

# **24th Annual Report 2009-2010**



**GANDHINAGAR LEASING AND FINANCE LIMITED**

# **GANDHINAGAR LEASING AND FINANCE LIMITED**

## **BOARD OF DIRECTORS**

Major Vinodchandra P Joshi (Retd.)	Chairman
Smt. Pragnaben V Joshi	Managing Director
Shri Pritesh V Joshi	Director
Shri Viral V Joshi	"
Wg. Cdr Manik Anchlia	"

## **AUDITORS**

M/s. Manoj Lekinwala & Co  
Chartered Accountants  
Gandhinagar

## **REGISTERED OFFICE**

Plot No. 235, Sector 11  
"Hotel Haveli",  
CH - Road,  
Gandhinagar - 382 011

## **BANKERS**

Gandhinagar Nagarik Co-op. Bank Ltd.

**NOTICE**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of members of the Company will be held on Thursday, 30th September, 2010 at 11:30 a.m. at Hotel Haveli, Plot No. 235, Sector-11, Gandhinagar 382011, to transact the following ordinary business:

1. To receive, consider and adopt Audited Accounts for the year ended 31<sup>st</sup> March, 2010 together with the reports of the Directors and Auditors thereon for the year ended on that date.
2. To appoint a Director in place of Mr. Pritesh V. Joshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Wg Cdr Manik Hemraj Anchlia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint Auditors and authorize Board to fix their remuneration.

By Order of the Board  
For **GANDHINAGAR LEASING AND FINANCE LTD**

**Place :** Gandhinagar  
**Date :** 31.07.2010

**Major Vinodchandra P Joshi (Retd)**  
*Chairman*

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A relative information pursuant to Clause 49 of the Listing Agreement, in respect of item no.2 and 3 are annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from Saturday, 25th September, 2010 to Thursday, 30th September, 2010 (Both days inclusive).
4. Members desirous of any information or clarification on accounts, are requested to write to the Company at least 10 days in advance of meeting.
5. Member are requested to notify change in address, if any, immediately to the Registrar of the Company M/s. Link Intime India Pvt Limited., 211, Sudarshan Complex, Nr Mithakhali Underbridge, Navrangpura, Ahmedabad 380009. Telephone: 079-26465179 Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

## EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956 and Information pursuant to Clause 49 of the Listing Agreement)

**Item No. 2**

Mr. Pritesh V. Joshi is aged about 38 years and he is MBA (Finance) from USA. He has very good knowledge in field of finance and having experience of 15 years. Considering his qualifications and experience the board recommends his re-appointment.

Major Vinodchandra P. Joshi (retd.), Smt. Pragnaben V. Joshi and Mr. Viral V. Joshi, being relatives, are concerned or interested in the said resolution.

**Item No. 3**

Wg. Manik H. Anchlia aged about 65 years, has vast experience in various Business including field of finance. He is independent director of the Company. Considering his experience and far sight, vision Board of Directors recommends his reappointment.

None of Director except Wg. Manik H. Anchlia is concerned or interested in the resolution.

**INFORMATION AS REQUIRED UNDER CLAUSE 49 (IV) (G) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING RE APPOINTMENT AT FORTHCOMING ANNUAL GENERAL MEETING:**

Name of the Director	Mr. Pritesh V. Joshi	Wg Manik H. Anchlia
Date of Birth	17/07/1972	25/07/1944
Date of Appointment	15/01/1993	30/09/1993
Qualification	MBA(fin) USA	
Expertise in specific functional area	15 years of Experience	30 Years of Experience
Directorship held in other Companies (Excluding Private & foreign Co.)	-Gandhinagar hotels Limited.	-Gandhinagar Hotels Limited

By Order of the Board,  
For, **GANDHINAGAR LEASING AND FINANCE LTD**

Place: Gandhinagar  
Date : 31.07.2010

**Major Vinodchandra P. Joshi (Retd)**  
Chairman

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Accounts for the Year ended 31st March, 2010.

*(Amount in Rupees)*

<b>FINANCIAL RESULT</b>	<b>2009-2010</b>	<b>2008-2009</b>
Profit /Loss before Non Cash Expense	<b>-1,71,990</b>	1,45,466
(-) Non cash expenses	<b>1,63,499</b>	1,63,499
<b>Loss for the year</b>	<b>-3,35,489</b>	-18,033

**REVIEW OF OPERATIONS**

The Company is engaged in the business of vehicle and equipments Leasing Finance. The performance of the Company during the year under review was unsatisfactory due to overall economic slowdown. There were heavy negative inflationary market conditions in addition to the stiff competition. The Company has suffered a loss of Rs. 3.35 Lacs against 0.18 lacs as compared to last year.

Your Directors hope revival stage in the present market conditions with the liberalization policy of the Government.

The Company has received In-principle approval for revocation of suspension of trading of equity shares vide letter from BSE Dt 15.06.2010. Thus the trading of equity is going to start very soon. The Company has also submitted the necessary details to BSE as required by BSE to revoke the suspension of trading in equity shares.

**DEPOSITS**

The Company has not accepted deposits from the public within the meaning of provisions of Section 58-A of the Companies Act, 1956 and the Rules made there under.

**PARTICULARS OF EMPLOYEES**

There were no persons in the employment of the Company who received remuneration covered under Section 217 (2A) of the Companies Act, 1956 and the Rules made there under. Hence, particular are not given.

**DIRECTORATE**

Mr. Pritesh V. Joshi and Wg Cdr Manik Anchlia are due to retire at the ensuing Annual General Meeting and are eligible for re-appointments. You are requested to consider their appointments.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors state,

1. that in the preparation of the annual accounts, the applicable accounting standards has been followed, along with proper explanation read with the notes to the accounts relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the end of the financial year and of the loss of the Company for that year.
3. that the had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the Annual Accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As the Company is engaged in financial services the, particulars required to be incorporated in terms of Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particular in the report of the Board of Directors) Rules, 1988, is not applicable. There was no foreign exchange earnings and outgo during the year under review.

**AUDITORS**

M/s Manoj Lekinwala & Co. Chartered Accountants of Gandhinagar, Statutory Auditors of the Company retires at the ensuing Annual General Meeting. The Audit Committee has recommend to the board the re-appointment of M/s Manoj Lekinwala & Co along with M/s G.J. Raghvani & Co. to be appointed as joint statutory auditors of the company and you are requested to consider their re-appointment along with joint Auditor. The Auditors has given the certificate that appointment, if maid, will be within prescribed limit specified under section 224 (1B) of the Companies act, 1956.

The Auditors' observations read with the Notes to the accounts are self explanatory.

**CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreements, your Company has already implemented Corporate Governance for the year 2009-2010. A Management Discussion and Analysis Report along with detailed report on Corporate Governance attached with this Report form part of the Annual Report.

**ACKNOWLEDGMENTS**

The Directors wish to place on record their gratitude to the shareholders of the Company, Company's Bankers and concerned Government Departments for their Co-operation and continued support to the Company. The Directors also take this opportunity to express their appreciation for the sincere and dedicated services of the employees of the Company at all levels.

For and on behalf of the Board,  
For, **GANDHINAGAR LEASING AND FINANCE LTD**

**Place:** Gandhinagar  
**Date :** 31.07.2010

**Major Vinodchandra P Joshi (Retd)**  
*Chairman*

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**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Overview**

The Leasing and Finance business largely depends on the corporate performance and economic growth. During the year under review the Company is not able to secure the profit for the current year. The Company is planning to start some more business which will be helpful in reviving the Company, and the Board expects the higher growth during the upcoming financial year. The Gandhinagar Leasing and Finance Limited was promoted by Major Vinodchandra P Joshi (Retd.), a techno rate having very rich experience in the Finance and other Industries. The Company is engaged in rendering Leasing, Hire Purchase and other financial activities.

**Industry structure**

During the year under review, Monetary and Credit Conditions remained supportive of recovery during 2009-2010. The emerging inflation pressures and on account of significant declaration in private conditions the industry has preformed moderately and not significantly.

**Prospects**

In view of negative prospects in the field of leasing, higher purchase and vehicle financing Company is in process of taking strategic decision to improve the profitability of the Company. The Company is also planning to diversity its activities in the new areas like infrastructure development or manufacturing of trading to grape current market opportunities and to have sufficient profitability.

**Opportunities, Threats, Risks and concerns**

The Company has reasonable business acumen in the industry and has strategic plans for economies its activities. The Company is set to achieve the higher productivity to meet with the demand. However, the Government is vigilant on the global competition. Further, the Company believes satisfaction of the customers and maintaining long term relationship with them, which will ultimately provide better opportunity to grow.

**Internal Control Systems**

The Company has adequate internal control systems in respect of efficiency of operation, financial reporting, compliance with laws etc. Exercises for safeguarding assets and protection against unauthorized use are undertaken. The Management re-view internal control system from time to time.

**Review of Financial Performance**

The Financial performance during the year ended 31<sup>st</sup> March, 2010 is not satisfactory due to general depression market conditions more particularly with leasing and financing sector. The Company expects better performance in the years to come.

**Human Resources**

The relations between the employees and the Management have remained cordial.

**Cautionary Statement**

Statement in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable security laws or regulations. These statements are based on certain assumption and expectations of further events. Actual results could however differ materially from those expressed or implied. The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

**1. A brief statement on Company's philosophy on code of conduct:**

The Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

In order to achieve the objective the Company is driven by the following guiding principles:

- a. Improving the effectiveness of the Board of Directors in supervising management ; and
- b. Improving the quality of information and communication with our stockholders.

The Company believes that these two principles will result in a better shareholders value.

**2. Board of Directors**

## a) Composition :

The Board of Directors presently comprises of five Directors, one of them is independent and non executive Director. The Board is headed by Major Vinodchandra P Joshi, Chairman and is composed of eminent persons with wide experience in various fields.

None of the non-executive Directors has material pecuniary relationship or transactions with the company.

During the year, five Board Meetings were held on 30.04.2009, 31.07.2009, 27.08.2009, 31.10.2009 and 30.01.2010. The time gap between two Board Meetings does not exceed four months. The composition of the Board of Directors and other particulars are as under:

Name of the Directors	Category	No. of Board Meetings attended	Attendance at the last AGM(Y/N)	Directorship in other public Company	No of Committees in which Chairman/ Member in other Public Company
Major Vinodchandra P. Joshi (Retd.)	Executive - Chairman	5	Y	2	2
Smt. Pragnaben V. Joshi	Managing Director -Executive	5	Y	1	2
Mr. Viral V. Joshi	Executive Director	4	Y	1	2
Mr. Pritesh V. Joshi	Executive Director	5	Y	1	2
Wg Cdr Manik H. Anchlia	NED	5	Y	1	2
Mr. Kantilal S. Trivedi	NED *	5	Y	-	-
Mr. Shantilal S. Savla	NED #	4	N	1	-

Notes: 1. CMD – Chairman & Managing Director (Promoter). The Appointment is contractual.

2. NED - Non Executive Director and Independent Director

3. ED – Executive Director

\* Ceased to be Director w.e.f. 28-03-2010

# Ceased to be Director w.e.f. 08-03-2010



## b) Board Procedure :

The Board Directors meet with detailed agenda for discussion and decision. The Directors actively take part in the discussion. All the decisions are taken unanimously. The terms of reference will, inter alia include the items covered under clause 49 of the Listing Agreements.

**3. Audit Committee**

## a) Terms of Reference:

The Company has constituted an Audit Committee in terms of Section 292A of the Companies Act, 1956. The terms of reference including the matters covered under Clause 49 of the Listing Agreements.

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observation of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entire, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any to review the Company's financial and risk management policies and discuss with the internal Auditors any significant findings for follow-up thereon, to review the quarterly, half and Annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personal and review the operations, new initiatives and performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

## b) Composition :

The Audit Committee was reconstituted as required under Clause 49 of the Listing Agreement and presently comprises of three Non-Executive Directors, i.e. (1) Shri Kantilal S Trivedi (Ceased Wef. 28/03/2010), (2) Shri Shantilal V Savla (Ceased Wef. 08/03/2010) and (3) Wg Cdr Manik Anchlia all of whom are independent. Kantilal S Trivedi was Chairman of the Committee.

## c) Audit Committee Meetings:

During the year, Audit Committee met 4 times on 30.4.2009, 31.7.2009, 31.10.2009 and 30.1.2010 and all the members have attended the meeting.

**4. Remuneration Committee :**

The Company has not set up separate remuneration committee. But the Audit Committee was entrusted with the powers of fixing remuneration payable to the Directors of the Company. Remuneration of other employees largely consists of base remuneration, perquisites, bonus, ex-gratia, etc. The components of the total remuneration vary for different cards and are governed by the industry pattern, qualification, experience and other relevant factors of the employees.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and reward merit.

**5. Remuneration of Directors**

The remuneration of the Managing Director and Non-Executive Director is approved by the Board of Directors and the Shareholders on recommendation by the Audit cum Remuneration Committee. The Managing Director is paid by way of salary, perquisites based on his contract. The annual increment for the Managing Director is approved by the Board annually. Non-Executive Directors are entitled to sitting fees of Rs. 500/- each Board Meeting attended by them.

Details of remuneration paid to the Directors for the year 2009-2010

Name of the Directors	Salary Rs.	Perquisites Rs.
Smt. Pragnaben V Joshi (*) Managing Director	Nil	Nil

(\*) Voluntarily forgo her remuneration.

**6. Shareholders Grievance Committee**

The complaints relating to the split, issue of duplicate share certificate and complaints relating to non receipt of share certificate, non receipt of Annual Reports etc and other investor's grievances incidental thereto have been entrusted with the shareholders/Investors Grievance committee.

The said committee comprises of (1) Shri Kantilal S. Trivedi (Ceased Wef. 28/03/2010), (2) Shri Viral V Joshi, Non-Executive Independent Directors and (3) Major Vinodchandra P Joshi, Chairman . The Committee is to meet as and when need arises. There is no share transfer pending as on 31.3.2010.

Shri Jitendrakumar M Darji has been designated as Compliance Officer. The details of complaints received and solved to the satisfaction of shareholders are as under :

Nature of Complaints	Received	Cleared
Non receipt of Annual Report	5	5
Misc like Dividend etc	4	4
<b>Total</b>	<b>9</b>	<b>9</b>

**7. General Body Meetings**

The details of the location and time for last three Annual General Meetings are given as under :

Year	Location/Venue	Date	Time
2006-2007	Plot No. 235,Hotel Haveli, Sector-11, Gandhinagar	12.09.2007.	11.30 a.m.
2007-2008	Plot No. 235,Hotel Haveli, Sector-11, Gandhinagar	30.09.2008.	11.30 a.m.
2008-2009	Plot No. 235,Hotel Haveli, Sector-11, Gandhinagar	30.09.2009.	11.30 a.m.

No Resolution was passed at the last Annual General Meeting which falls under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Further, no resolutions are proposed to be conducted through postal Ballots at the ensuing Annual General Meeting.

**8. Disclosures :**

No transaction of material nature has been entered into by the Company with its promoters, Directors or the management, their subsidiaries or relative etc that may have potential conflict with the interest of the Company. However, the Company has entered into certain lease/hire purchase transaction worth aggregating to Rs. 62.99 Lacs with Gandhinagar Hotels Limited, Gandhinagar in which most of the Directors are interested as Directors. The terms and conditions are not prejudicial to the interest of the company.

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any matter related to capital markets, during the three years.

**9. Means of Communication :**

Half yearly Results are not sent to each household of shareholders. Quarterly Results are sent to the Stock Exchanges for information of shareholders. The results are normally published in News Paper. The Management Discussion and analysis (MD & A) is a part of the Annual Report.

**10. CEO/CFO Certification :**

The CEO/CFO has reported to the Board of Directors of the Company.

**11. General Shareholders Information :**a) **Annual General Meeting :**

b) The 24th Annual General Meeting will be held on Thursday, 30<sup>th</sup> September, 2010 at 11.30 a.m. at Hotel Haveli, Plot No. 235, Sector – 11, Gandhinagar 382011.

c) **Book Closure :**

The Share Transfer Books and the Register of Members shall remain closed from Saturday, 25<sup>th</sup> September, 2010 to Thursday, 30<sup>th</sup> September, 2010 (Both days inclusive).

d) **Financial Calendar for the year 2010-2011 (Provisional)**

Results for the	By the end of
quarter ending 30 <sup>th</sup> June, 2010	July, 2010
quarter ending 30 <sup>th</sup> September, 2010	October, 2010
quarter ending 31 <sup>st</sup> December, 2010	January, 2011
quarter ending 31 <sup>st</sup> March, 2011.	April, 2011

e) **Share Transfer System :**

The Company has appointed M/s Link Intime India Pvt Ltd as Registrar and Share Transfer Agent. The Company has also entered into necessary agreements with the NSDL and CDSL and allotted INE202J01015 . The Share Transfers are normally approved and returned within 15-30 days provided the documents received are valid in all respects.

f) **Listings :**

The Company's shares are listed with the Bombay Stock Exchange Ltd, Mumbai and the Company has represented for upliftment of suspension. The Company has paid listing fees to the Bombay Stock Exchange Ltd, Mumbai upto the year 2010-2011.

High/Low quotation of the Equity Shares :

Month	High (Rs.)	Low (Rs.)
April - 09	Not Applicabel	
May - 09		
June - 09		
July - 09		
Aug - 09		
Sept - 09		
Oct - 09		
Nov - 09		
Dec - 09		
Jan - 10		
Feb - 10		
March - 10		

g) Stock Code : 511489

h) Distribution of Shareholdings as on 31-03-2010

Authorised Share Capital	:	Rs. 6,00,00,000/-
Issued, Subscribed & Paid Up Share Capital		Rs.5,96,29,000/-
Listed Share Capital	:	Rs.5,96,29,000/-

Sr. No.	Shareholding No of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Holding	
01	1	500	4645	92.585	1004725	16.850
02	501	1000	270	5.382	228400	3.830
03	1001	2000	56	1.116	82700	1.387
04	2001	3000	9	0.179	23100	0.387
05	3001	4000	8	0.159	28400	0.476
06	4001	5000	5	0.100	24250	0.407
07	5001	10000	6	0.120	48300	0.810
08	10001	9999999999	18	0.359	4523025	75.85
<b>Total</b>		<b>5017</b>	<b>100.00</b>	<b>5962900</b>	<b>100.00</b>	

**Distribution of Shareholding as on 31.03.2010**

Sr. No.	Category	No. of Shares Held	% of Shareholding
1.	Indian Promoters & group	2003625	33.60
2.	Corporate Body ( Promoter Co)	1762900	29.57
3.	Hindu Undivided Family (HUF)	-	-
4.	Others bodies Corporate	777400	13.04
5.	Indian Public	1418975	23.80
6.	Public Category (NRI)	—	—
7.	Clearing Member	—	—
<b>TOTAL</b>			<b>100.00</b>

**List of Directors holding shares 1% or more :**

Name of Director	No. of Equity Shares held	% of shareholding
Vinodchandra Punjaram Joshi	8,44,210	14.07
Pragnaben Vinodchandra Joshi	2,75,910	4.60
Pritesh V Joshi	1,95,850	3.26
Viral V Joshi	2,46,150	4.10

- h) 1) Name of CEO : Smt. Pragnaben V Joshi, Managing Director  
 2) Name of CFO & Compliance Officer : Shri Jitendrakumar M Darji, Compliance Officer  
 i) 1) Registered Office : "Hotel Haveli" Plot No.235, Sector-11, "Ch" Road  
 Gandhinagar 382 011 Gujarat  
 Phones : 079-23224051-56 Fax : 079-23224057  
 2) Share Transfer Agent : M/s. Link Intime India Pvt. Ltd.  
 211, Sudarshan Complex,  
 Near Mithakhali Underbridge,  
 Navrangpura, Ahmedabad - 380 009  
 Phone : (079) 26465179 E Mail : ahmedabad@linkintime.co.in

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT :**

To  
The Member of  
**Gandhinagar Leasing and Finance Ltd**

We have reviewed the implementation of Corporate Governance procedures by **Gandhinagar Leasing and Finance Limited** (the Company) during the year **2009-2010**, with the relevant records and documents maintained by the Company, Furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination Was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of The conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been Complied with in all material respects by the Company.

For **MANOJ LEKINWALA & CO.**  
Chartered Accountants

Place : Gandhinagar  
Date : 31.07.2010

**Manoj H Lekinwala**  
Proprietor

**AUDITOR'S REPORT**

To  
The members of  
**GANDHINAGAR LEASING AND FINANCE LIMITED**  
Gandhinagar

- (1) We have audited the attached Balance Sheet of **M/S. GANDHINAGAR LEASING AND FINANCE LIMITED**, as 31st March, 2010, the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We have conducted 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
- (3) As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors Report) Amended Order 2004 issued by the Central Government of India in terms of section 227(4A) of The Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we enclose in the annexure a statement on the matters specified in paragraphs (4) and (5) of the said order to the extent applicable to the Company, for the year under consideration.
- (4) Further to our report as stated above in Para ( 3 ) of this report and subject to notes on accounts & significant accounting policies, we further broadly report that :-
  - 4.1 In our opinion and to the best of our information and according to the explanations given to us Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on 31-3-2010 and Cash Flow statement dealt by this report, read with the notes to Accounts and Accounting policies, comply with the applicable Accounting Standards defined in Sub Section (3C) of Section 211 of the Companies Act, 1956. And gives information required by the Companies Act, 1956 in the manner so required.
  - 4.2 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - 4.3 In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - 4.4 The Balance Sheet, Profit and Loss Account & Cash Flow statement dealt with by this report are in agreement with the books of accounts of the Company.
  - 4.5 Based on the representations made by all the Directors of the Company and taken on records by the Board of Directors of the company and in accordance with the information and explanations as made available, the Directors of the Company do not, prime facie, have any disqualification as referred to in clause (q) of subsection 274 of the Act.
  - 4.6 In our opinion and the best of our information and according to the explanation given to us, the said accounts, subject to notes to the accounts and the accounting policies, 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:-
    - 1) In the case of Balance sheet, of the state affairs of the Company as 31st March, 2010 ;

- 2) In the case of Profit and Loss Account of the Company of the Loss incurred by the company for the Financial year ended on 31st March, 2010.
- 3) In the case of Cash Flow statement of the company for the Financial year 2009-2010.

For **Manoj Lekinwala & Co.**  
*Chartered Accountants*

**Place :** Gandhinagar

**Date :** 31-07-2010

( **CA. Manoj H. Lekinwala** )  
*Proprietor*  
Membership No : 37663

**ANNEXURE TO THE AUDITOR'S REPORT**

(Annexure referred to in paragraph 3 of our report of even date)

- 1 (a) The company has maintained proper records showing full particulars including quantitative details and Situation of Fixed Assets.
- (b) Fixed Assets have been physically verified by the management according to the regular programmed of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. There were no discrepancies noticed on such physical verification.
- (c) There was no disposal of fixed assets during the year.
- 2 The company does not have Inventories, Stores, Spare Parts and Raw Materials and hence question of physically verification and frequency of verification does not arise.
- 3 According to the information and explanation given to us, the Company has not taken any loans Secured or unsecured from companies, firms, or other parties listed in Register maintained under Section 301 of the Company Act, 1956 or from the Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of the business for the purchase of inventory and fixed assets and for the sale of shares held for investment or stock in trade. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- 5 In our opinion and according to the information and explanations given to us, transactions of Rent Paid to Gandhinagar Hotels Ltd. and Lease Assets given to Gandhinagar Hotels Ltd. and Lease Rent received from the Gandhinagar Hotels Ltd. have been made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 are mentioned. The said transactions are at Market rate and not prejudicial to the interest of the company.
- 6 In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the Public within the meaning of Section 58A, 58AA or any other relevant provisions of The companies Act, 1956 and as per applicable Rules under the Companies (Acceptance of Deposits) Rules 1975 . We are informed that no order has been passed by the Company Law Board or Reserve Bank of India or any Court or any other Tribunal against the Company.
- 7 The Company has an Internal Audit Department, the same is commensurate with size & nature of business of the Company.
- 8 We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government. The Central Government has not prescribed the maintenance of any records under Section 209(1)(d) of the Companies Act, 1956 for the Finance Leasing and Investment Company.
- 9 (a) The company is generally regular in depositing Statutory Dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, value added tax, , Central Sales Tax, service tax, wealth tax, custom duty, Excise Duty, cess were in arrears as at 31<sup>st</sup> March,2010 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there is no outstanding dues in respect of income tax, value added tax,, Central Sales Tax, service tax, wealth tax, custom duty, Excise Duty, cess, which have not been deposited on account of any dispute.



- 10 The Company has accumulated losses at the end of the financial year and has incurred cash losses in the current and immediately preceding financial year.
- 11 The Company does not have any borrowings from financial institutions or banks or issued any debentures and hence question of repayment of dues and default of repayment does not arise.
- 12 According to the information and explanation given to us, the Company has not granted any loans and advance on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company is not a chit fund or a Nidhi / Mutual fund / society , therefore, the clause 4 (xiii) of the order is not applicable to the Company.
- 14 In our opinion, the Company is dealing in or trading in share, securities, debentures and other investment for which specific records are maintained.
- 15 According to the information and explanation given to us, during the year the Company has not given any guarantee for loans taken by others, from banks or financial institutions.
- 16 According to the information and explanations given to us, the Company has not taken any term loan during the year.
- 17 According to the information and explanations given to us, and on the basis of the Cash Flow Statement and other records examined by us, as well as on an overall basis, we report that the broadly funds raised on long term basis have not prima-facie been used for short term investment and vice versa.
- 18 According to information and explanation given to us, during the year the Company has not made preferential allotment of convertible warrants and / or shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956
- 19 According to information and explanation given to us, the Company has not issued any debentures during the year and hence the question of creating any security or charge in respect thereof does not arise and hence the provisions of clause 4 (xix) of the companies (Auditor's Report) Order,2003 are not applicable to the Company.
- 20 During the year, the Company has not raised any money through a public issue.
- 21 During the course of our examination of books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, during the year, nor have we been informed of such case by the management.

**For Manoj Lakinwala & Co.**  
*Chartered Accountants*

**Place :** Gandhinagar

**Date :** 31-07-2010

**( CA. Manoj H. Lakinwala )**  
*Proprietor*  
Membership No : 37663

## Balance Sheet as on 31st March, 2010

(Amount Rs.)

SOURCES OF FUNDS	SCHEDULE	As on 31-03-2010	As on 31-03-2009
Share Capital	A	5,96,29,000	5,97,40,200
Reserve & Surplus	B	14,71,200	13,60,000
Unsecured Loans	C	90,000	90,000
Current Liabilities & Provisions			
Current Liabilities	D	4,81,862	4,50,797
	<b>Total Rs.</b>	<b>6,16,72,062</b>	<b>6,16,40,997</b>

APPLICATION OF FUNDS	SCHEDULE	As on 31-03-2010	As on 31-03-2009
Fixed Assets	E	13,42,932	15,06,431
Investments	F	43,00,000	43,00,000
Current Assets, Loans and Advances :			
Current Assets	G	4,59,15,231	4,60,56,156
Profit & Loss Account		1,01,13,899	97,78,410
	<b>Total Rs.</b>	<b>6,16,72,062</b>	<b>6,16,40,997</b>

As per separate Report of even date  
For **MANOJ LEKINWALA & CO**  
*Chartered Accountants*

**Manoj H Lekinwala**  
*Proprietor*

**Place :** Gandhinagar  
**Date :** 31-07-2010

For and on Behalf of the Board of Directors  
For **GANDHINAGAR LEASING AND FINANCE LTD**

Major Vinodchandra P Joshi (Retd)  
**Chairman**

**Directors**  
Smt. Pragnaben V Joshi  
Shri Pritesh V Joshi  
Wg. Cdr. Manik Anchlia  
Shri Viral V Joshi

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

(Amount Rs.)

INCOME	SCHEDULE	31-03-2010	31-03-2009
Lease Charges		2,935	3,435
Kasar Income		0	1,71,600
Service Charges Income		0	1,53,000
Closing Stock of Shares		40,01,200	40,01,200
	<b>Total Rs.</b>	<b>40,04,135</b>	<b>43,29,235</b>
<b>EXPENDITURE</b>	<b>SCHEDULE</b>	<b>31-03-2010</b>	<b>31-0-3-2009</b>
Opening Stock of Shares	1	40,01,200	40,01,200
Administrative Expenses	2	1,55,925	1,63,569
Payments to Auditors		19,000	19,000
Non Cash Expenses	3	1,63,499	1,63,499
	<b>Total Rs.</b>	<b>43,39,624</b>	<b>43,47,268</b>
Net Profit/Loss		-3,35,489	-18,033
Opening Balance		-97,78,410	-97,60,377
Closing Debit Balance to B/S		1,01,13,899	97,78,410
	<b>Total Rs.</b>	<b>-0.00</b>	<b>0.00</b>

As per separate Report of even date  
For **MANOJ LEKINWALA & CO**  
*Charetered Accountants*

**Manoj H Lekinwala**  
*Proprietor*

**Place :** Gandhinagar  
**Date :** 31-07-2010

For and on Behalf of the Board of Directors  
For **GANDHINAGAR LEASING AND FINANCE LTD**

Major Vinodchandra P Joshi (Retd)  
**Chairman**

**Directors**

Smt. Pragnaben V Joshi  
Shri Pritesh V Joshi  
Wg. Cdr. Manik Anchlia  
Shri Viral V Joshi

**SCHEDULE : A  
SHARE CAPITAL**

Particulars	(Amount Rs.)	
	As on 31-03-2010	As on 31-03-2009
<b>AUTHORISED</b>		
60,00,000 (60,00,000) Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
<b>Total Rs.</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>
<b>Issued, Subscribed &amp; Paid-up :</b>		
59,62,900 (60,00,000) Equity Shares of Rs.10/- each	5,96,29,000	6,00,00,000
Less : Calls in Arrears from other than Directors	0	2,59,800
<b>Total Rs.</b>	<b>5,96,29,000</b>	<b>5,97,40,200</b>

**SCHEDULE : B  
RESERVE AND SURPLUS**

Particulars	(Amount Rs.)	
	As on 31-03-2010	As on 31-03-2009
General Reserve	14,71,200	13,60,000
Profit & Loss Account	-1,01,13,899	-97,78,410
<b>Total Rs.</b>	<b>-86,42,699</b>	<b>-84,18,410</b>

**SCHEDULE : C  
UNSECURED LOANS**

Particulars	(Amount Rs.)	
	As on 31-03-2010	As on 31-03-2009
Lease Rental Deposit	90,000	90,000
<b>Total Rs.</b>	<b>90,000</b>	<b>90,000</b>

**SCHEDULE : D  
CURRENT LIABILITIES**

Particulars	(Amount Rs.)	
	As on 31-03-2010	As on 31-03-2009
Sundry Creditors for Expenses	4,60,537	4,26,537
Lease Rental Receivable	21,325	24,260
<b>Total Rs.</b>	<b>4,81,862</b>	<b>4,50,797</b>

**SCHEDULE - E :**  
**SCHEDULE OF FIXED ASSETS AND DEPRECIATION AS ON 31-03-2010**

Rate of Dep.	Name of Assets	Gross Block As on 01-04-2009	Addition/Deduction during the F.Y.2009-10	Gross Block As on 31-03-2010	Depreciation upto 31-03-2009	Depreciation for the F.Y. 2009-10	Total Depreciation up to 31-03-2010	Net Assets As on 31-3-2010	Net Assets As on 31-03-2009
1	2	3	4	5	6	7	8	9	10
4.75	Dead Stock	23600	0	23600	17680	1121	18801	4799	5920
6.33	Hotel Furniture	1142423	0	1142423	0	0	0	0	0
9.50	Vehicle	210000	0	210000	0	0	0	0	0
16.21	Vehicle Taxi	800598	0	800598	0	0	0	0	0
4.75	Machinery	3288313	0	3288313	1841332	156195	1997527	1290786	1446981
4.75	Office Equipments	130173	0	130173	76643	6183	82826	47347	53530
Total as on 31-03-2010		5595107	0	5595107	1935655	163499	2099154	1342932	1506431
Total as on 31-03-2009		5595107	0	5595107	1608657	163499	3925177	1669930	

**SCHEDULE : F****INVESTMENTS (AT COST)**

(Amount Rs.)

Particulars	As on 31-03-2010	As on 31-03-2009
Gandhinagar Hotels Ltd. 4,30,000 (4,30,000) Redeemable Preference Shares	43,00,000	43,00,000
<b>Total Rs.</b>	<b>43,00,000</b>	<b>43,00,000</b>

**SCHEDULE : G****CURRENT ASSETS, LOANS AND ADVANCES  
(UNSECURED CONSIDERED GOOD)**

Particulars	As on 31-03-2010	As on 31-03-2009
<b>Current Assets</b>		
Closing Stock of Shares (At purchase price as per Inventory Valued and Certified by Director)	40,01,200	40,01,200
<b>Loans and Advances</b> (Recoverable in Cash or Kind or for Value to be received)		
Lease Rental Receivable	21,325	24,260
Lease Rental & HPFC Dues	0	0
Cash and Bank Balance	1,65,820	2,61,680
Sundry Debtors & Advances (All below six months)	2,93,20,886	2,19,63,016
Share Application Money	1,24,06,000	1,98,06,000
<b>Total Rs.</b>	<b>4,59,15,231</b>	<b>4,60,56,156</b>

**SCHEDULE : 1****ADMINISTRATIVE EXPENSES**

(Amount Rs.)

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Office Rent	<b>36,000</b>	36,000
Bank Commission	<b>60</b>	2,215
Stationery & Printing	<b>32,050</b>	39,810
Postage & Courier Expenses	<b>27,500</b>	25,525
Professional Tax	<b>2,400</b>	2,400
Legal Charges	<b>1,500</b>	1,500
Consultancy Charges	<b>15,000</b>	15,000
Listing Fees	<b>16,545</b>	16,625
Advertisement Expenses	<b>8,325</b>	2,021
Custodian Charges	<b>16,545</b>	11,236
Demat & Share Transfer Charges	<b>0</b>	11,237
<b>Total Rs.</b>	<b><u>1,55,925</u></b>	<b><u>1,63,569</u></b>

**SCHEDULE : 2****NON CASH EXPENSES**

(Amount Rs.)

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Depreciation	<b>1,63,499</b>	1,63,499
<b>Total Rs.</b>	<b><u>1,63,499</u></b>	<b><u>1,63,499</u></b>

**NOTES ATTACHED TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF GANDHINAGAR LEASING AND FINANCE LIMITED FOR THE YEAR ENDED ON 31-03-2010.****[A] SIGNIFICANT ACCOUNTING POLICIES :****1. SYSTEM OF ACCOUNTING**

The Financial statements of the Company are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and Accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956. The Accounts are prepared on the going concern basis and the Company follows the Mercantile System of Accounting.

**2. FIXED ASSETS**

Fixed Assets are valued at cost.

**3. DEPRECIATION**

Depreciation is provided for as per the Straight Line Method at the rates prescribed under XIV of the Companies, Act, 1956.

**4. INVESTMENTS**

Investments are accounted for at Cost.

**5. INVENTORIES**

The Company has valued Stock in Trade at Purchase Price.

**6. REVENUE RECOGNITION :**

Revenue (income) is recognized when no significant uncertainty as to the measurability or collect ability exists. Sales or other Income is recognized when significant risk and rewards of ownership in the goods / shares / services are passed on to the customers.

**(A) Income :**

(a) Accrual basis of accounting has been adopted in respect income from

(1) Finance Charges on Hire Purchase advances and Lease Rentals on Equipments Leasing to the extent installments have fallen due for payment under the agreement with the respective parties.

(2) Discount charges on Bills Discounted to the extent of the period extent during the year and

(3) Interest on all other advances by way of loans for the period to the extent such income accrued during the year & expenses are recognized on mercantile basis.

(b) Income from investments in shares has been accounted for in the year in which the dividend is received.

(c) All other incomes including overdue charges collected from the hire purchase and lease customers, against over due installments, have been accounted for on cash basis as and when such incomes have been actually collected.

**(B) Expenses :**

Accrual basis of accounting has been adopted in respect of :

(1) Interest on Bank Loans, Term Loans from financial Institutions and Public Deposits ; and

(2) Administrative and other overheads including employee cost.

**7. BORROWING COSTS:**

Borrowing costs are recognizes as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost is charged to revenue.

**8. DEFERRED REVENUE EXPENDITURE:**

Expenditure relating to Preliminary Expenses, Capital issue and Deferred Revenue Expenses is amortized on straight line basis over a period of five years.



**9 TAXES ON INCOME :****Current Taxation:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period and the credits computed in accordance with the provisions of the Income Tax, 1961 and based on the expected outcome of the assessment / appeals.

**DEFERRED TAX**

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent year.

Deferred tax assets are recognized and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**10 IMPAIRMENT OF ASSETS:**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If any the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**11. PROVISION AND CONTINGENT LIABILITIES**

- a) Provisions are recognized when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement and the amount of obligation can be reliably estimated.
- b) Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- c) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**[ B ] NOTES FORMING PART OF AUDIT REPORT**

- 1 Considering the nature of operations of the Company, it is not practicable to give quantitative details of turnover and consumption in terms of the requirement under Part II of Schedule VI to the Companies Act, 1956, in view of Leasing , Hire Purchase and Investment Business of the company.
- 2 Provision of Excise and Modvat are not applicable to the Company.
- 3 Payment To Auditors :

Particulars	2009-10	2008-09
Audit Fees	19,000	19,000

- 4 No Provision for Retirement Gratuity has been made in the accounts and the same shall be accounted for as and when it is paid.
- 5 Expenses / Income in Foreign Currency is Rs. Nil (Previous Year Rs. Nil).
- 6 Value of Imports on C.I.F. basis : Nil (Previous Year Rs. Nil)
- 7 The Company does not have any contingent liabilities.
- 8 The provisions of Licensed Capacity / Installed capacity etc. are not applicable to the company.
- 9 In the opinion of the Directors, the Current Assets, Loans & Advances are realized at the values stated, if realized in the ordinary course of the business. As account of Sundry Creditors, Current Liabilities, Unsecured Loans, Sundry Debtors

and Loan & Advances and other current assets are subject to confirmation / reconciliation and accordingly the same are subject to necessary adjustments or regrouping /classification, if necessary.

- 10** In the opinion of the Board of Director, the provision for depreciation and all know liabilities are adequate and are not in excess of the amount considered reasonably necessary.
- 11** The Company is engaged in one segment i.e. Hire Purchase, Leasing & Trading and Investment in securities etc which are governed by the same set of risk and returns. The said treatment is in accordance with the guiding principle enunciated in the AS-17 on Segment Reporting.
- 12** Managerial remuneration paid to Managing Director & Other Directors : Rs Nil (Previous Year : Nil )
- 13** Traveling Expenses of Managing Directors & Other Directors : Rs. Nil (Previous Year Rs. Nil )
- 14.** Related Party (As identified by the Company) Disclosures under Accounting Standards 18 :

**(I) Associates :**

- |                            |                             |                         |
|----------------------------|-----------------------------|-------------------------|
| 1) Gandhinagar Hotels Ltd. | 2) Pragna Finance Pvt. Ltd. | 3) Gujaraj Resorts Ltd. |
| 4) Pragna Auto Services    | 5) Haveli INN               |                         |

**(II) Key Management Personnel :**

- |  |                           |
|--|---------------------------|
| 1) Major Vinodchandra P. Joshi (Retd.) | 2) Smt. Pragnaben V Joshi |
| 3) Mr. Priteh V Joshi                  | 4) Mr. Viral V Joshii     |

**(III) Transactions with related parties :**

- 1 The Company has received Rs. 90000/- (Previous Year Rs. 90,000) as Lease Rental Deposit from Gandhinagar Hotels Limited – a company in which Directors are interested as Director of both the Company.
- 2 The Company has invested Rs. 43 Lacs (Previous Year Rs. 43 Lacs) in Redeemable Preference Shares of Gandhinagar Hotels Limited – a company in which Directors are interested as Director of both the Company.
- 3 The Company has also paid Rs. 0.36 Lacs ( Previous Year Rs. 57.03 Lacs ) to Gandhinagar Hotels Ltd a Company in which Directors are interested as Director of both the Company, for purchase of commercial property at Gandhinagar.
- 4 The loans & advance includes Rs.18875/- (Previous Year : 21460/- ) amount due from the concerns in which directors are interested as Directors of both the Companies.
- 5 The Company holds 400120 (Previous Year No. of shares 400120) shares of Pragna Finance Private Ltd as stock in trade for which no Market quotation is available as said company is not listed at any stock exchange. & hence we are unable to comments for provisions to be made, if any, for fall, if any in market price of the said shares in accounts for the year ending on 31-03-2010.
6. The Company has given Rs. 124.06 Lacs as Share Application Money (Previous Year Rs. 198.06 Lacs) to Pragna Finance Pvt Ltd. a Company in which Directors are interested as Directors of both the Companies.
7. The Company has earned Lease Rental of Rs. 2935/- ( Previous Year Rs.3435/- ) from Gandhinagar Hotels Limited the company in which Directors are interested of said company. The transaction are not prejudicial to the interest of the company as the said transaction are at reasonable rate having regard to the market rate prevailing for such lease transaction.
- 8 The Company has paid Rs. 25 Lacs ( Previous Year Rs. Nil ) to Charu Anchlia as Advance for purchase of shares of Gandhinagar Hotels Ltd a Company in which Directors are interested as Directors of both the Companies.

9. The Company has given Rs. 139.85 lacs as interest free deposit (Previous Year Rs. 9.60 Lacs) to Gandhinagar Hotels Ltd., a company in which Directors are interested as Directors of both the companies.

15. The Company has incurred loss during the last four Financial Year. The details of current year loss and carried forward loss are as under:

Sr. No.	Financial Year	Opening Balance of loss Amt. Rs.	Current Year Loss Amt. Rs.	Closing Balance of loss Amt. Rs.
1	2005-2006	8612446.13	501147.99	9113594.12
2	2006-2007	9113594.12	321155.09	9434749.20
3	2007-2008	9434749.20	325628.00	9760377.20
4	2008-2009	9760377.00	18033.00	9778410.20
5	2009-2010	9778410.20	335489.00	10113899.00

As per AS 22 point No 18 "The existence of unabsorbed or carry forward of losses under tax laws is strong evidence that future taxable income may not be available. Therefore, when an enterprise has a history of recent losses, the enterprise recognizes deferred tax assets only to the extent that it has timing differences the reversal of which will result in sufficient income or there is other convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realized. In such circumstances, the nature of the evidence supporting its recognition is disclosed." In view of huge current brought forward losses and in absence of sufficient income which result into sufficient taxable income, in near future and on consideration of prudence, the Company has not recognized net deferred tax & / deferred tax assets in the financial statements.

16. **Earning per share a per Accounting Standard (AS 20) – "Earning per Share" :**

The basic Earning per share is calculated by dividing the profit attributable to the existing Equity Share outstanding.

EPS CALCULATION*	Year Ended 31 <sup>st</sup> March, 2010	Year Ended 31 <sup>st</sup> March, 2009
Loss attributable to the Equity Shareholder	<b>335489</b>	18033
Closing number of Equity Shares outstanding during the year	<b>6000000</b>	6000000
Basic/Weighted averages number of Equity Shares outstanding during the year	<b>5962900</b>	5974020
Nominal value of Equity Share (Rs.)	<b>Rs.10/-</b>	Rs.10/-
Basic Loss / Earning per Share (Rs.)	<b>-0.0563</b>	-0.0030
Diluted earning per share	<b>N.A.</b>	N.A.

17. Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of the current year.

18. Signature to Schedule A To G of Balance Sheet and 1 To 3 of Profit and Loss Accounts form an integral part of the Audit Report.

As per separate Report of even date  
For **MANOJ LEKINWALA & CO**  
*Charetered Accountants*

**Manoj H Lekinwala**  
*Proprietor*

**Place :** Gandhinagar  
**Date :** 31-07-2010

For and on Behalf of the Board of Directors  
For **GANDHINAGAR LEASING AND FINANCE LTD**

Major Vinodchandra P Joshi (Retd)  
**Chairman**

**Directors**  
Smt. Pragnaben V Joshi  
Shri Pritesh V Joshi  
Wg. Cdr. Manik Anchlia  
Shri Viral V Joshi

**Additional information pursuant to Schedule VI of the Companies Act, 1956 is as under  
Balance Sheet Abstract and Company's General Business Profile :**

<b>I Registration Details :</b>			
Registration No.	L65910GJ1986PLC009133		
State Code	04		
Balance Sheet Date	31-03-2010		
<b>II Capital Raised during the year</b> ( Amount in Rs. Thousands )			
Public Issue Call	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>III Position of Mobilisation and Deployment of Funds :</b>			
( Amount in Rs. Thousands )			
Total of Capital & Liabilities	61190	Total Assets	61190
<b>Source of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	59629	Net Fix Assets	1343
Reserves & Surplus	1471	Investments	4300
Secured Loans	00	Net Current Assets	45433
Unsecured Loans	90	Miscellaneous Expenditure	00
Contingent Liabilities	00	Accumulated Losses	10114
<b>IV Perfomance of Company :</b> ( Amount in Rs. Thousands )			
Total Income	3		
Total Expenditure	338		
Profit (+) / Loss (-) before Tax	-335		
Profit (+) / Loss (-) after Tax	-335		
Earning/Loss per Share in Rupees	(0.0563)		
<b>V Generic Names of Three Principal Services of Company :</b>			
( As per monetary terms )			
Item Code No. ( ITC Code )	Nil		
Service Description	Leasing		
Item Code No. ( ITC Code )	Nil		
Service Description	Hire Purchase		
Item Code No. ( ITC Code )	Nil		
Service Description	Trading & Investment in Securities		

Signature to Schedule A To G of Balance Sheet and 1 To 3 of Profit and Loss Accounts form an integral part of the Audit Report.

As per separate Report of even date  
For **MANOJ LEKINWALA & CO**  
*Charetered Accountants*

**Manoj H Lekinwala**  
*Proprietor*

**Place :** Gandhinagar  
**Date :** 31-07-2010

For and on Behalf of the Board of Directors  
For **GANDHINAGAR LEASING AND FINANCE LTD**

Major Vinodchandra P Joshi (Retd)  
**Chairman**

**Directors**  
Smt. Pragnaben V Joshi  
Shri Pritesh V Joshi  
Wg. Cdr. Manik Anchlia  
Shri Viral V Joshi

	(Amount Rs.)	
Cash Flow Statement for the year ended on	31-03-2010	31-03-2009
<b>(A) CASH FLOW FROM OPERATIONS ACTIVITIES</b>		
Net Profit/Loss before Tax & Extraordinary items	-3,35,489	-18,033
Adjustment for :		
Depreciation & Non Cash Expenses	1,63,499	1,63,499
Loss on Sale of Fixed Assets	0	0
Investment Income (Sale)	0	0
Interest/Dividend Received	0	0
Provision for Contingencies	0	0
<b>Operating Cash Profit before working</b>	<b>-1,71,990</b>	<b>1,45,466</b>
Capital Changes Adjustment for :		
Current Assets	45,065	-29,34,581
Trade payables	31065	-1,61,035
Closing Stock	0	0
<b>Cash generated from operations</b>	<b>76,130</b>	<b>-30,95,616</b>
Interest paid	0	0
Direct Taxes paid	0	0
Cash Flow before Extraordinary items	-95,860	-29,50,150
Extraordinary items	0	0
<b>Net Cash from operating activities : A</b>	<b>-95,860</b>	<b>-29,50,150</b>
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	0	0
Sale of Fixed Assets	0	0
Purchase of Investments	0	0
Interest received	0	0
Dividend received	0	0
<b>Net Cash used in Investing Activities : B</b>	<b>0</b>	<b>0</b>
<b>(C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital :	0	0
Share Allotment Money Receipt	0	0
Proceeds from Borrowings	0	0
Dividend Paid	0	0
<b>Net Cash used in Financing Activities : C</b>	<b>0</b>	<b>0</b>
Net increase in Cash and Cash equivalents	-95,860	-29,50,150
Cash and Cash Equivalents as at (Opening Balance)	2,61,680	32,11,830
Cash and Cash Equivalent as at (Closing Balance)	<b>1,65,820</b>	<b>2,61,680</b>

As per separate Report of even date  
For **MANOJ LEKINWALA & CO**  
*Chartered Accountants*

**Manoj H Lekinwala**  
*Proprietor*

**Place :** Gandhinagar  
**Date :** 31-07-2010

For and on Behalf of the Board of Directors  
For **GANDHINAGAR LEASING AND FINANCE LTD**

Major Vinodchandra P Joshi (Retd)  
**Chairman**

**Directors**  
Smt. Pragnaben V Joshi  
Shri Pritesh V Joshi  
Wg. Cdr. Manik Anchlia  
Shri Viral V Joshi

**AUDITOR'S CERTIFICATE**

We have verified the above Cash Flow Statement of Gandhinagar Leasing and Finance Ltd. derived from the Audited Financial Statements for the year ended 31st March, 2010 and 31st March, 2009 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges.

For **MANOJ LEKINWALA & CO**  
*Chartered Accountants*

**Place:** Gandhinagar

**Date :** 31-07-2010

**Manoj H. Lekinwala**  
*Proprietor*

**GANDHINAGAR LEASING AND FINANCE LIMITED**

Registered Office :  
Plot No. 235, Sector - 11, "Hotel Haveli", CH - Road, Gandhinagar - 382 011

**ATTENDANCE SLIP**

(Name & Address of Member/Proxy)

Folio No.	
No. of Shares	
Sr. No.	

I hereby record my presence at the 24th Annual General Meeting of the Company at Hotel Haveli, Plot No. 235, Sector 11, Gandhinagar - 382011 on Thursday, 30th September, 2010 at 11.30 A. M.

Signature of the attending Member/Proxy	
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- Notes :**
1. A Shareholder/Proxy holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed.
  2. A Shareholder/Proxy holder desiring to attend the Meeting should bring his copy of the Annual Report for reference at the Meeting.

**GANDHINAGAR LEASING AND FINANCE LIMITED**

Registered Office :  
Plot No. 235, Sector - 11, "Hotel Haveli", CH - Road, Gandhinagar - 382 011

**PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Thursday, 30th September, 2010 at 11.30 a.m. and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature	Affix a Rs.1/- Revenue Stamp	Folio No.
		No. of Shares
		Sr. No.

- Notes :**
1. The Proxy must be returned so as to reach the Registered Office of the Company, not less than Forty Eight hours before the time for holding the aforesaid meeting.
  2. A Proxy need not be a Member of the Company.

BOOK - POST

To,

If undelivered please return to  
**Gandhinagar Leasing And Finance Ltd.**

Regd. Office :

Plot No. 235, Sector - 11, "Hotel Haveli",

CH - Road, Gandhinagar - 382 011

(Gujarat)