

# ELEVENTH ANNUAL REPORT 1996-97

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## VBC FINANCE & LEASING LIMITED

Registered Office :

6-2-913/914, Ground Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004.

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**BOARD OF DIRECTORS****C. Venkatramiah****B.K. Rao****M.S. Rama Rao****V.S. Rao****V. Rama Murthy** Managing Director**ELEVENTH ANNUAL GENERAL MEETING**

Date : 26th September, 1997  
 Day : Friday  
 Time : 12.00 Noon  
 Place : Surana Udyog Auditorium  
 The Federation of Andhra Pradesh  
 Chambers of Commerce and Industry  
 11-6-841, Red Hills,  
 Hyderabad - 500 004.

**AUDITORS :****M/s. BRAHMAYYA & CO.**

Chartered Accountants,  
 Tilak Road,  
 Hyderabad - 500 001.

**BANKERS****STATE BANK OF INDIA**

**SHARE TRANSFER AGENTS :**  
**VENTURE CAPITAL &**  
**CORPORATE INVESTMENTS LTD:**  
 6-2-913/914, Third Floor,  
 Progressive Towers, Khairatabad,  
 Hyderabad - 500 004.

**Registered Office :**

6-2-913/914, Ground Floor,  
 Progressive Towers, Khairatabad,  
 Hyderabad - 500 004.

**Branch Office :**

A-4 Unit,  
 Industrial Estate,  
 Visakhapatnam - 530 007.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the Meeting.



VBC FINANCE &amp; LEASING LIMITED

**NOTICE****NOTICE OF THE 11th ANNUAL GENERAL MEETING :**

Notice is hereby given that the 11th Annual General Meeting of VBC Finance & Leasing Limited, will be held at 12 noon on Friday, the 26th September, 1997 at Surana Udyog Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004 to transact the following business:

**I ORDINARY BUSINESS :**

- (1) To receive, consider and adopt the audited Balance Sheet as on 31.3.97 and the Profit and Loss account for the period ended on that date and the report of the Board of Directors and the Auditor's Report thereon.
- (2) To appoint a Director in place of Sri B.K. Rao, who retires by rotation under Articles 105(b) of the Articles of Association of the Company and is eligible for re-election.
- (3) To appoint a Director in place of Sri M.S. Rama Rao, who retires by rotation under Article 105(b) of the Articles of Association of the Company and is eligible for re-election.
- (4) To appoint auditors and fix their remuneration.

**II SPECIAL BUSINESS**

- (5) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution: "RESOLVED THAT Sri V.S. Rao be and is hereby appointed as a Director of the Company pursuant to Section 255 of the Companies Act, 1956".

- (6) To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

"RESOLVED THAT pursuant to Article 138 of the Articles of Association of the Company and subject to provisions of Section 269, 309, 198 and 314 and Schedule XIII and other applicable provisions if any of the Companies Act, 1956 or any amendments thereto, the Company hereby approve the appointment of Sri V. Rama Murthy as Managing Director of the Company for a period of two years with effect from 16th September, 1997 on the following terms and conditions with liberty to the Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule - XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto as may be agreed between Directors and Sri. V. Rama Murthy :

- |     |             |   |   |
|-----|-------------|---|---|
| (a) | Designation | : | Managing Director   |
| (b) | Salary      | : | Rs. 20,000/- per month  |
| (c) | H.R.A.      | : | Rs. 6,000/- per month   |
| (d) | Perquisites | : | Reimbursement of medical expenses for self and family subject to ceiling of Rs. 15,000/- per annum.<br>Company to take a suitable medical insurance policy to cover expenses in case of serious ailments to self and family.<br>Company's contribution towards P.F. as per rules of the company subject to a ceiling of 10% of the salary.<br>Gratuity in accordance with the rules of the Company not exceeding half a month's salary for every completed year of service. |
| (e) | Commission  | : | @ 1% of net profits subject to a maximum of Rs. 2 lacs per financial year, subject to the relevant provisions of Companies Act, 1956.   |

By order of the Board

Place : Hyderabad  
Date : 29-08-1997.

**V. Rama Murthy**  
Managing Director

**NOTES :**

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The register of Members and Share Transfer Books of the Company will be closed from 25th September 1997 to 26th September 1997 (both days inclusive).
3. Members who wish to seek any further information/clarification at the meeting on the annual accounts or- operations of the company are requested to send their queries at least a week in advance of the date of meeting to the Registered Office of the Company.
4. Members are requested to intimate any change in their address to the Company immediately.
5. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
6. Members are requested to bring their copies of the Annual Reports at the time of attending the meeting.

Explanatory Statement under Section 173 (2) of the Companies Act, 1956 :

**Item No. 5**

Sri V. S. Rao was appointed as Additional Director of the Company by the Board of Directors at the meeting held on 29th August, 1997 in terms of Section 260 of the Companies Act, 1956 and Article 94 of the Articles of Association of the Company. Sri V.S. Rao holds office upto the date of 11th Annual General Meeting of the Company.

The Company has received a Notice under Section 257(1) of the Companies Act, 1956 in writing from a Member proposing the candidature of Sri V.S. Rao for the office of Director along with necessary deposit.

Sri V.S.Rao who is 59 years of age is a highly qualified Engineer with several decades of experience with TISCO. Besides he is also a Director of IPITATA Sponge Iron Ltd., and Standard Chrome Ltd. To take advantage of his experience as a member of the Board of our Company, the Board commends the resolution for acceptance by the members.

None of the Directors except Sri V.S.Rao is interested in the resolution.

**Item No. 6**

Sri V. Rama Murthy was appointed as Managing Director of the Company for a period of two years with effect from 16.9.1995 as per resolution already approved by the members at the 9th Annual General Meeting held on 30.09.1995. It is proposed to reappoint him as Managing Director for a further period of 2 years from 16th September, 1997.

None of the Directors except Sri V. Rama Murthy is interested in the resolution.



VBC FINANCE &amp; LEASING LIMITED

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting 11th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 1997.

**FINANCIAL RESULTS :**

	(Rs.in lacs)	
	1996-97	1995-96
Gross Profit / (Loss) before Depreciation	(7.44)	6.98
Less : Depreciation	(5.37)	5.66
Profit / (Loss) after Depreciation	(12.81)	1.32
Less : Provision for NPAs	(1.23)	69.38
Loss after provisions for NPAs	(11.58)	68.06
Add Provision for Income Tax	-	1.25
Add Income Tax paid for earlier years	(2.88)	8.18
Loss after Total Provisions	8.70	77.49
Add Brought forward Loss from previous year	102.51	25.02
Loss carried over to next year	111.21	102.51

**02. DEPOSITS**

The aggregate deposits received by the Company from the Public upto 31.3.1997 was Rs. 33.62 lacs.

**03. DIRECTORS**

In accordance with article 105-B of the Articles of Association of the Company and the provisions of Section 260 of the Companies Act, 1956. Sri. M.S. Rao and Sri.B.K. Rao retire by rotation and being eligible, offer themselves for re-appointment.

During the year Sri. G. Venkateshwara Rao resigned as Director of the Board due to his pre-occupations. The Board places on record its appreciation for the useful contribution made by Sri G. Venkateswara Rao during his long tenure as a Director of the Company.

Sri. V.S. Rao has joined as Additional Director on the Board on 29.08.1997.

**04. RIGHTS ISSUE**

During the year your Company has gone for Rights Issue, which was subscribed to an extent of Rs. 135 lacs, being 90% of the issue amount.

**05. REVIEW OF OPERATIONS**

As the members are aware that the Company's operations were affected in the past by low network and lack of categorisation as Hire Purchase and Leasing Company.

The performance vis-a-vis the promises made in the Rights Issue for the period from 01.10.96 to 31.03.97 is given below :

	(Rs. in lacs)	
	Projected	Actual
Gross Income	13.40	19.59
Net Profit / (Loss)	(5.38)	0.83
EPS		

**06. OUTLOOK FOR THE FUTURE**

As per the recent guidelines issued by the Reserve Bank of India, your Company has already applied for registration as NBFC. Since the Company has already complied with the requirements, your Company is hopeful of getting the categorisation as Hire Purchase/Leasing Company very soon. Coupled with this, the introduction of fresh capital through Rights Issue has brightened the prospects of the Company and your Company is hopeful of achieving satisfactory results during the current year.

**07. PERSONNEL**

The Company continues to enjoy good and cordial relations with the employees at all levels.

There are no employees, who have been paid remuneration / salaries and allowances during the year under review, exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

**08. AUDITORS**

M/s Brahmayya & Co., Chartered Accountants, Hyderabad, retire as Auditors and are eligible for re-appointment.

**09. ACKNOWLEDGMENTS**

The Board acknowledges the continued support extended to the Company by the Shareholders, Depositors, Customers and our Bankers.

ON BEHALF OF THE BOARD OF DIRECTORS.

Place : Hyderabad

Date : 29.08.1997

V. Rama Murthy,  
Managing Director