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ANNUAL REPORT 1996 - 97

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BCC FINANCE LTD.

BCC Finance Limited

BOARD OF DIRECTORS : SHRI GURVINDER SINGH BHATIA *Managing Director*
: SHRI SURENDER SINGH BHATIA *Executive Director*
: SHRI MANJEET SINGH BHATIA *Director*

AUDITORS : M/S R.S. BANSAL & CO.,
CHARTERED ACCOUNTANTS,
URVASHI, 3, JAORA COMPOUND,
INDORE (M.P.) 452 001

BANKERS : THE BANK OF RAJASTHAN LTD.,
BANK OF INDIA
PUNJAB NATIONAL BANK
STATE BANK OF INDIA

REGISTERED OFFICE : CHAMBER NO. R/4
VATSALYA CHAMBERS
31, SNEH NAGAR
INDORE (M.P.) 452 001.

Certified True copy
FOR BCC FINANCE LIMITED

[Signature]
Manager Finance

ANNUAL REPORT 1996-97**NOTICE**

Notice is hereby given that the Fourth Annual General Meeting of the Members of BCC FINANCE LTD. will be held on Monday, the 29th September, 1997 at 4.30 p.m. at the Registered Office of the Company situated at R/4, Vatsalaya chamber, 31, Sneh Nagar, Main Road, Indore - 452 001 (M.P) to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended March, 31, 1997 and the Reports of the Directors and of the Auditors thereon.
2. To declare dividend on Equity Shares
3. To appoint a Director in place of Shri Surender Singh Bhatia, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors for the year 1997-98 and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:-

RESOLVED that pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to give any guarantee or provide any security, in connection with loans made by any other person to, or to any other person by, any body corporate upto a maximum limit of Rupees Five Crores at any point of time on such terms and under such conditions as the Board of Directors may deem fit.

6. To consider, and if, thought fit, to pass with or without modification the following Resolution as a Special Resolution :-

RESOLVED that pursuant to Section 293(1) (a) of the Companies Act, 1956, consent be and is hereby accorded to mortgage and/or charging, by the Board of Directors of the Company (The Board) in such form and such terms and conditions and at such time or times as the Board may deem fit, the whole or any part of the present and future properties, whether immovable or movable, of the company including the whole or substantially the whole of all or any of the undertakings of the Company wheresoever situate in favour of any Central or State institution for securing any loan or financial accommodation including foreign currency loans granted or to be granted by such Financial Institutions, Bank(s) body Corporate or lending institution as the case may be, for securing any loan(s) and/or issue of debentures by the company together with interest thereon at respective agreed rates, compound interest, additional, liquidated damages, commitment charges premium on prepayment or on redemption, costs, charges, expenses and other moneys payable in connection therewith including any increase as a result of devaluation./revaluation/fluctuation in the rates of exchange of foreign currencies involved payable by the company to any such Financial Institution, Bank, Body Corporate, or other lending institution under the loan agreement(s) /Letters of Sanction/Memorandum of Terms and conditions entered into/ to be entered into by the Company with any of them and/or confirming power Company to any of them to enter upon and to take possession of assets of the Company in certain events of default, mentioned in the explanatory statement to this Resolution, and further that the Board be and is hereby authorised to finalise with all or any of them the documents for creating the mortgages and/ or charges aforesaid and to do all such acts, deeds and things including execution of such documents as may be necessary or expedient for giving effect to this Resolution.

By order of the Board

G.S. BHATIA

Chairman & Managing Director

Place : Indore

Date : July 31, 1997

BCC Finance Limited**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The enclosed proxy form, if intended to be used, should reach the Registered Office of the company duly completed not less than forty-eight hours before the scheduled time of the Meeting.
2. Please bring your copy of the Annual Report to the Meeting.
3. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the Meeting.
4. Dividend as recommended by Board of Directors, if declared at the Annual General Meeting, will be paid to the Members whose names are borne on the Company Register of Members or to their mandatees as on 29th September, 1997 unless ordered otherwise by any authority having jurisdiction in the matter.
5. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out above is annexed hereto.
6. The Register of members and Share transfer books of the Company will remain closed from Tuesday, the 16th September, 1997 to Monday, the 29th September, 1997 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5**

In the course of the Company business, the Company is required to give corporate guarantees on behalf of other bodies corporate, firms, organisation and other business associates to secure certain payment or performances. In accordance with Section 370(1) of the Companies Act, 1956, no such guarantee can be given or security provided by the Company unless giving of such guarantee or provision of security has been previously authorised by the Company by a Special Resolution. Accordingly, the proposed Special Resolution seeks authorisation of the Members to enable the Board of Directors to give guarantees or provide security as and when necessary upto a limit of Rs. Five Crores on such terms and conditions as the Board may deem fit.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 6

Section 293(1) (a) of the Companies Act, 1956 (The Act) provides inter alia, that the Board of Directors of a Public Company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, the whole or substantially the whole of any such undertaking.

The company is planning to raise financial assistance from Banks, Financial Institutions and other bodies corporate for expansion of its activities. As and when the financial assistance is sanctioned to the Company by such Banks, Financial Institutions etc., such loans will be required to be secured by charge/mortgage over all or any of the Company movable or immovable properties.

Since the mortgage and/or charging by the company of its immovable and movable properties in favour of the Financial Institutions/Banks/any other persons may be regarded as disposal of the Company properties/undertakings, it is necessary for the members to pass a Resolution under Section 293(1) (a) of the Act. The Board recommends the Resolution.

None of the Directors is in any way interested or concerned in the Resolution.

By order of the Board

G.S. BHATIA

Chairman & Managing Director

Place : Indore

Date : July 31, 1997

ANNUAL REPORT 1996-97**DIRECTORS REPORT**

To
The Members,
BCC Finance Ltd.
INDORE.

Your Directors have pleasure in presenting the **FOURTH ANNUAL REPORT** along with audited accounts of the year ended on 31st March, 1997.

FINANCIAL PERFORMANCE

(Rs.in lacs)

	For the year ended 31.03.1997	For the year ended 31.03.1996
Gross Income	128.09	80.48
Gross Profit	108.40	66.60
Less : Depreciation	38.56	23.21
Less : Interest	3.31	0.47
Profit Before Tax	66.53	42.92
Less : Provision for Income-Tax	10.72	1.55
Profit After tax	55.81	41.37
Add : Adjustment in respect of earlier years	—	1.00
Add : Balance brought forward from last year	30.25	17.15
Amount available for appropriation	86.06	59.52
APPROPRIATIONS		
Proposed Dividend	33.00	19.28
Provision for tax on dividends	3.30	—
Transfer to General Reserve	15.00	10.00
Balance carried to Balance Sheet	34.76	30.24
TOTAL	86.06	59.52

DIVIDEND :

Your Directors are pleased to recommend for your approval a dividend of 10% (Previous Year - 10% on Prorata basis). The proposed dividend will absorb Rs. 33 lacs. (Previous Year - Rs. 19.28 Lacs)

OPERATIONS

During the year under review, the gross income of the Company was Rs.128.09 lacs as against Rs. 80.48 lacs in the previous year. The profit before interest and depreciation was Rs.108.40 lacs as against Rs.66.60 lacs in the previous year. After providing for interest and depreciation the Company earned a profit before tax of Rs.66.53 lacs as against Rs. 42.92 lacs in the previous year.

The members will appreciate that the Company has achieved all round progress during the year under review. Your Directors feel that this performance is creditable considering the depressed state of the financial sector in general. The Company's performance could have been much better but for want of funds in the light of bank's reluctance to lend funds to Non-banking Finance Company's in general. Due to the sluggish conditions prevailing in the industrial sector of the economy, the creditworthiness of most of the companies in this sector has suffered badly necessitating more prudent approach on the part of Finance Companies while advancing funds to them. Your Directors are of the view that but for all these factors, the performance of the Company would have been much better. Yet, inspite of all these limitations, the company has been able to show better performance than previous year as reflected in the above figures.

Your Company has already filed application for registration with NBFC on 2nd July, 1997.

BCC Finance Limited**FIXED DEPOSIT**

During the year under review, the Company launched its fixed deposits scheme. Since the scheme was introduced at the end of the year, the deposit mobilisation till the year end has been moderate. Your Directors are confident that deposit mobilisation would pick up during the current year. There have been no defaults whatsoever in repayment or compliance of other provisions in this regard. There are no deposits which are due/overdue on the date of the Balance Sheet. Since the Company is a Non-banking Finance Company, these deposits are outside the purview of Section 58A of the Companies Act, 1956.

FUTURE OUTLOOK

Your Company has initiated various measures to substantially improve the quality of its infrastructure and human resources, so that it can be a noticeable player in the financial services industry. The opening up of the Indian economy is bound to generate more and more demand for innovative financial services. The Reserve Bank of India has taken some steps to improve the liquidity in the market. It is hoped that with this, the state of financial and capital markets would also improve. The company has focused its attention on niche segments of the industry for extending financial assistance. Your Directors are, therefore, confident of sustaining the pace of growth and its quality in the coming years.

PROJECTIONS V/S PERFORMANCE

As required under clause 43 of the Listing Agreement the comparison of projections as given in the prospectus dated 13th June, 1995 as p.a against actual performance of the company is given herein below.

	(Rs.in lacs)	
	Projected for the year ended 31.03.1997	Actuals for the year ended 31.03.1997
Profit before Tax	144.25	66.53
Profit after Tax	86.95	55.81
Book Value (Rs.)	12.50	11.81
Earning per share (Rs.)	2.63	1.59

The reasons for lower income & profits are discussed earlier in the report.

STATUTORY INFORMATION

Your company has no activities relating to conservation of energy or technology absorption. There were no earnings or outgo in foreign exchange.

During the year under review, there was no employee drawing salary in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956, and the rules prescribed thereunder.

DIRECTORS

Shri S.S.Bhatia retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. Shri Vishnu Prasad Bindal, Shri Paresh Agrawal and Shri I.K.Agrawal resigned from the Board of Directors of the Company during the year owing to other preoccupation. Your Directors place on record their sincere appreciation of the valuable services rendered by the outgoing Directors and their contribution in enriching the deliberations of the Board.

AUDITORS

The Auditors, M/s R.S.Bansal & Co., Chartered Accountants, Indore retire and are eligible for reappointment. You are requested to consider their re-appointment for the financial year ending March, 1998.

ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the active support given by the bankers, shareholders, employees and clients for their continued support to the Company.

For & on behalf of the Board

GURVINDER SINGH BHATIA
Chairman & Managing Director

Place : Indore

Date : June 30, 1997