

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 38th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2021.

1. FINANCIAL SUMMARY AND STATE OF AFFAIRS

The highlights of the financial results of the Company for the year under review are given below:

(₹ in lakhs)		
Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Other Income	2.97	59.85
Liability/ Provision no longer required	0.00	5.63
Profit on sale of Investments	0.00	0.00
Total Revenue	2.97	65.48
Expenses:		
Employees Benefits	9.23	10.02
Professional Fees	7.04	21.55
Administrative & Other Expenses	19.14	24.90
Total Expenses	35.41	56.47
Profit/ (Loss) for the year before Depreciation	(32.44)	9.01
Depreciation	2.47	2.46
Profit/ (Loss) before Taxation	(34.91)	6.55
Tax Expenses Current - ₹ 0.00	0.00	(0.07)
Tax Expenses (Previous) - ₹ (0.07)		
Profit/ (Loss) after Taxation	(34.91)	6.62
Other Comprehensive Income	270.33	(54.56)
Total Income for the Year (net of Tax)	235.42	(47.94)

Accounting Policies have been consistently applied except where newly issued accounting standard is initially adopted or revision to the existing standards requires a change in the accounting policy in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement, together with notes for the year ended March 31, 2021 have been prepared in accordance with Indian Accounting Standards ("IndAS") as notified.

The Financial Statements of the Company have been prepared and presented in accordance with the Ind AS under the historical cost convention on accrual basis of accounting, except for financial instruments classified as Fair Value through profit or loss or Fair Value through OCI are measured at Fair Value.

During the year 2004-05, the Hon'ble High Court of Gujarat had sanctioned the Scheme of Compromise and Arrangement under Section 391 of the Companies Act, 1956 to discharge the liability of the Banks. The Company had released the payment as per the Court's Order. Approval in respect of deed of assignment of receivables is still 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, the Company had recovered ₹ 475 lakhs till date from the charged assets and deposited with the member banks.

It may be observed from the Statement of Profit and Loss that-

- (a) Interest Income during the year is ₹ 2.11 lakhs as against interest income of ₹ 1.61 lakhs for the previous year. Marginal increase in the interest is on account of placement of deposit in the month of February, 2021 and March, 2021 on the sale of shares. During the previous year, other income excluding interest was ₹ 63.87 lakhs which mainly includes dividend income of ₹ 8.23 lakhs and ₹ 50.01 lakhs towards the accounting of physical shares held by the Company and dematerialized in the previous year.
- (b) The Company has no source of income other than interest on Bank deposits, dividend, etc. while it has to incur administrative expenses to run the Company. Major expenses include listing fees to stock exchanges, custodian fees to CDSL & NSDL, remuneration to Key Managerial Personnels appointed in accordance with the applicable provisions of the Companies Act, 2013 and Legal & professional expenses.

After meeting the expenses, the Company incurred loss of ₹ 34.91 lakhs during FY 2020-21 against the profit of ₹ 6.62 lakhs for the previous year.

The OCI of ₹ 270.33 lakhs includes gain on measurement of equity instruments following the sale of shares held by the Company.

After considering the Comprehensive Income for the year, net of tax is to the order of ₹ 235.42 lakhs as against the negative income of ₹ 47.94 lakhs for the previous year.

No Tax provision is required in respect of Long-Term Capital Gain on sale of Investments.

Company has no external debt at the end of the year.

2. DIVIDEND

In view of loss incurred during the year under review, your Directors do not recommend any dividend for the year ended on March 31, 2021.

3. TRANSFER TO RESERVES

During the year under review, the Company has not transferred any sum to reserve, in view of loss incurred during the year as well as carry forward losses incurred in the previous years.

4. FINANCE

During the year under review, the Company has not made any borrowings from banks or any financial institutions or other parties.

5. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

During the year under review, the Company had no Subsidiary, Joint Venture and Associate Company.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors:

The Board of Directors as on the date of this report comprises of 6 (six) Directors, all of whom are Non-Executive Directors including 3 (three) Independent Directors and 2 (two) Women Directors.

As per the provisions of the Companies Act, 2013, Kavita Mandan (DIN: 07419972), Director of the Company retires by rotation and being eligible, has offered herself for re-appointment. A brief resume and other relevant details of her are given in the Explanatory Statement to the Notice convening the Annual General Meeting (AGM).

During the year under review:

- The Members at their 37th AGM held on September 26, 2020 approved appointment of Prakash Parikh (DIN: 08352876) and Raghuvveer Parakh (DIN: 03546937) as Directors of the Company.
- Harnish Patel (DIN: 00114198), Whole-time Director resigned w.e.f. close of working hours of December 23, 2020.
- Saurabh Mashruwala (DIN: 01786490) has been appointed as an Additional Director (Non-Executive Non-Independent) of the Company w.e.f. December 23, 2020.

The Board hereby recommends his appointment as Director, liable to retire by rotation, w.e.f. the ensuing AGM. A brief resume and other relevant details of him are given in the Explanatory Statement to the Notice convening the AGM.

- Prakash Parikh (DIN: 08352876), Director resigned w.e.f. close of working hours of January 27, 2021 due to his retirement from the services of Gujarat Industrial Investment Corporation Limited (GIIC). The Board places on record its appreciation for the guidance and support provided by him during his tenure as a member of the Board.
- GIIC nominated Leena Katdare (DIN: 08914188) on Board of the Company in place of Prakash Parikh and the Board at its meeting held on January 27, 2021 appointed her as an Additional Director (Non-Executive Non-Independent) w.e.f. January 27, 2021 till ensuing AGM.

The Board hereby recommends her appointment as Director, liable to retire by rotation, w.e.f. the ensuing AGM. A brief resume and other relevant details of her are given in the Explanatory Statement to the Notice convening the AGM.

The Company had received notices in writing under Section 160 of the Companies Act, 2013 from Members proposing the candidature of Saurabh Mashruwala and Leena Katdare for appointment as Directors (Non-Executive Non-Independent). The Board recommends the resolutions to be passed at Item No. 3 & 4 as special business in the notice of the AGM of the Company with Explanatory Statement for the approval by the Members.

Key Managerial Personnel:

During the year under review, Kamlesh Patel has resigned as Company Secretary and Compliance Officer of the Company w.e.f. close of working hours of January 27, 2021 and Yash Shah has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. March 31, 2021.

7. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and they have registered their names in the Independent Directors' Databank. The Independent Directors are in compliance with the Code of Conduct prescribed under Schedule IV of the Companies Act, 2013 and the Code of Business Conduct adopted by the Company.

8. POLICY ON DIRECTORS' APPOINTMENT AND REMUENERATION

The Nomination and Remuneration Committee (NRC) has approved the criteria and process for identification/appointment of Directors which are as under:

(a) Criteria for appointment

Proposed Director ("Person") shall meet all statutory requirements and should:

- possess the highest ethics, integrity and values

- not have direct/ indirect conflict with present or potential business/ operations of the Company
- have the balance and maturity of judgment
- be willing to devote sufficient time and energy
- have demonstrated high level of leadership and vision and the ability to articulate a clear direction for an organization
- have relevant experience with respect to Company's business (in exceptional circumstances, specialization/ expertise in unrelated areas may also be considered)
- have appropriate comprehension to understand or be able to acquire that understanding:
 - o relating to Corporate Functioning
 - o involved in scale, complexity of business and specific market and environment factors affecting the functioning of the Company.

(b) Process for Identification/ Appointment of Directors

- (i) Board members may (formally or informally) suggest any potential person to the Chairperson of the Company meeting the above criteria. If the Chairperson deems fit, necessary recommendation shall be made by him to the NRC.
- (ii) Chairperson of the Company can himself also refer any potential person meeting the above criteria to the NRC.
- (iii) The NRC will process the matter and recommend such proposal to the Board.
- (iv) The Board will consider such proposal on merit and decide suitably.

(c) Remuneration Policy

The Company has formulated policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company. The remuneration policy is available on the website of the Company at <http://www.gujaratleasefinancing.co.in>.

9. MANNER OF EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Evaluation of Board, its Committees and Individual Directors was carried out as per the process and criteria laid down by the Board of Directors.

One of the Independent Director obtained and consolidated feedback from all Directors.

10. MEETINGS OF THE BOARD, COMMITTEES & COMPLIANCE TO SECRETARIAL STANDARDS

The Board of Directors met 5 (five) times during the FY 2020-21 on July 25, 2020, August 08, 2020, October 31, 2020, January 27, 2021 and March 31, 2021. The gap between two Board Meetings was within the maximum time gap prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The requisite quorum was present in all the meetings.

The Board has three committees viz. Audit Committee (AC), Nomination and Remuneration Committee (NRC) and Stakeholders Relationship Committee (SRC). A detailed note on the composition of the Committees and its meetings are provided in the Corporate Governance Report included in the Annual Report. The minutes of all the Committee meetings are reviewed at every Board meeting.

During the year under review, the Company has complied with the provisions of Secretarial Standard 1 (relating to meetings of the Board of Directors) and Secretarial Standard 2 (relating to General meetings) issued by the Institute of Company Secretaries of India.

11. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3) of the Companies Act, 2013 in relation to the Financial Statements of the Company for the year ended March 31, 2021, the Board of Directors states that:

- a) in preparation of the Financial Statements, the applicable accounting standards have been followed and there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021 and of the loss of the Company for the year ended March 31, 2021;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Financial Statements have been prepared on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

12. AUDITORS

(i) Statutory Auditors

The Members at 34th AGM of the Company had appointed M/s. G.K. Choksi & Co., Chartered Accountants (FRN: 101895W), Ahmedabad, as Statutory Auditors of the Company to hold office from the close of 34th AGM till the conclusion of 39th AGM.

The Auditors' report for FY 2020-21 forms part of this Annual Report and does not contain any qualification, reservation or adverse remark.

(ii) Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company had appointed M/s. JMT & Co., Chartered Accountants (FRN: 126286W), Ahmedabad, as an Internal Auditors of the Company for the FY 2020-21.

(iii) Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Rajesh Parekh & Co., Practicing Company Secretaries, Ahmedabad, as Secretarial Auditors of the Company for FY 2020-21. The Secretarial Audit Report for FY 2020-21 is annexed herewith as **Annexure-A** with their observation as under:

"There was delay in compliance of Regulation 17(1)(C) of SEBI (LODR) Regulations, 2015 for the quarter ended June 30, 2020 and September 30, 2020 (12 days) for which the Company had received letters dated August 20, 2020 and November 17, 2020 respectively from National Stock Exchange of India Limited (NSE) levying fine for such delay. Further, the Company had filed its response requesting for waiver of fine. NSE vide its letter dated April 13, 2021 waived the said fine."

Management Reply: The Company had initiated the process of appointment of Director on the Board of the Company, but it was delayed due to extra-ordinary circumstances of COVID-19 Pandemic resulting into

nationwide lockdown for a considerable long time. The Company had appointed Raghuvveer Parakh as an Additional Director (Non-Executive Independent) on the Board of the Company w.e.f. July 13, 2020.

NSE treated it as a non-compliance under Regulation 17(1) of SEBI (LODR) Regulations, 2015 for the period from April 01, 2020 to July 12, 2020 and imposed fine of ₹ 6,07,700/-. The Company had requested for waiver of fine. NSE vide its letter dated April 13, 2021 had considered the same favorably and waived the said fine.

(iv) Cost Auditors

The Company was not required to maintain cost records and appoint cost auditor as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

13. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to Financial Statements. The Statutory Auditors of the Company have audited such controls with reference to Financial Reporting and their Audit Report is annexed as Annexure B to the Independent Auditors' Report under Financial Statements which forms part of the Annual Report.

14. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In compliance with Regulation 34 read with Schedule V of SEBI (LODR) Regulations, 2015, the Corporate Governance Report together with the Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed herewith as **Annexure-B**.

Management Discussion and Analysis Report is annexed herewith as **Annexure-C**.

15. VIGIL MECHANISM

The Company has established the vigil mechanism through Whistle Blower Policy for all the stakeholders of the Company, which also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases as per the Policy.

16. RISK MANAGEMENT

The Company recognizes that risk is an integral part of business and is committed to managing the risks in proactive and efficient manner. The Company periodically assesses risk in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans.

The Company, through its risk management process, strives to contain impact and likelihood of the risk within the risk appetite as agreed from time to time with the Board of Directors.

Management Discussion and Analysis Report of the Annual Report identifies key risks, which can affect the performance of the Company.

The Company has adopted a Risk Management Policy for a systematic approach to control risks. The Risk Management Policy of the Company lays down procedures for risk identification, evaluation, monitoring, review and reporting. The Risk Management Policy has been developed and approved by the Senior Management in accordance with the business strategy.

17. RELATED PARTY TRANSACTIONS

All the related party transactions were entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the Members. Accordingly, no transactions are

being reported in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

However, the details of the transactions with Related Parties are provided in the Company's Financial Statements in accordance with the Accounting Standards.

18. PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided below:

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year: Nil
- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: Nil
- The percentage increase in the median remuneration of employees in the financial year: Nil
- The number of permanent employees on the rolls of Company: 3 (Three) employees as on March 31, 2021
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year: Nil
- Affirmation that the remuneration is as per the remuneration policy of the Company: The Company has discontinued its business operations since the FY 1999-2000 hence the Company does not have any operational income. The Company had paid remuneration to 3 employees (Key Managerial Personnels) during the year in accordance with applicable provisions of the Companies Act, 2013.

The Company does not have employee under the category as specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Thus, the said information is not provided in the Report.

19. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

During the year under review, the Company had no women employee. Therefore, it was not required to constitute Internal Complaints Committee as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

20. EXTRACT OF THE ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company <http://www.gujaratleasefinancing.co.in>.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has discontinued its business operations since the FY 1999-2000. Therefore, there are no reportable details relating to conservation of energy or technology absorption. There were no foreign exchange earnings or outgo during the year under review.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, the Company has not given loans, made investments, provided guarantees or security to any entity under Section 186 of the Companies Act, 2013.

23. CORPORATE SOCIAL RESPONSIBILITY

The Company does not fall under the criteria as mentioned in the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibilities) Rules, 2014. Therefore, the Company was not required to formulate Corporate Social Responsibility (CSR) Policy and constitute CSR Committee and consequently did not spend any amount on the same.

24. OTHER DISCLOSURES

- During the year under review, the Company has neither accepted nor renewed any fixed deposits.
- During the year under review, there are no changes in the nature of business.
- There are no material changes and commitments, affecting the financial position of the Company which has occurred between end of the financial year of the Company i.e. March 31, 2021 and the date of this Report.
- No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and your Company's operation in future.

25. ACKNOWLEDGEMENTS

Your Directors are grateful to 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 banks.

The Board would also like to express great appreciation for the understanding and support extended by the employees and Members of the Company in the difficult period. The Board express their regret at the loss of human life due to COVID-19 pandemic and have immense respect and gratitude for every person who has risked their life and safety to fight this pandemic.

Place: Ahmedabad
Date: May 21, 2021



Value
Research

For and on behalf of the Board of Directors

Saurabh Mashruwala
Additional Director
DIN: 01786490

Kavita Mandan
Director
DIN: 07419972