

TWENTIETH ANNUAL REPORT 2005 - 2006

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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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TWENTIETH ANNUAL GENERAL MEETING

Date : 29th September 2006

Day : Friday

Time : 12.30 Noon

Place : J.S.K. Hall
FAPCCI, 11-6-841, Red Hills
Hyderabad - 500 004

BOARD OF DIRECTORS

M. Srimani - Managing Director
M.S. Rama Rao - Director
C. Madhusudan - Director
Ch. Srihari - Director
L.N. Sharma - Director
B. Gopala - Director

AUDITORS :

M/s. BRAHMAYYA & CO.

Chartered Accountants

26-13-37, Sanyasi Raju Street
Vijayawada - 520 003

BANKERS :

1. Bank of India
Main Branch, Hyderabad
2. State Bank of India
Khairatabad Branch, Hyderabad
3. ICICI Bank
Khairatabad Branch, Hyderabad

SHARE TRANSFER AGENTS : (Physical & Demat)

VENTURE CAPITAL & CORPORATE INVESTMENTS LTD.

6-2-913/914, Third Floor,
Progressive Towers, Khairatabad,
Hyderabad - 500 004.
Phone : 040-23322262/64

Registered Office :

6-2-913/914, Ground Floor,
Progressive Towers, Khairatabad
Hyderabad - 500 004.
Phone : 040-23301166/99

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.



NOTICE OF THE 20th ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting of Members of VBC Finance & Leasing Limited, will be held on Friday, the 29th September, 2006 at 12.30 Noon at J.S.K. Hall of the Federation of Andhra Pradesh Chamber of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004 to consider the following: -

ORDINARY BUSINESS:

- (1) To consider and adopt the audited balance sheet as on 31st March 2006 and the Profit and Loss Account for the period ended on that date and the reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Ch. Srihari, Director who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Mr. L.N. Sharma, Director who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint M/s Brahmayya & Co. Chartered Accountants as Auditors for the financial year 2006 - 2007, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

- (5) **Appointment of Mrs. M. Srimani as the Managing Director of the Company and fixation of the Managerial Remuneration payable :**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 if any read with Schedule XIII of the Companies Act, 1956 or any amendment or modification thereto and in accordance with Articles of Association of the Company, Mrs. M. Srimani be and is hereby appointed as Managing Director of the Company for a period of 5 years with effect from 1.4.2006 on the following terms and conditions :

Remuneration :

I. Salary : Rs.75,000/- per month

II. Perquisites :

• House Rent Allowance :

The Managing Director to be provided a fully furnished accommodation or alternatively be paid a sum not exceeding 20% of salary towards the same.

• Medical Reimbursement :

Expenses incurred by the Managing Director and her family subject to a ceiling of one month salary in a year or three month salary in a block of three years. 'Family' for the purpose of this resolution means spouse, dependent children and parents.



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- **Leave Travel Concession :**

For the Managing Director and her family once in a year in accordance with the rules as specified by the Company.

- **Club Fees :**

Fees of clubs subject to a maximum of two clubs towards membership fees during the tenure of office.

- **Car :**

Managing Director to be Provided Chauffer driven Company Car for official use.

- **Telephone :**

Telephone to be provided at the Managing Director's residence for official use.

RESOLVED FURTHER THAT in the event of no Profits / inadequate Profits, the Managing Director Shall be entitled to receive the above remuneration, Subject to the limits as Specified in Section II of Part II of schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. L.N. Sharma, Director of the Company be and is hereby authorised to file the necessary returns with the Registrar of Companies".

(6) Rights Issue

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution** :

"**RESOLVED** that in terms of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Articles of Association of the company and the listing agreement entered into by the company with the stock exchanges where the shares of the company are listed and subject to the approvals, permissions and sanctions of the concerned authorities as may be necessary, and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions and subject to the conditions as may be imposed by the Securities and Exchange Board of India (SEBI), which may be agreed to by the Board of Directors of the company including any committee constituted there of (hereinafter called the Board), at its sole discretion, the consent of the company be and is hereby accorded to the Board to create, offer and issue to the holders of the equity shares such right shares of the company to the existing shareholders of the company on the record date fixed by the board and to such other persons as are set out hereunder, such number of equity shares of the company of the face value of Rs.10/- each as may be required, for subscription in cash and at such premium per share as may be determined by the Board prior to the issue and offer thereof and ranking pari passu with the then existing equity shares of the company, save and except that such new equity shares shall only be entitled to pro-rata dividend for the financial year in which they are allotted, proportionate to the capital for the time being and from time to time paid thereon and to the period and periods for which such capital shall have been paid up respectively and on such other terms and conditions as the Board in its absolute discretion may deem fit.



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"RESOLVED FURTHER that the offer of equity shares on right basis shall be subject to the following terms and conditions and such other terms and conditions as may be necessary or stipulated in the Letter of Offer :

- a. The offer shall be made in the first instance to all existing shareholders of the Company whose names appear in the Register of Members on the record date fixed by the Board for this purpose.
- b. The shareholders to whom new equity shares are offered shall be entitled to apply for additional shares provided that a shareholder who has renounced his right in whole or in part shall not be entitled to allotment of additional shares.
- c. The offer of rights shall include a right to renounce the shares in favour of any other person(s) provided such renunciation is made before closing of the offer. The shareholders shall be entitled to apply for additional shares in their own names provided that such shareholders have subscribed to their 'Right Entitlement' in full.
- d. Renouncee may also apply for additional shares in their own names provided that they have accepted all the shares renounced in their favour. Renouncee will be entitled to be allotted to additional shares only if there is any surplus after allotment to the extent of right entitlement exercised, additional shares applied by the shareholders of the company.
- e. The allotment of the new equity shares to Non-Residents/Overseas Corporate Bodies/Foreign Institutional Investors will be subject to the approval of Government of India and/or Reserve Bank of India, if necessary.
- f. If any shares offered as "Rights" to the shareholders still remain un-subscribed, the Board shall have full discretion and absolute authority to offer them to whomsoever they may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubts that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the right issue including power to decide, accept, agree to any alteration in the size of the issue, the price of the shares to be issued or such other terms and conditions of the said issue as may be suggested or decided in consultation with the Lead Manager/SEBI or other concerned authorities and applicable guidelines from time to time and further to do all such acts, deeds, matters and things and to effect any modification to the foregoing in the best interest of the company and its shareholders and to execute all such writings and instruments as the Board may in its absolute discretion deem necessary or desirable."

By order of the Board

Sd/-

M. SRIMANI

Managing Director

Place: Hyderabad

Date: 02.08.2006



VBC FINANCE & LEASING LIMITED

NOTES :

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement in respect of item No.s 5 & 6 of the Notice is annexed hereto in pursuance of Section 173(2) of the Companies Act, 1956.
3. The Register of Members and Share Transfer Books of the Company will be closed from 26th September, 2006 to 30th September 2006 (both days inclusive)
4. 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 the Meeting, to the Registered Office of the Company.
5. Members are requested to intimate any change in their address to the company immediately.
6. Members who attend the meeting are requested to complete the enclosed attendance Slip and deliver the same at the entrance of the meeting hall.
7. Members who have multiple folios in identical names or joint accounts in the same order are requested to intimate the Company's Registrars and Share Transfer Agents, at the aforesaid address, the ledger folios of such accounts to enable the Company to consolidate all such shareholdings into one account.
8. As per the recent amendment to the Companies Act, 1956, the members of a Company are allowed to nominate any person to whom the shares shall be transmitted in the event of member's death. Members are advised to contact the Company to avail this facility.
9. Members are requested to bring their copies of Annual Reports at the time of attending the meeting.



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Explanatory Statement (Pursuant to Section 173(2) of Companies Act, 1956)

Item No.5

Mrs. M. Srimani was appointed as a Whole time Director of the Company w.e.f 1st April 2001 at the Board meeting held on the 30th March, 2001 for a period of five years and approved by the members at their 15th Annual General Meeting. During her tenure of Directorship, the Company has made a breakthrough and surpassed to transform 'into a profit making Company from a loss making Company.

Her term as the whole time director has expired on 31st March, 2006, consequently she has been appointed as the Managing Director on 1st April, 2006 at the meeting of the Board of Directors. The remuneration to Mrs. Srimani has been increased keeping in view of her contributions to the Company and the same was approved by the remuneration committee.

None of the Directors other than Mr. MSP. Rama Rao and Mrs. Srimani are interested in this resolution.

Your Directors therefore recommend for the approval of the Resolution.

Item No.6

Your company is in the process of setting up a five Star Deluxe Hotel under the renowned brand of Hilton to be named as "Trident Hilton" Hyderabad, in association with My Home group of companies and EIH Limited at Shilpakalavedika, Madhapur, Hyderabad, Andhra Pradesh.

The proposed hotel project is to be implemented by a Special Purpose Vehicle Company viz., Golden jubilee Estates Ltd. The project has been awarded to your company by Youth Advancement, Tourism and Cultural (PMU) Department, Government of Andhra Pradesh on BOT basis and is a Private, Public Participation (PPP) project.

The estimated cost of the project is at Rs.450 Crores and is proposed to be financed in the form of debt and equity. Your company proposes to hold a minimum of 26% of the total equity in the envisaged project. Your company has already invested an amount of Rs.21.60 Lakhs in the equity of Golden jubilee Estates Ltd during the financial year 2005-06.

The Board of Directors recommends the proposed resolution for acceptance by the Members

The Directors are interested to the extent of their shareholding in the Company.

By order of the Board

Sd/-

M. SRIMANI

Managing Director

Place: Hyderabad

Date: 02.08.2006

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are glad to present the Company's 20th Annual Report and Audited Accounts for the year ended 31st March 2006.

FINANCIAL RESULTS

	2005-06 (Rs. Lakhs)	2004-2005 (Rs. Lakhs)
Gross Profit before Interest and Depreciation	190.29	54.20
Less: Interest	8.80	28.22
Depreciation	9.84	8.78
Profit after Interest and Depreciation	171.65	17.20
Less: Provision for Taxation	22.80	1.50
Less : Reserve Fund as per Section 45-IC of RBI Act	34.36	3.44
Balance after Total Provisions	114.49	12.26
Less: Income Tax paid for earlier years	13.12	0.40
Add: Profit brought forward from Previous year	48.68	36.82
Balance of Profit carried over to next year	150.05	48.68

OPERATIONS:

The income generated by the company during the current year is Rs. 226.30 Lacs as against Rs. 85.42 in the previous year. The Company's strategy of investing 'in Greenfield Infrastructure projects have started yielding results and the said income includes capital gain of Rs. 1.25 Crores (approx) on the sale of investments by the Company.

FUTURE OUTLOOK:

Your Company has approved its participation in a joint venture/ Special Purpose Vehicle Company for implementing a Five Star Deluxe Hotel project at Shilpakalavedika, Madhapur, Hyderabad, Andhra Pradesh in consortium with My Home Group and EIH Limited. The said project would be implemented by a JV/SPV' namely M/s. Golden Jubilee Estates Limited. It is a Private Public Participation (PPP) project awarded by Youth Advancement, Tourism and Culture (PMU) Department, Government of Andhra Pradesh on BOT basis.

The total cost of the project is estimated at Rs.450 Crores and is to be financed in the debt & equity ratio of 1.40 : 1.00. The said hotel will be branded as "Trident Hilton-Hyderabad." The Company intends to hold a minimum of 26% equity in the proposed Company. In this regard, the Company has invested to the tune of Rs.21.60 Lacs in the equity of M/s.Golden Jubilee Estates Limited during the financial year 2005-06

DEPOSITS:

The Company has not accepted any fresh deposits during the year under review. The Company has repaid all unclaimed Deposits and has no liability towards deposit accounts. Further Reserve Bank of India has categorized the company as a "Non-Deposit Accepting Company".