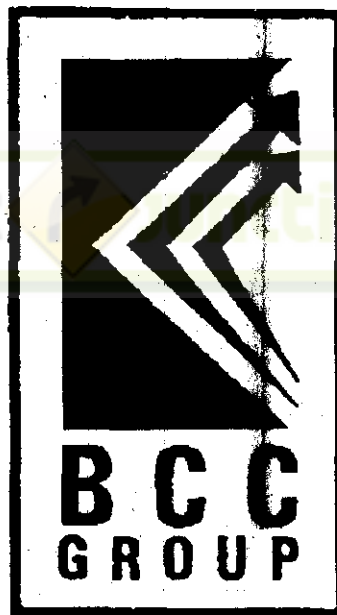


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# **ANNUAL REPORT**

## **1998 - 99**



**CERTIFIED TRUE COPY**

*For BCC Finance Limited*

*Executive Director*

## **BCC FINANCE LTD.**



**BOARD OF DIRECTORS :** SHRI GURVINDER SINGH BHATIA (Chairman & Managing Director)  
: SHRI SURENDER SINGH BHATIA (Executive Director)  
: SHRI MANJEET SINGH BHATIA (Whole Time Director )  
: SHRI J.K. JAIN (Director)

**AUDITORS :** M/s R.S. BANSAL & Co.  
Chartered Accountants  
Urvarshi, 3, Jaora Compound,  
Indore - 452 001 (M.P.)

**BANKERS :** THE BANK OF RAJASTHAN LTD.  
UCO BANK  
PUNJAB NATIONAL BANK  
INDUSIND BANK LTD.

**REGISTERED OFFICE :** "BCC HOUSE",  
8/5, Manoramaganj,  
Navratan Bagh Main Road,  
Indore - 452 001 (M.P.)

**Annual Report 1998-99****NOTICE**

Notice is hereby given that the Sixth Annual General Meeting of the Members of BCC FINANCE LTD. will be held on Thursday, the 30th September, 1999 at 4.30 p.m. at the Registered Office of the Company situated at 'BCC House', 8/5, Navratanbagh Main Road, Manoramaganj, 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, 1999 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 1999-2000 and to fix their remuneration.

**SPECIAL BUSINESS****5. AMENDMENT OF OBJECTS CLAUSE :**

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

"RESOLVED that pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be required, the Objects clause of the Memorandum of Association of the Company be and is hereby altered in the manner and to the extent specified below that is to say-

- a) In Clause III(A) of the Memorandum of Association, under the head Main objects of the Company to be pursued by the Company on its incorporation, in lieu of the existing sub-clauses 1 to 4, new sub-clauses reading as under and numbered as sub-clause 1 and 2 be substituted :
  1. To act as merchant importers and exporters and trade in global market as importers and exporters of all commodities and to act as indenting agent and trading agent for national and international manufacturers and traders.
  2. To apply for, approach and obtain status of export house, star trading house etc. to act as such and for the purpose, to act as buyer, seller, importer, exporter, broker, representative, marketman, distributors, stockists or otherwise to deal in all sorts of goods, articles, items, commodities, merchandise, chattels of products whether manufactured or produced by the company or otherwise.
- b) In Clause III(C) of the Memorandum of Association, under the head Other Objects, after the existing sub-clause 39, the existing sub-clauses 1 to 4 of Clause III(A) of the Memorandum of Association under the head Main objects of the Company to be pursued by the Company on its incorporation, reading as under be substituted and be numbered as sub-clauses 40 to 43 :
  40. To carry on and undertake the business of finance, including housing finance and trading, hire-purchase, leasing and to finance lease operations of all kinds by and to subsidize, finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable property, including land and buildings, plant and machinery, equipment, automobiles, computers and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever and receive rental and other payments thereof including resale thereof regardless of whether the property purchased and leased by new and/or used.
  41. To carry on the business of investment and to underwrite, sub-underwrite, to invest in and acquire and hold, sell, buy or otherwise deal in shares, debentures, bonds, units and securities whether issued or guaranteed by any government, local authority or otherwise or other interest in any other company.
  42. To manage investment pools, mutual funds, syndicate in shares, stocks, securities, finance, promissory notes, bonds, hundies, coupons and other negotiable instruments and securities. But shall not do Banking business as defined under the Banking Regulation Act, 1949.
  43. To carry on the business of finance, servicing including factoring, making of loan both short-term and long-term trust, legal trust, and to finance, industrial enterprises and to promote companies engaged in industrial and trading business.

**BCC Finance Limited**

RESOLVED FURTHER that the Company hereby accords its approval as required pursuant to the provisions of Sub-Section (2A) of Section 149 of the Act to the commencement and implementation of the new objects stated in sub-clauses 40 to 43 of clause III-C of the Memorandum of Association of the Company with immediate effect and would always be deemed to have accorded its approval in the past.

RESOLVED FURTHER THAT the Board of Directors of the Company or the person(s) authorised by the Board as an authorised representative of the Company be and are hereby authorised to agree and accept the conditions, deletations, alterations, modifications, additions, changes, in the objects proposed or suggested by the any empowered authorities, and the Board of Directors of the Company be and is hereby authorised to take all necessary, incidental, ancillary, steps, things, deeds, action, for the purpose for giving effect to the said resolution."

**6. CHANGE OF NAME OF THE COMPANY :**

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

"RESOLVED that subject to the approval of the Central Government under section 21 of the Companies Act 1956, the name of the company be changed from 'BCC Finance Limited' to 'BCC International Limited' or such other name as the Board of Directors may deem fit and which may be approved by the Central Government and other appropriate authorities, if required.

RESOLVED FURTHER that the name 'BCC Finance Limited' wherever it occurs in the Memorandum and Articles of Association of the company be substituted by the new name 'BCC International Limited' or such other name as may be deemed fit by the Board of Directors and approved by the Central Government and other appropriate authorities, if required.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary steps to change the name of the company."

**7. REAPPOINTMENT OF MANAGING DIRECTOR :**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) approval of the members be and is hereby accorded to the reappointment of Shri Gurvinder Singh Bhatia as the Managing Director of the company for a period of 5 years with effect from 19th day of October, 1999 without any remuneration.

RESOLVED FURTHER that the Board of Directors of the company shall be at a liberty to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Gurvinder Singh Bhatia.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds matters and things as may be considered desirable or expedient to give effect to this resolution."

**8. REAPPOINTMENT OF EXECUTIVE DIRECTOR :**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to the reappointment of Shri Surender Singh Bhatia as the Executive Director of the company for a period of 5 years with effect from 19th day of October, 1999 at the following remuneration :

Salary : Rs. 20000/- (Rupees Twenty Thousand) per month.

Perquisites : Following perquisites shall be provided to the Executive Director over and above the salary:

1. Gratuity payable not exceeding half month's salary for each completed year of service.
2. Encashment of leave at the end of tenure.

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RESOLVED FURTHER that the Board of Directors of the company shall be at a liberty to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Surender Singh Bhatia.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds matters and things as may be considered desirable or expedient to give effect to this resolution."

**9. APPOINTMENT OF WHOLE-TIME DIRECTOR :**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to the appointment of Shri Manjeet Singh Bhatia as the Whole-time Director of the company for a period of 5 years with effect from 1st day of December, 1998 at the following remuneration :

Salary : Rs.10,000/- (Rupees Ten Thousand) per month.

Perquisites : Following perquisites shall be provided to the Director over and above the above salary :

1. Gratuity payable not exceeding half month's salary for each completed year of service.

2. Encashment of leave at the end of tenure.

2. RESOLVED FURTHER that the Board of Directors of the company shall be at a liberty to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Manjeet Singh Bhatia.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds matters and things as may be considered desirable or expedient to give effect to this resolution."

By order of the Board  
For BCC FINANCE LTD.

G.S. Bhatia  
Managing Director

Place : Indore

Dated : 01st September, 1999

**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's Register of Members or to their mandatees as on 30th September, 1999 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, 21st September, 1999 to Thursday, the 30th September, 1999 (both days inclusive).

**BCC Finance Limited****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5 & 6**

The members are aware that in the era of globalisation of the Indian economy, international business has assumed greater significance. In the years to come, with trade barriers being broken, international trade is expected to be in the forefront of national priorities. Your Directors foresee a tremendous potential in import and export related activities in the coming years.

The company has been carrying on business as a financial services company since inception and has performed reasonably well. However, in the recent past, it has been felt that financial services sector has been passing through tough times. This trend is likely to persist in future also.

It is, therefore, proposed that international business, viz. import and export of goods be pursued by the company as main activity in lieu of financial services, which has been the main activity pursued by the company hitherto. The company thus wants to shift focus from financial services to international business while carrying out both the activities. It is therefore proposed to shift financing activities from the main objects to other objects and incorporate international business as the company's main objects in the Memorandum of Association.

It is also proposed to change the name of the company from BCC Finance Limited to BCC International Limited (subject to the necessary approvals) or, in case of non-availability of this name, such other name as may be deemed fit by the Board. The change of name is being carried out to reflect the shift in focus of the company and amendment of Objects Clause of the Memorandum of Association as explained above.

None of the Directors of the Company is concerned or interested in the Resolution. The Directors recommend the resolutions to be adopted.

**ITEM NO. 7, 8 and 9**

Shri Gurvinder Singh Bhatia and Shri Surender Singh Bhatia were appointed as Managing Director and Whole-time Director of the company respectively for a period of five years with effect from 19th October, 1994 with the approval of the shareholders at the Annual General Meeting held on 14th November 1994. Accordingly, their terms of office expire on 18th October, 1999.

It is proposed to reappoint both Shri Gurvinder Singh Bhatia and Shri Surender Singh Bhatia as Managing Director and Executive Director respectively for a further period of five years with effect from 18.10.1999 on the terms and conditions stated in the Resolution.

It is also proposed to confirm the appointment of Shri Manjeet Singh Bhatia made in the Board Meeting held on 27.11.1998 for a period of five years with effect from 1.12.1998, at a remuneration stated in the Resolution placed before this meeting.

The Board is entitled to revise the salary and perquisites payable to the above Directors at any time, such that the overall remuneration payable to the aforesaid Directors shall not exceed the ceilings laid down in Schedule XIII of the Companies Act, 1956.

Your Directors recommend the resolutions at Item No.7, 8 and 9 of the Notice for your approval.

The above may also be treated as an abstract of the terms of contract/agreement between the company and the aforesaid Directors pursuant to Section 302 of the Companies Act, 1956.

Shri Gurvinder Singh Bhatia, Shri Surender Singh Bhatia and Shri Manjeet Singh Bhatia, Directors may be deemed to be interested in the resolutions being self/relative of the above whole-time Directors. None of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

By order of the Board  
For BCC FINANCE LTD.

Sd

G.S. Bhatia  
Managing Director

Place : Indore  
Dated : 01st September, 1999



**Annual Report 1998-99****DIRECTOR'S REPORT**

To  
The Members,  
BCC Finance Ltd.  
INDORE

Your Directors have pleasure in presenting the Sixth Annual Report along with audited accounts of the company for the year ended on 31st March, 1999.

**FINANCIAL PERFORMANCE**

(Rs. in lacs)

	For the year ended 31.3.1999	For the year ended 31.3.1998
Gross Profit	40.24	57.43
Less : Depreciation	11.95	26.74
Less : Financial Charges	4.56	12.45
Less : Loss on Sale of Assets	4.31	---
	-----	-----
Profit Before Tax and Provision for NPA	19.42	18.24
Add : Prior period adjustments	24.74	28.75
Less : Provision for Income-tax	12.60	12.00
: Provision for non- performing assets	10.79	12.08
	-----	-----
Profit after tax	20.77	22.91
Add : Balance brought forward forward from last year	27.01	34.75
	-----	-----
Amount available for appropriation	47.78	57.66
<b>APPROPRIATIONS</b>		
Proposed Dividend	16.50	16.50
Provision for tax on dividends	1.65	1.65
Transfer to Statutory Reserve	4.25	12.50
Balance carried to Balance Sheet	25.38	27.01
	-----	-----
<b>TOTAL</b>	47.78	57.66
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**DIVIDEND :**

Your Directors are pleased to recommend for your approval a dividend of 5%. The proposed dividend will absorb Rs. 16.50 lacs.

**OPERATIONS**

During the year under review, the gross income of the Company from financial services was Rs. 76.13 lacs as against Rs. 116.66 lacs in the previous year. The profit before interest and depreciation was Rs. 40.24 lacs as against Rs. 57.43 lacs in the previous year. Profit after tax amounted to Rs. 20.77 lacs against Rs. 22.91 lacs in the previous year.

Your Directors feel that this performance is reasonable considering the depressed state of the financial sector in general which has persisted for the past few years. 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 Companies 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.