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IKF Finance Ltd.

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8th Annual Report 1998-99

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FINANCE LIMITED

Regd. Office: 40-1-144, 3rd Floor, Corporate Centre,
M.G.Road, VIJAYAWADA - 520 010.

IKF FINANCE LIMITED

BOARD OF DIRECTORS

Sri RAMACHANDRA N. GALLA	-	Chairman
Sri V.G.K.PRASAD	-	Managing Director
Smt V.INDIRA DEVI	-	Whole Time Director
Sri N.HARANATH	-	Director
Sri POLINENI BALA SRINIVAS	-	Director
Dr. SINHA S. CHUNDURI	-	NRI Director
(Alternate Director SRI N.V.S.N PRASAD)		
Dr. PRASAD J. ATHOTA	-	NRI Director
(Alternate Director SRI CH.V.RAMA RAO)		
Sri D.RAMAKRISHNA	-	Director

AUDITORS

Sri K.HANUMALAH
B.Com., F.C.A.,
Chartered Accountant
1 & 2, Ground,
RAM'S VSR Apartments,
Mogalrajpuram,
VJAYAWADA - 520 010.

BANKERS

THE FEDERAL BANK LIMITED
ANDHRA BANK

LISTING

HYDERABAD STOCK EXCHANGE LTD., HYDERABAD
THE STOCK EXCHANGE, MUMBAI
THE STOCK EXCHANGE, AHMEDABAD

SHARE TRANSFER AGENTS

SIBAR FINANCIAL SERVICES (P) LTD.,
D.No.27-14-49, II Floor, Rajagopalachari Street,
Governorpet, VJAYAWADA - 520 002 (A.P.)

REGISTERED OFFICE

D.No.40-1-144, III Floor,
Corporate Centre, M.G.Road,
VJAYAWADA - 520 010. (A.P.)

BRANCHES

- D.No.47-11-9, Vamsee Complex,
Dwaraka Nagar, Near Diamand Park,
VISAKHAPATNAM - 530 016.
- 4011-29/A, Mangalavarapupet,
Opp: Training College,
RAJAHMUNDY - 533 101.

8TH ANNUAL GENERAL MEETING	
Date	: Thursday, 23rd September, 1999
Time	: 5.00 P.M.
Venue	: HOTEL ILAPURAM Gandhi Nagar, Vijayawada - 520 003.

CONTENTS	Page Nos.
Notice	2
Directors' Report	4
Auditor's Report	6
Balance Sheet	8
Profit & Loss Account	9
Schedules to the Accounts	10
Cash Flow Statement	16
Balance Sheet Abstract	18

IKF FINANCE LIMITED**NOTICE TO THE SHARE HOLDERS**

Notice is hereby given that the 8th Annual General Meeting of the Company will be held on Thursday, the 23rd September 1999 at Hotel Ilapuram, Vijayawada at 5.00 P.M. to transact the following business ;

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 1999 and the Profit and Loss Account as on that date and reports of the Directors' and Auditors' thereon.
2. To declare dividend for the year March 31, ended 1999
3. To appoint a Director in place of Shri.Ramachandra N. Galla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri.N.Haranath, who retires by rotation and being eligible, offers himself for re-appointment.
5. Appointment of Auditors

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

"RESOLVED THAT the Auditor of the Company Shri.K.Hanumalah, Chartered Accountant, Vijayawada who retires at this meeting, being eligible and willing to act as Auditor be and is hereby appointed as Auditor of the Company till the conclusion of next Annual General Meeting at such a Remuneration as may be fixed by the Board of Directors in addition to the reimbursement of out-of packet expenses."

SPECIAL BUSINESS

6. Re-appointment of Shri V.G.K.Prasad as Managing Director

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

"RESOLVED THAT, in accordance with the provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII as amended, the Company hereby approves of the re-appointment and terms of remuneration of Shri.V.G.K.Prasad as Managing Director of the Company for the period with effect from 05.06.1999 to 30.09.2003 upon the terms and conditions set out in the draft Agreement submitted to this meeting for the purpose of identification and initialed by the Chairman hereof.

"RESOLVED FURTHER that the consent of the Company is hereby accorded to the Board of Directors to alter, enhance and vary the terms and conditions of the re-appointment and/or Agreement in such manner as may be agreed to between the Directors and Shri.V.G.K.Prasad subject to the provisions of Companies Act."

7. Appointment of Smt.V.Indira Devi as Whole Time Director

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

"RESOLVED THAT, in accordance with the provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII as amended the Company hereby approves of the appointment and terms of remuneration of Smt.V.Indira Devi as Whole Time Director of the Company for the period with effect from 05.06.1999 to 30.09.2003, upon the terms and conditions set out in the draft Agreement submitted to this meeting for the purpose of identification and initialed by the Chairman hereof.

"RESOLVED FURTHER that the consent of the Company is hereby accorded to the Board of Directors to alter, enhance and vary the terms and conditions of the re-appointment and/or Agreement in such manner as may be agreed to between the Directors and Smt.V.Indira Devi subject to the provisions of Companies Act."

By order of the Board
for **IKF FINANCE LIMITED**

Place: Vijayawada,
Date : 30-07-1999.

(V.G.K.PRASAD)
Managing Director



8th Annual Report

NOTES:

1. A member, entitled to attend and vote at this Annual General Meeting may appoint a Proxy to attend and vote on a poll on his behalf. A Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty eight hours before the commencement of this Annual General Meeting.
2. Members are requested to bring their copies of Annual Reports to the Meeting.
3. Members/Proxies should bring the attendance slips filled in for attending the Meeting.
4. Members are requested to notify any change in their address alongwith the Pin Code No. immediately to the Share Transfer Agents M/s.Sibar Financial Services Private Limited, 27-14-49, IInd Floor, Rajagopalachari Street, Governorpet, Vijayawada 520 002.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 6th September 1999 to 8th September, 1999, both days inclusive.
6. Dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 6th September, 1999.
7. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to reply.
8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto and forms part of the notice.
9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed Dividends over a period of 3 years have to be transferred to the General Revenue Account of Central Government. Members who have not encashed their Dividend warrants are requested to approach the Company's Registered Office.

ANNEXURE TO NOTICE OF ANNUAL GENERAL MEETING:

Explanatory Statement Under Section 173(2) of the Companies Act, 1956.

Item No. 6 & 7 :

The period of appointment of Shri.V.G.K.Prasad, Managing Director of the Company expires on 04.06.1999. Mr.V.G.K.Prasad is the key person in the Company who is fully devoting his time and attention for managing the affairs of the Company. The Board of Directors proposes to reappoint him as Managing Director of the Company for the period with effect from 05.06.1999 to 30.09.2003. The Board of Directors also proposes Smt.V.Indira Devi, who has been assisting the Managing Director in managing the affairs of the Company, as Whole Time Director of the Company.

As per the Provisions of Section 269 of the Companies Act read with Schedule XIII, the appointment requires the approval of the Shareholders.

Hence, Resolution as set out in the item No.6 & 7 is recommended for your approval.

None of the Directors of the Company are interested in these resolutions except Shri.V.G.K.Prasad and Smt.V.Indira Devi.

The Draft Agreement between the Company and Shri.V.G.K.Prasad and Smt.V.Indira Devi (the appointees) contain the following principal terms and conditions.

Period of Agreement : from 05.06.1999 to 30.09.2003

Remuneration : Shri.V.G.K.Prasad - Salary Scale of Rs.10,000 - Rs.25,000 per month.
Smt.V.Indira Devi - Salary Scale of Rs.5,000 - Rs.15,000 per month.

With authority to the Board to fix their salaries within their respective scales from time to time.

Perquisites will be in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

By order of the Board
for **IKF FINANCE LIMITED**

Place: Vijayawada,
Date : 30-07-1999.

(V.G.K.PRASAD)
Managing Director

IKF FINANCE LIMITED**DIRECTORS' REPORT**

Your Directors are pleased to present the 8th Annual Report along with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	1998-99 Rs.in Lacs	1997-98 Rs.in Lacs
Income from Operations	278.83	250.59
Total Expenditure	28.92	21.08
Interest	85.13	74.57
Profit Before Dep. & Taxes	164.79	154.94
Depreciation	69.75	74.72
Provision for Tax	9.99	8.40
Profit after Tax	85.04	71.82
Profit Available for Appropriation	90.40	73.44
General Reserve	4.26	3.60
Reserve Fund	17.01	14.35
Dividend (proposed)	57.66	45.57
Dividend Tax	5.77	4.55
Surplus Carried to Balance Sheet	5.70	5.36

DIVIDEND

Your Directors are pleased to recommend a Dividend of 15% (Rs.1.50 per Equity Share and on Pro-rata basis on Equity Shares allotted during the year) for the year ended March 31, 1999. The Dividend will absorb a Sum of Rs. 63.43 Lakhs (Rupees Sixty Three Lakhs Forty Three thousand Only) inclusive of Tax on Dividend and will be paid on approval by Shareholders in the Annual General Meeting.

REVIEW OF OPERATIONS

Your Company's performance for the Year ended March 31, 1999 continues to be encouraging and has out performed the industry despite the odds. Notwithstanding the sluggishness in the Hire Purchase and Leasing business and Recession in the Transport Sector, the Company has succeeded in improving its performance and consolidated its position.

In line with the expectations, your Company has sustained its past growth record by registering a growth of 11.27% in its Gross Receipts to Rs. 278.83 Lakhs as against Rs.250.59 Lakhs registered for the last year. The Net profit of the Company has also increased from Rs. 71.82 Lakhs to Rs.85.04 Lakhs registering a growth rate of 18.41%.

The prudent administrative and Management technics and operational flexibility of the management have enabled the Company to accomplish the predetermined organisational goals efficiently and economically.

Your Company has disbursed for Hire Purchase and Leasing for an amount of Rs.542 Lakhs during the year under review as against Rs.330 Lakhs during the last year by registering a growth rate of 64%.

FUTURE OUTLOOK

As the recent R.B.I. Directives have stipulated that the Advances to the NBFC's which cater to the needs of Transport Sector will be treated as Priority Sector Advances, your Company will be in a advantageous position in getting the Bank/Institutional Finance. 80% of the funds deployed by your Company during all these years is in the Transport Sector and as such Advances/Credit extended to our Company will come under the ambit of Priority Sector.

Growth in Industrial Production and Exports during the first Quarter of Current year has put an end to the recessionary trends and revived the transport Sector. As the stringent RBI Directions have forced many players either to leave the market or to downsize their operations, the demand for funds has increased manifold and excellent investment opportunities in Transport Sector are visible in the near future. Your Company is committed to expand its operations in the Transport Sector which has still the potential of good growth though the industry is facing tough times.