

13th
Annual Report 2005-2006



BCC FINANCE LIMITED

Board of Directors

Mr. S.S. Bhatia	<i>Executive Director & CEO</i>
Mr. J.K. Jain	<i>Director</i>
Mr. M.S. Bhatia	<i>Director</i>
Mr. L.K. Thanvi	<i>Director</i>

Company Secretary

Sunila Rao

Bankers

IndusInd Bank Limited

The Bank of Rajasthan Ltd.

UCO Bank Limited

Bank of India

Auditors

M/s. R.S. Bansal & Co.

Chartered Accountants,

Urvashi, 3, Jaora Compound,

Indore (M.P.)

Registered Office

BCC House, 8/5, Manoramaganj,

Navratan Bagh Main Road,

Indore (M.P.) 452 001

Registrar & Transfer Agents

M/s. Intime Spectrum Registry Ltd.

307, City Centre, 3rd Floor,

570, M.G. Road, Indore-452 001 (M.P.)

Tel.: 0731-2544512

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BCC FINANCE LIMITED

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of BCC FINANCE LTD. will be held on **Saturday, the 30th September, 2006** at 3.00 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 31st March, 2006 and the Reports of the Directors and of the Auditors thereon.
- 2 To appoint a Director in place of Mr. Lal Krishna Thanvi, who retires by rotation, and being eligible, offers himself for re-appointment.
- 3 To appoint Auditors for the year 2006-2007 and to fix their remuneration.

SPECIAL BUSINESS

- 4 To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution by way of postal ballot:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and all 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 (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create mortgage, charge, or hypothecation in addition to the existing mortgages, charges or hypothecation created/to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as the Board may determine, on all or any of the moveable or immovable properties of the Company, both present and future and/or the whole or any part of the undertakings of the Company subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at respective agreed rates, in respect of the fund based/ non fund based/ working capital limits/ loans/ borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lenders viz., financial institution(s), nationalised bank(s)/ private bank(s) or any other lending institution(s) however, the properties so charged or mortgaged or hypothecated by the Board shall not exceed Rs.250.00 crore (Rupees Two Hundred and Fifty Crore only) at any one time."

"RESOLVED FURTHER THAT in order to give effect to this resolution the Board of Directors be and is hereby authorised to finalize, settle and execute on behalf of the Company such documents, deeds, writings, papers, agreements as may be required and do all such acts, deeds, matters and things as may be necessary, proper or desirable in regard to creating mortgages/charges/ hypothecation as aforesaid."

- 5 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 293(1) (d) and all other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), to borrow any sums of money from time to time, at its discretion either from the Company's bank or any other nationalized or private bank(s), or any other lending institutions and/or from any one or more persons, firms, Bodies Corporate and from any other persons or combination thereof whether by way of fund based (cash credit) / non fund based (inland or foreign LC / bank guarantee), working capital limits, term loans, overdrafts, advance or deposits, debentures or bills discounting or otherwise and whether unsecured or secured by way of mortgage, charge, hypothecation, lien or pledge of Company's assets and properties, whether in full or in part whether movable or immovable, current assets and all or any of the undertakings of the Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will or may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, by a sum not exceeding Rs.250.00crores (Rupees Two Hundred and Fifty Crore only)."

- 6 To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution by way of postal ballot:

"RESOLVED THAT pursuant to the provisions of Section 372A and any other applicable provisions, if any, of the Companies Act, 1956, or of any other law for the time being in force, the Board of Directors of the Company be and is hereby authorised to make any loan to any other body corporate or give guarantee or provide security in connection with a loan made by any other person to or to any other person by any body corporate and acquire by way of subscription, purchase or otherwise the securities of any other body corporate, in excess of 60% of the paid up capital and free reserves of the Company or 100% of the free reserves of the Company whichever is more prescribed under section 372A in their absolute discretion deem beneficial and in the interest of the Company, upto the aggregate amount of Rs.250.00 crores (Rupees Two Hundred and Fifty Crores only).

By Order of the Board
For BCC Finance Ltd.,

Place : Indore

Date : 7th August, 2006.

S.S. BHATIA
Executive Director & CEO



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 in not less than forty-eight hours before the scheduled time of the meeting.
2. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting. For shares held in dematerialised form, the DPID and Client ID numbers should be indicated in the Attendance slip.
3. The Register of members and Share transfer books of the Company will remain closed from Monday, the 25th September, 2006 to Friday, the 29th September, 2006 (both days inclusive).
4. Shareholders who are interested in obtaining any information regarding the Accounts of the Company are requested to write to the Company considerably at an earlier date, to enable the Management to keep the information ready at the meeting.
5. Mr. Lal Krishna Thanvi, Director of the Company is to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Lal Krishna Thanvi has graduated in Commerce and has experience in the field of coal trade business. He is an independent Director of the Company.

6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends for a period of seven years from the date of declaration has to be transferred to the Investors Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant for the financial year 31st March, 1999 onwards are requested to make their claim to the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as stated above, no claim shall lie in respect thereof.

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

Item No.4 & 5

Your Company is on the verge of changing its existing business from that of NBFC to non-NBFC and is to change its main object of financing to that of involving in the business of infrastructure development as well as trading in coal and allied products. Your Directors have already accorded their approval for the commencement of new business. In order to take further steps for the commencement of the new business, Company needs funds, which it can acquire by way of borrowings from various financial institutions/ banks from time to time. Looking to the fund requirements of the Company the consent of the shareholders is sought in accordance with the provisions of Section 293(1) (d) of the Companies Act, 1956, to enable the Directors to borrow money to the extent of Rs.250.00 crores (Rupees Two Hundred and Fifty Crores only).

The proposed borrowings shall be secured by way of charge, mortgage or hypothecation on the assets of the Company in favour of the lenders, hence it is further required to authorise the Board of Directors under Section 293(1)(a) of the Companies Act, 1956, for creation of charges, mortgages or hypothecation for an amount not exceeding the borrowing limit of Rs.250.00 crores (Rupees Two Hundred and Fifty Crores only).

Your Directors recommend the resolutions in item no. 4 and 5 of the notice for the approval of the members. None of the Directors of your Company are interested in the said resolutions.

Item No.6

Your Company is changing its main business and the new business of the Company is in the pipeline. In view of this new business your Company may need to make loans or give guarantee or provide security or may subscribe or purchase the securities of any body corporate, but as per the provisions of the Companies Act, 1956 Board can exercise this authority upto limit of 60% of the paid-up capital and free reserves or 100% of its free reserves whichever is more. In view of the commencement of new business and looking to its future prospects it is required that Board be authorised to make loans or give guarantee or provide security or subscribe or purchase the securities of any body corporate upto an aggregate of Rs.250crores (Rupees Two Hundred and Fifty Crores only).

Your Directors recommend the resolutions in item no. 6 of the notice for the approval of the members. None of the Directors of your Company are interested in the said resolutions.

By Order of the Board
For BCC Finance Ltd.,

Place : Indore
Date : 7th August, 2006.

S.S. BHATIA
Executive Director & CEO



DIRECTORS' REPORT

To,
The Members,
BCC Finance Ltd.,
Indore.

The Directors have pleasure in presenting the Thirteenth Annual Report along with Audited Statement of Accounts of the Company for the year ended on 31st March, 2006.

FINANCIAL PERFORMANCE

The salient features of the Company's financial results during the year are as under

(Rs. in Lacs)

	For the year ended 31.03.2006	For the year ended 31.03.2005
Profit / (Loss) before Depreciation, Interest & Tax	108.32	18.35
Less : Depreciation	--	0.25
Financial Charges	3.94	5.19
(Profit)/Loss on sale of assets	--	(9.73)
(Profit)/Loss on sale of assets		0.59
Profit/ (Loss) on sale of Investment	--	(0.97)
Profit / (Loss) before tax & provision NPA	104.98	23.00
Add : Prior period adjustments	(0.42)	(2.59)
Less/Add : Provision for Income-Tax	(35.11)	(6.68)
Provision for deferred tax	(0.05)	1.38
Provision for Non Performing Assets	47.81	111.77
Profit/(Loss) after Tax	116.61	126.89
Less : Transfer to Statutory Reserve	(20.87)	(4.60)
Add : Balance brough forward from last year	(57.08)	(179.36)
Balance carried to Balance Sheet	38.65	(57.08)

PERFORMANCE :

The past two financial years of the Company has witnessed an upward trend in its performance. This is evident by the fact that during the financial year under review the profit before tax and NPA provision has been recorded a growth of 78% being Rs.104.98 lacs as compared to Rs.23.00 lacs of the previous year.

As you are aware that the Company undertook the Non Banking Financial Company activities and was involved in the business of financing and leasing but since last six months it was decided to go for other avenues of business which can yield better results to the Company.

With an indepth and meticulous analysis it was decided to discontinue its existing business of NBFC activities and engage itself in the business of trading in coal and other allied products which shall lead to the path of improved performance of the Company. This decision of adopting the business of trading in coal and allied products was taken considering immense experience possessed by your Directors in the field of coal industry. In view of discontinuation of the NBFC activities the Company, with the rigorous efforts of its Directors tried to recover its non performing assets and have been able to achieve this goal to a great extent.

FUTURE PROSPECTS

The Company is registered as a non-banking finance company with Reserve Bank of India. Till previous year your Company was engaged in the business of financing and leasing and the major portion of the income was from these activities only, however due to steep reduction in the interest rates in the past couple of years and subsequent changes in the financial market scenario your Company started facing difficulties in recovering the amount financed and hence it led to accumulation of non-performing assets in the Company. Because of such difficulties your Company started incurring losses and so it had completely stopped pursuing the financing activities from the last quarter of the financial year under review.

Realising changes on the business front, your Directors reacted proactively by taking initiative and exploring new areas of business. Although the Company undertook other businesses like trading in soya bean seeds and sand mining in the previous two years but due to limitation of these businesses it was not found viable to continue with those businesses.

Hence your Directors took a considered decision to step into the business of dealing in coal and other allied products. Though the business of trading in coal is at present at a nascent stage but your Directors are confident that this business will invigorate the Company's financial strength. As the promoters and Directors of the Company have vast experience in the field of trading in coal, therefore by using their expertise your Company hope to achieve good results.

DIVIDEND

In the interest of the Company and its shareholders your Directors are of the view to plough back the profit in the Company to improve its financial strength instead of declaring dividend.

**FIXED DEPOSIT**

The Company has not accepted any deposit from the public during the year under review.

RBI GUIDELINES

So long the Company continues the status of NBFC it fulfills all the norms and standards set out by the Reserve Bank of India pertaining to non-performing assets for Non-Banking Financial Companies.

DIRECTORS

Mr. Lal Krishna Thanvi, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanations relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss account of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS

M/s. R.S. Bansal & Co., Chartered Accountants, Indore the statutory auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. It has been confirmed by them that their re-appointment if made, shall be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board of Directors recommend for their re-appointment.

AUDITORS' REPORT

With regard to the comments made by the Auditors, the relevant notes forming part of the accounts forming part of the accounts of the Company are self-explanatory and do not require any further explanation.

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The present status of the Company being that of Non-Banking Finance Company, does not have any manufacturing activity, hence the Directors have nothing to report on 'Conservation of Energy, Technology Absorption'. There is no Foreign Exchange Earnings and Outgo during the period under review.

PARTICULARS OF EMPLOYEES.

None of the employees of the Company during the year are in receipt of remuneration of more than the maximum permitted ceiling given in Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

REPORT ON CORPORATE GOVERNANCE

During the year under review the Company has followed the principles and practices of corporate governance as stipulated in the listing agreement. A separate report on Corporate Governance alongwith the certificate from the statutory auditors of the Company certifying the compliance of the provisions of Corporate Governance is annexed to the Annual Report forming part of the Annual Report.

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussions for the year under review is attached to the Annual Report forming part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors wish to express a deep sense of gratitude for the continued support, co-operation and guidance received from the Central and State Government Departments, Reserve Bank of India, Registrar of Companies, Madhya Pradesh and Chhattisgarh, Banks and clients during the period under review.

Your Directors further wish to place sincere appreciation to the dedication and hard work put in by our employees and to you our esteemed shareholders who has shown continued faith and confidence in us at every point of time.

By order of the Board
For BCC Finance Ltd.

Place : Indore

Date : 1st June, 2006.

S.S. Bhatia
Executive Director & CEO



REPORT ON CORPORATE GOVERNANCE

(In terms of Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Transparency, authority with responsibility and commitment to its stakeholders is the common code of conduct being followed by the Company. The Company has always adhered to sound business ethics and principles. A report on various parameters of implementation of Corporate Governance practices is as described below :

2. BOARD OF DIRECTORS

A. The Board of Directors of the Company :

The erstwhile Board of the Company comprises of four Directors with an adequate combination of executive and non-executive Directors. There is one Executive Director, two Independent Directors and one non-independent Director in the Company. Every Director of the Company is competent and has an adequate expertise in his field.

B. Attendance of each Director at the Meetings of Board of Directors and the last AGM and details of memberships of Directors in other Boards and Board Committee.

Details of the Board Meetings held during the year 2005-2006 are as follows

Name	Category	No. of Board Meeting attended during 2005-06	Whether attended AGM held on 30th Sept., 2005	No. of Directorships in other Companies	No. of Committee Positions held in other Companies
Mr. S.S. Bhatia	Executive Director & CEO	08	No	06	01
Mr. M.S. Bhatia	Director	02	No	03	01
Mr. J.K. Jain	Director	09	Yes	02	02
* Mr. K.S. Bhatia	Director	01	No	01	01
** Mr. L.K. Thanvi	Director	01	No	01	01

(*) Resigned w.e.f 5th September, 2005. (**) Appointed on 5th September, 2005.

Nine Board Meetings were held during the year 2005-06 on the following dates: 30th April, 05, 30th July, 05, 5th September, 05, 3rd October, 05, 15th October, 05, 7th November, 05, 19th November, 05, 31st January, 06 and 25th March, 06. The gap between any two meetings did not exceed four months.

Mr. S.S. Bhatia has been elevated as "CEO" in addition to existing designation of Executive Director held by him so as to comply with the provisions of Clause 49 (V) of the Listing Agreement. Since Mr S.S.Bhatia has been appointed under the provisions of Schedule XIII of the Companies Act, 1956 and he is well acquainted with financial matters and heading the finance function of the Company, it was decided by the Board of Directors not to appoint any person as CFO and hence, a certificate as required under this Clause duly signed by Mr. S.S. Bhatia is attached herewith forming part of this report.

3. COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

As per the requirements of the Clause 49 of the listing agreement, the Audit Committee of the company is formed composing of three members. Mr.J.K.Jain is the Chairman of the committee and Mr.Manjeet Singh Bhatia and Mr.L.K.Thanvi are the other two members.

Audit Committee looks after the financial matters of the Company. The Committee reviews the adequacy of internal control system as well as analyses the half yearly and annual financial results of the Company. During the financial year 2005-06 the Audit Committee met 5 times.

B. REMUNERATION COMMITTEE

The executive and non-executive directors of the Company have voluntarily waived off the managerial remuneration as well as the right to receive the sitting fees for attending the board meetings of the Company. In view of this, the remuneration committee has not been constituted and it shall be constituted as and when required.

C. SHAREHOLDERS' GREIVANCES AND SHARE TRANSFER COMMITTEE:

Shareholders' grievances and share transfer committee of the Company is framed comprising of the executives of the Company. This committee is formed to deal with the matters concerned with share transfer and other related matters. The Committee is composed of three (03) members comprising of Mr. J.K. Jain as the Chairman and Mr. S.S. Bhatia and Mr. M. S. Bhatia as the members of the committee.



BCC FINANCE LIMITED

The Company has appointed M/s Intime Spectrum Registry Limited, Indore (M.P.), as the share transfer agents of the Company and the transfers received in physical form are sent to the share transfer agents who approves the transfers on a weekly basis and then the same are confirmed by the share transfer committee. The requests received from the shareholders for dematerialization of shares are processed by the Company's Registrar in a period of 15 days of the receipt of the requests subject to the documents submitted alongwith it are in order.

4. General Body Meetings

The particulars of the Annual General Meetings held during the last three years are given below:

Annual General Meeting	Location of AGM	Date & time	Whether Special Resolution
10th AGM	Regd. Office : BCC House, 8/5, Manoramaganj, Navratan Bagh, Main Road, Indore (M.P.)-452001	30/09/2003 at 4:30 p.m.	No
11th AGM	Regd. Office : BCC House, 8/5, Manoramaganj, Navratan Bagh, Main Road, Indore (M.P.)-452001	30/09/2004 at 4:30 p.m.	Yes
12th AGM	Regd. Office : BCC House, 8/5, Manoramaganj, Navratan Bagh, Main Road, Indore (M.P.)-452001	30/09/2005 at 4:30 p.m.	Yes

5. DISCLOSURES :

- a. Disclosures on material significant party transactions with its promoter, the Directors or the Management, their Subsidiaries or relatives etc. that may have potential conflict of interests.

There are no such materially significant related party transactions, which have potential conflict with interest of the Company at large.

- b. No instances of non-compliance in any matter related to the capital market during the last three years.
- c. No penalties or stickers have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

6. MEANS OF COMMUNICATION :

Quarterly Results	: The Quarterly Results of the Company are being published in widely circulated newspapers.
Annual Report sent to every shareholder	: Yes
Any Website where displayed	: Under up gradation

The Management Discussion and Analysis forms part of this Annual Report.

7. GENERAL INFORMATION TO SHAREHOLDERS

a. Thirteenth Annual General Meeting :

Day & Date	: Saturday, the 30 th September, 2006
Time	: 3:00 p.m.
Venue	: Registered office of the Company at BCC House, 8/5, Manoramaganj, Navratan Bagh Main Road, Indore (M.P.) - 452001
Email	: info@bhatiacoalindia.com

b. Financial Calendar :

Financial reporting for	: Date of reporting
Quarter ended 30th June, 2005	: 30th July, 2005
Quarter ended 30th September, 2005	: 07th November, 2005
Quarter ended 31st December, 2005	: 31st January, 2006
Quarter/year ended 31st March, 2006	: 07th May, 2006

- c. **Date of Book Closure** : Monday, 25th September, 2006 to Friday, 29th September, 2006
(both days inclusive).

- d. **Dividend payment date** : No dividend declared, hence not applicable.