

# **TWENTY-FIRST ANNUAL REPORT 2006 - 2007**

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## **VBC FINANCE & LEASING LIMITED**

**Registered Office :**

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

Tel: 91 40 23331234/35, Fax: 040-23331244/55

E-mail: [vbcflcs@gmail.com](mailto:vbcflcs@gmail.com)

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## TWENTY-FIRST ANNUAL GENERAL MEETING

Date : 28th September 2007  
Day : Friday  
Time : 2.30 PM  
Place : J.S.K Hall  
FAPCCI, 11-6-841, Red Hills  
Hyderabad – 500 004

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**BOARD OF DIRECTORS**

<b>Mrs. M.Srimani</b>	<b>Managing Director</b>
<b>Mr. M.S.Rama Rao</b>	<b>Director</b>
<b>Mr. C.Madhusudan</b>	<b>Director</b>
<b>Mr. Ch.Srihari</b>	<b>Director</b>
<b>Mr. L.N.Sharma</b>	<b>Director</b>
<b>Mr. B.Gopala</b>	<b>Director</b>

**COMPANY SECRETARY**

<b>Ms. S. P. Hima Bindu</b>	<b>Company Secretary &amp; Compliance Officer</b>
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**AUDITORS**

M/s. BRAHMAYYA &CO.  
Chartered Accountants  
10-50-24, Siripuram,  
Visakhapatnam- 530 003

**BANKERS**

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

**SHARE TRANSFER AGENTS :**

(Physical & Demat)

VENTURE CAPITAL & CORPORATE INVESTMENTS LTD.

12-10-167, Bharat Nagar,  
Hyderabad- 500 018.

Tel: 040-23818475/76, 23868023

Fax: 040-23858024

E-mail: [info@vccilindia.com](mailto:info@vccilindia.com)

**NOTE :** 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 21<sup>ST</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that 21st Annual General Meeting of Members of M/s. VBC Finance & Leasing Limited, will be held on Friday, the 28th September, 2007 at 2.30 PM 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 2007 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. M S Rama Rao, Director who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Mr. B. Gopala, 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 2007-2008, 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) To authorize the Board of Directors to mortgage the Company's properties upto Rs. 50.00 Crores under section 293(1)(a) of the Companies Act, 1956.

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

**"RESOLVED THAT** the Company do hereby accord its consent under section 293(1)(a) of the Companies Act, 1956, to mortgage / charge/hypothecation by the Board of Directors of the company of all or any of the immovable and movable properties of the company, wherever situated, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of Directors may think fit, together with the power to take over the management of the business and concern of the company in certain events for securing any loans and/or advances already obtained or that may be obtained from any Financial Institutions/Banks/Insurance companies or person or persons subject to a overall limit of Rs.50.00 crores (Rupees Fifty crores only)."

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to execute necessary documents for creating the aforesaid mortgage and/or charge and to do all such acts, deeds and things as may at its discretion deem necessary or desirable and incidental for giving effect to the above resolution.

**(6) Borrowing Powers:**

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

**"RESOLVED THAT** pursuant to section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rupees Fifty Crores"

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution."

By order of the Board  
for VBC Finance & Leasing Limited

Sd/-

**S P Hima Bindu**  
Company Secretary

Place: Hyderabad  
Date: 30.06.2007

**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 25th September, 2007 to 28th September 2007 (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.

By order of the Board  
for VBC Finance & Leasing Limited

Sd/-  
S P Hima Bindu  
Company Secretary

Place: Hyderabad  
Date: 30.06.2007

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

**Item No.5 & 6**

Your Company may be required to borrow funds from Financial Institutions to meet the long term financial requirements of the Company for setting up a 5 Star Deluxe Hotel under the prestigious brand of Hilton Group to be named as "Trident Hilton" Hyderabad, in association with My Home group and EIH Limited at Shilpakalavedika, Madhapur, Hyderabad, Andhra Pradesh. 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.

To secure the loans borrowed /guarantees given, the Company may be called upon to provide security by creating charge on its movable and immovable properties. In terms of Section 293(1) (a) of the Companies Act, 1956, it is necessary for the Company to obtain approval of the Members before creation of the mortgage/ charge / hypothecation in favour of the lending agencies.

To borrow any money together with the monies already borrowed by the Company ( apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeding the aggregate of the paid -up capital of the Company and its free reserves, it is necessary for the Company as per the section 293(1)(d) of the Companies Act, 1956 to obtain prior approval of the Members to borrow money from Banks/ financial Institutions or any other lending agencies, as it necessitates.

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

None of the Directors of the Company are interested in the proposed resolutions.

By order of the Board  
for VBC Finance & Leasing Limited

Sd/-  
**S P Hima Bindu**  
Company Secretary

Place: Hyderabad  
Date : 30.06.2007

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have the pleasure in presenting the 21st Annual Report on the Business and Operations of the Company and the Audited Statement of Accounts for the year ended 31st March 2007.

The **financial highlights** of the Company for the year are as under:

	<b>2006-07</b> <b>(Rs. in Lakhs)</b>	<b>2005-06</b> <b>(Rs. in Lakhs)</b>
Gross Profit before Interest and Depreciation	51.81	190.29
Less: Interest	4.39	8.80
Depreciation	18.04	9.84
Profit after Interest and Depreciation	29.38	171.65
Less: Provision for Taxation	12.10	22.80
Less: Reserve Fund as per Section 45-IC of RBI Act	—	34.36
Balance after Total Provisions	17.28	114.49
Less: Income Tax paid for earlier years	2.51	13.12
Add: Profit/(Loss) brought forward from Previous year	150.05	48.68
Balance of Profit carried over to next year	164.82	150.05

**Review of Operations:**

Your Company has earned a Gross Revenue of Rs.106.62 Lakhs as against Rs.226.30 Lakhs during the previous year. The Bombay Stock Exchange has lifted the suspension in trading the securities of the Company from 5th June, 2007. The shares were quoted on the opening day at the rate of Rs.36.85 per share.

**Future Prospects:**

During the year under review, your Company has executed the Lease Agreement together with a Development & Management Agreement on 9th May, 2007 with the Government of Andhra Pradesh through a Project SPV Company called M/s. Golden Jubilee Hotels Limited (formerly known as M/s. Golden Jubilee Estates Limited) incorporated by the Company in consortium with My Home Group and EIH Limited for implementing a Five Star Deluxe Hotel project at Shilpakalavedika, Madhapur, Hyderabad, Andhra Pradesh.



The Project has registered considerable progress in design development and the work at site will commence during the current year. Your Company will be rendering Consultancy services to the hotel project.

On the execution of the Project, your Company would derive the advantages of the booming hotel industry in Hyderabad. As per the Indian Hotel Industry Survey done by the HVS International, a renowned hospitality service firm, Hyderabad is expected to see an addition of between 7000 to 8000 rooms to the city's current room inventory. The recently opened Hyderabad International Convention Centre has put the city on the map of key conferencing destinations nationally and internationally, and will drive significant demand for hotel accommodation in the city. Key demand driving sectors in Hyderabad include the IT, BPO and KPO sectors, located at Hitec city, where our proposed Hotel Project is also situated, is an additional location benefit for the Company. The current growth trends in Hyderabad indicate that the city has significant potential for hotel activity in the future and thus will absorb the new addition to hotel room inventory.

(Source: Federation of Hotel & Restaurant Associations of India (FHRAI) and HVS International annual edition)

Your Company has firmed up its plans to venture into Hotel Project Consultancy and thus engaged experienced professionals and a team of qualified personnel's having expertise in their respective fields who are capable of assisting and executing the Mega-Infrastructure projects with a specific focus on "Hotel Projects."

As you are aware that your Company has embarked into the Hospitality business and it no longer has any intentions to continue as an NBFC. Therefore, the Company would approach the Reserve Bank of India for the surrender of the Certificate of Registration (COR) of the NBFC status in the due course.

The Board of Directors are sure that the Company will reap the benefits of the booming economy and growing hotel industry by penetrating at the stage of inception and by rendering them the Project Management and Consultancy services.

#### **DEPOSITS:**

The Company has not accepted any 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".

#### **DIVIDEND:**

Having regard to the significant capital expenditure envisaged for the hotel project, your Directors have decided to augment long term resources, therefore no dividend is recommend for the financial year 2006-07.

#### **PERSONNEL:**

There are no employees, who have been paid remuneration / salaries and allowance during