view of unabsorbed losses and in the absence of taxable income under the provisions of the Income Tax Act, 1961 in the current year, the company believes that there will be no tax liability (including the tax liability u/s.115J(B) as advised by Tax Consultant). Accordingly, no provision for income tax has been made in the accounts under review.
- (b) The company has unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, net deferred tax assets are not recognized in the accounts.
- (c) The company received refund of tax pertaining to earlier assessment year amounting to Rs.3067.45 lacs which includes interest on refund amounting to Rs.1033.66 lacs. In view of opinion received from the Tax Consultants and pendency of appeals, the company has, as a matter of prudence neither adjusted the book provisions nor recognised the interest on tax refund amounting to Rs.1033.66 lacs as income and short provision of tax and interest there on of Rs.284.96 lacs. Necessary entries for same shall be made on settlement of pending matters/disputes with the tax/apellate authorities.

5. Provision for Non Performing Assets and compliances to guidelines issued by RBI.
- (a) As net-worth of the company has been fully eroded, the company has not been able to meet with the requirement of Capital Adequacy and Concentration of Credit/Investment.
- (b) Apart from the above, the company has complied with the guidelines issued by the Reserve Bank of India in respect of Prudential Norms for Provision for Bad and Doubtful Debts, Income Recognition and Accounting standards.
6. The basic and diluted earnings per share are

(Rs In Lacs)			
Year		2009-10	2008-09
Net profit	(a)	9.92	38.91
No.of equity shares	(b)	271.25	271.25
Basic & Diluted EPS	(a/b)	(0.04)	0.14
Nominal value of shares(271.25 lacs shares of Rs.10/- each)		2712.58	2712.58

7. In accordance with the Memorandum of Understanding dated 9th January, 2008 entered into between the Company and banks, the banks had agreed to receive 179520 equity shares being the 60% share of 299200 equity shares of Competent Automobiles Ltd. of Rs. 10 each, held by the GLFL group i.e. the Company and GLFL Securities Ltd. each holding 149600 equity shares. During the year-2009-10 the Company has acquired the 29920 equity shares from GLFL Securities Ltd. The 179520 equity shares belonging to the banks will be sold / transferred by the Company as per the advice of the banks. till such time. GLFL will hold the shares which are in Demat Account with HDFC Bank on behalf of Banks.

8. In respect of GLFL Housing Finance Limited:

- (a) Contingent Liabilities : Income Tax and Interest Tax Demands aggregating to Rs. 12.04 lacs (previous year Rs. 12.04 lacs) are disputed by the Company in appeals filed. The Company expects to succeed in these proceedings and hence no additional provision is considered necessary. Against the above liability, refunds due to the Company amounting to Rs. 12.04 lacs (Previous Year Rs. 12.04 lacs) have been adjusted by the Income-Tax Department, which are shown under the head Loans and Advances.
- (b) The financial statements have been drawn up on a going concern basis. The Company has not done any new business during the year. As per the stipulation contained in the deed for assignment of loan portfolio executed with LIC Housing Finance Limited (the Assignee), the Company has undertaken that, except for continuing with and servicing the individual loans, not assigned to the Assignee, it shall not directly, indirectly or otherwise become engaged or concerned or interested in or aid in any business, venture, activity or company which provides loans for the purpose of construction and / or purchase of dwelling units or other property. The Company however continues to recover its dues from the remaining loan portfolio in the normal course of business.
- (c) In the year 2003-2004, the company received refund of tax pertaining to earlier assessment years amounting to Rs. 19,63,724/- which includes interest on refund amounting to Rs.7,44,532/-. However, the company has as a matter of prudence neither adjusted the book provisions nor recognised the interest as income due to pendency of appeals. Necessary entries for the same shall be made on settlement of pending matters/ disputes with tax/appellate authorities.

- (d) DEFERRED TAX :

The Accounting Standard -22 for accounting of Taxes on Income requires the company to review the carrying amount of Deferred Tax Assets at each Balance Sheet date. Presently, the balance of Deferred Tax Assets as per books is NIL. The company is not certain of future taxable income against which the said Deferred Tax Assets can be realised. Therefore based on the concept of prudence, the company has decided not to recognise Deferred Tax Assets during the year under review.

9. In respect of GLFL Securities Limited:

In view of unabsorbed losses and in the absence of taxable income under the provisions of the Income Tax Act, 1961 in the current year, the company believes that there will be no tax liability. however there will be tax liabilities of MAT u/s. 115J(B) of income tax Act, necessary provision has been made in the accounts.

The company has unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, net deferred tax assets are not recognized in the accounts.

10. The balances of creditors and debtors as on 31st March 2010 are subject to confirmation from respective parties and adjustments, if any, will be made on the receipt of the same.
11. Previous years figures have been regrouped and rearranged, wherever deemed necessary.
12. Figures in brackets indicate previous year figures.

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Signature to schedule 1 to 14

As per our Report of even date  
For and on behalf of

For **C. C. Chokshi & Co.**  
Chartered Accountants

H.P. SHAH  
Partner

Place : Ahmedabad  
Date : 15th May, 2010

VASANT SHAH

Director

HARNISH PATEL

Director In charge

Place : Ahmedabad  
Date : 15th May, 2010

Notes:

The Department of Company Affairs has, vide its order No.47/12/2010-CL-III dated 05/02/2010 for the financial year 2009-10 exempted the company from the applicability of the provisions contained in sub-section(1) of Section 212 of the Companies Act,1956, relating to the statements to be attached in respect of the subsidiary companies, with the financial statements of the company. Shareholders interested in obtaining the statement of Company's interest in the subsidiaries or stand alone financial statements of the subsidiaries may obtain it by writing to the Compliance Officer.

# GUJARAT LEASE FINANCING LIMITED

Registered Office : Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad 380 006.

## ATTENDANCE SLIP

27TH ANNUAL GENERAL MEETING ON THURSDAY

5TH AUGUST, 2010 AT 10.00 A.M. AT ATMA HALL, AHMEDABAD TEXTILE MILLS ASSOCIATION,  
OPP. LA-GAJJAR CHAMBER, ASHRAM ROAD, AHMEDABAD - 380 009.

Folio No. / Client ID :

DP ID No.

NAME : AND ADDRESS OF THE SHAREHOLDERS(S)

I hereby record my presence at the 27th ANNUAL GENERAL MEETING of the Company.

\_\_\_\_\_  
SIGNATURE OF THE SHAREHOLDER/PROXY

Note : Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall.

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TEAR HERE  
-----

# GUJARAT LEASE FINANCING LIMITED

Registered Office : Hasubhai Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad 380 006.

## PROXY FORM

### ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/  
Members of GUJARAT LEASE FINANCING LIMITED hereby appoint \_\_\_\_\_  
Of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
As my/our Proxy to vote for me/us and on my / our behalf at the 27th Annual General Meeting of the Company to be held  
on 5th August, 2010 at 10.00 AM at ATMA Hall, Ahmedabad Textile Mills Association, Opp. La-Gajjar Chamber, Ashram  
Road, Ahmedabad - 380009.

Signed this \_\_\_\_\_ days of \_\_\_\_\_ 2010.

Name \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_

Address \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Signature

Affix  
15 paise  
Revenue  
Stamp

Note : The Proxy Form duly signed across the revenue stamp should reach the Company's Registered Office at least 48 hours before the meeting.