

5th ANNUAL REPORT

1997-98

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	✓
TRA	NA	✓	AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		



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BCC FINANCE LTD.



BCC Finance Limited

BOARD OF DIRECTORS	:	SHRI GURVINDER SINGH BHATIA	(Chairman & Managing Director)
	:	SHRI SURENDER SINGH BHATIA	(Executive Director)
	:	SHRI MANJEET SINGH BHATIA	(Director)
	:	SHRI J. K. JAIN	(Director)
AUDITORS	:	M/s R. S. BANSAL & Co. Chartered Accountants Urvashi, 3, Jaora Compound, Indore - 452 001 (M.P.)	
BANKERS	:	THE BANK OF RAJASTHAN LTD. BANK OF INDIA PUNJAB NATIONAL BANK INDUSIND BANK LTD.	
REGISTERED OFFICE	:	"BCC HOUSE", 8/5, Manoramaganj, Navratan Bagh Main Road, Indore - 452 001 (M.P.)	

Annual Report 1997-98**NOTICE**

Notice is hereby given that the Fifth Annual General Meeting of the Members of BCC FINANCE LTD. will be held on Wednesday, the 30th September, 1998 at 4.30 p.m. at the Registered Office of the Company situated at BCC House, 8/5, Manoramaganj, Navratan Bagh 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, 1998 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 Gurvinder Singh Bhatia, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Manjeet Singh Bhatia, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors for the year 1998-99 and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that in partial modification of Resolution passed at the Annual General Meeting held on 14.11.1994 and subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the payment of a revised remuneration of Rs. 20000/- (Rupees Twenty Thousand only) to Shri. G. S. Bhatia, Managing Director for the remaining period of his tenure of office, effective September 1, 1998. Resolved further that the other terms and conditions of appointment including perquisites payable to Shri G. S. Bhatia shall remain unchanged.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification thereof.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised with liberty and powers to the Board to increase, reduce, alter or vary the terms of remuneration in such manner as the Board may deem fit within the limits specified in Schedule XIII of the Companies Act, 1956, as existing or as amended, modified or re-enacted from time to time.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

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

"RESOLVED that in partial modification of Resolution passed at the Annual General Meeting held on 14.11.1994 and subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the payment of a revised remuneration of Rs. 20000/- (Rupees Twenty Thousand only) to Shri. S. S. Bhatia, Executive Director for the remaining period of his tenure of office, effective September 1, 1998. Resolved further that the other terms and conditions of appointment including perquisites payable to Shri S. S. Bhatia shall remain unchanged.

RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to the Executive Director shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification thereof.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised with liberty and powers to the Board to increase, reduce, alter or vary the terms of remuneration in such manner as the Board may deem fit within the limits specified in schedule XIII of the Companies Act, 1956, as existing or as amended, modified or re-enacted from time to time.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

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

"RESOLVED that Mr. J. K. Jain be and is hereby appointed a Director of the Company."

By order of the Board
For BCC FINANCE LTD.

Sd
G.S. Bhatia
Managing Director

Place : Indore
Dated : September 1, 1998

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. 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.
5. The Register of members and Share transfer books of the Company will remain closed from Friday, the 25th September, 1998 to Wednesday, the 30th September, 1998 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6 & 7

Shri G. S. Bhatia and Shri S. S. Bhatia were appointed as Managing Director and Executive Director respectively on 14.11.1994 at a remuneration of Rs. 10000/- per month each. This remuneration was fixed keeping in view the fact that the Company had just been formed and was yet to stabilise its operations. Both the Directors accepted a remuneration much less than the prevailing levels with a view to consolidating the Company in the initial years. Now that the company is well established, it is proposed to raise the remuneration to a reasonable level taking into consideration the present levels of remuneration payable to senior executives.

In view of the above, your Board at its Meeting held on 1st Sept., 1998 decided to rationalize the remuneration payable to the Managing Director and the Executive Director and proposed that the remuneration payable to them and the terms of appointment be revised as proposed in the Resolution at Item No. 6 and 7 of the notice. The present salary of Rs. 10000/- per month is sought to be raised to Rs. 20000/-. In addition, both the Managing Director and the Executive Director shall continue to be entitled to gratuity (not exceeding half a month's salary for each completed year of service) and encashment of leave at the end of tenure, if approved by members.

The Directors recommend the adoption of the Resolution at Item No. 6 and 7 of the Notice. Except Shri G. S. Bhatia and Shri S. S. Bhatia themselves and Shri Manjeet Singh Bhatia, being a relative, no Director is in any way concerned or interested in this item.

The resolutions and explanatory statement may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 8

Mr. J. K. Jain was appointed as an Additional Director of the Company effective 29th Sept., 1997 and his term of office expires at the conclusion of this Annual General Meeting.

Mr. J. K. Jain, aged about 33 years, has rich experience and the Board of Directors consider that in view of background and experience of Mr. Jain, it would be in the interest of the Company to appoint him as a Director of the Company.

The Company has received a notice alongwith a deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Jain as a Director of the Company.

The Board recommends the Resolution for approval of the shareholders.

Mr. J. K. Jain is interested or concerned in the proposed Resolution. None of the other Directors is interested or concerned in the proposed Resolution.

By order of the Board
For **BCC FINANCE LTD.**

Sd

G.S. Bhatia
Managing Director

Place : Indore
Dated : September 1, 1998

Annual Report 1997-98**DIRECTORS REPORT**

To,
The Members
BCC Finance Limited,
INDORE.

Your Directors have pleasure in presenting the Fifth Annual Report along with audited accounts of the company for the year ended on 31st March, 1998.

FINANCIAL PERFORMANCE

(Rs. in lacs)

	For the year ended 31. 3. 1998	For the year ended 31. 3. 1997
Gross Income	1141.98	128.09
Gross Profit	57.43	110.60
Less : Depreciation	26.74	38.56
Less : Interest	12.45	4.01
Profit Before Tax and Provision for NPA	18.24	68.03
Add : Prior Period Adjustments	28.75	---
Less : Provision for Income-tax	12.00	10.73
: Provision for Non Performing Assets	12.08	1.50
Profit After Tax	22.91	55.80
Add : Balances brought forward from last year	34.75	30.25
Amount available for appropriation	57.66	86.05
APPROPRIATIONS		
Proposed Dividend	16.50	33.00
Provision for Tax on Dividends	1.65	3.30
Transfer to General Reserve	---	15.00
Transfer to Statutory Reserve	12.50	34.75
Balance carried to Balance Sheet	27.01	---
TOTAL	57.66	86.05

DIVIDEND

In view of a fall in profits during the year and in order to consolidate the Company's financial position by ploughing back the profits, your Directors have recommended a dividend at the rate of 5% amounting Rs. 16.50 lacs for the year 1997-98 (previous year 10% amounting Rs. 33 lacs).

OPERATIONS

During the year under review, the gross income of the Company was Rs. 1141.98 lacs (as against Rs. 128.09 lacs in the previous year) including sales of Rs. 1020.44 lacs (Previous year nil). Profit before interest and depreciation was Rs. 57.43 lacs as against Rs. 110.60 lacs in the previous year. After providing for interest and depreciation, the company earned a profit before tax of Rs. 18.24 lacs as against Rs. 68.03 lacs in the previous year.

The Company has achieved a reasonable performance during the year under review despite adverse conditions prevailing in the financial markets. Availability of funds from banks to Non-banking financial companies continues to be difficult. 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.

BCC Finance Limited**FIXED DEPOSIT**

During the year under review, Reserve Bank of India came out with a fresh set of Rules for acceptance of deposits. As a result of this, your company has decided to discontinue the fixed deposit scheme. The aggregate deposits as on 31.3.1998 amounted to Rs. 6.09 lacs. During the current year, the entire amount of Public Deposits has been paid off and there are no outstanding Public Deposits as on date.

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

The outlook for NBFCs in the current year depends upon the factors discussed above as also the state of the economy in general. However, 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 service industry. The company has focussed its attention on niche segments of the industry for extending financial assistance. Your Company has received the approval of Reserve Bank of India to carry on the business of Money Changers and has already started this business. Your directors are confident of achieving a better performance 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 against actual performance of the company is given herein below.

(Rs. in lacs)

	Projected for the year ended 31. 3. 1998	Actual for the year ended 31. 3. 1998
Profit Before Tax	184.79	18.24
Profit After Tax	74.85	22.91*
Book Value (Rs.)	13.83	11.51

* Including prior year adjustments

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. The company's total foreign exchange earnings (arising out of export of De-oiled cake) amounted to Rs. 27.44 lacs (Previous year Nil). There was no outgo in foreign exchange (Previous year nil).

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.

The Company's shares are listed on Indore, Mumbai and Ahmedabad Stock Exchanges. Listing fee has duly been paid to all these exchanges.

DIRECTORS

Shri Gurvinder Singh Bhatia and Shri Manjeet Singh Bhatia retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Shri J. K. Jain, who has rich experience in administrative and commercial matters, was appointed as an Additional Director of the Company with effect from 29th Sept., 1997. His term of office expires at the forthcoming Annual General Meeting. Being eligible, he offers himself for reappointment.

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, 1999.

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.

By order of the Board
For **BCC FINANCE LTD.**

Sd

G.S. Bhatia
Chairman

Place : Indore
Dated : September 1, 1998