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# 11<sup>th</sup> *Annual* REPORT 2001 - 2002

**IKF Finance Limited**

40-1-144, Corporate Centre, 3rd Floor, M.G.Road, Vijayawada - 520 010. Phone : 474644

**BOARD OF DIRECTORS :**

Mr. I.D.Agarwal  
 Mr. V.G.K. Prasad  
 Mrs. V.Indira Devi  
 Mr. N.Haranath  
 Mr. V.Purnachandra Rao  
 Dr. Sinha S. Chunduri  
 Dr. Prasad J. Athota  
 Mr. I.Nagesh

Non-executive Chairman  
 Managing Director  
 Whole Time Director  
 Director  
 Director  
 NRI Director (Alternate Director Mr. N.V.S.N.Prasad)  
 NRI Director (Alternate Director Mr. Ch.V.Rama Rao)  
 Director

**AUDITOR :**

**K.Hanumaiah**  
 B.Com., F.C.A.,  
 Chartered Accountant,  
 1 & 2 Ground,  
 RAM'S VSR Apartments,  
 Mogalrajpuram,  
 VIJAYAWADA - 520 010.  
 Krishna District

**BANKERS :**

The Federal Bank Limited  
 Andhra Bank  
 The Vysya Bank Limited  
 The A.P. Mahesh Co-operative Urban Bank Ltd.

**LISTING :**

Hyderabad Stock Exchange Limited, Hyderabad  
 The Stock Exchange, Mumbai  
 The Stock Exchange, Ahmedabad

**REGISTERED OFFICE :**

Door No. 40-1-144,  
 3rd Floor, Corporate Centre,  
 M.G. Road,  
 VIJAYAWADA - 520 010. (A.P.)  
 Telephone No. (0866) 474644

**SHARE TRANSFER AGENTS :**

**Physical Shares:**  
 M/s.Sibar Financial Services Pvt. Limited  
 Door No. 27-14-49, II Floor,  
 Rajagopalachari Street, Governorpet,  
 VIJAYAWADA - 520 002. (A.P.)

**Demat Shares:**  
 Bigshare Services Pvt. Limited  
 E-2, Ansa Industrial Estate, Sakivihar Road,  
 Saki Naka, Andheri (E), MUMBI - 400 072.

**BRANCH OFFICE :**

- ✦ D.No. 40-1-144, 1st Floor, Corporate Centre, M.G. Road, VIJAYAWADA - 520 010.
- ✦ D.No.47-11-9, Vamsee Complex, Dwaraka Nagar, Daimand Park, VISAKHAPATNAM - 530 016.
- ✦ D.No.77-8-4, R T C Complex Road, RAJAHMUNDY - 533 101.
- ✦ D.No.8-3-219/19, Dhanunjaya Chambers, Yusufguda Road, Amecrpet, HYDERABAD - 500 073.
- ✦ 2nd Floor, Kothamasu Plaza, 3/1 Arundalpet, GUNTUR - 522 002.

11 <sup>TH</sup> ANNUAL GENERAL MEETING		CONTENTS	Page Nos
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### NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 11th Annual General Meeting of the Company will be held on Monday, the 30th September, 2002 at HOTEL ILAPURAM, Gandhi Nagar, Vijayawada at 4.30 P.M. to transact the following business;

#### ORDINARY BUSINESS:

01. To receive, consider and adopt the Balance Sheet as at March 31, 2002 and the Profit and Loss Account as on that date and reports of the Directors' and Auditors' thereon.
02. To declare dividend for the year ending March 31, 2002.
03. To appoint a Director in place of Shri N.Haranath, who retires by rotation and being eligible, offers himself for re-appointment.
04. 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.Hanumaiah, 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 to hold office till the conclusion of the 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 pocket expenses."

#### SPECIAL BUSINESS:

05. To be moved as an ordinary Resolution.

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

"RESOLVED THAT Shri I.D.Agarwal who was appointed as the additional Director of the Company with effect from 30.04.2002, whose term expires at this Annual General Meeting, be and is hereby appointed as the Director of the Company, liable to retire by rotation."

06. To be moved as an ordinary Resolution.

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

"RESOLVED THAT Shri V.Purnachandra Rao who was appointed as the Additional Director of the Company with effect from 31.10.2001 and whose term expires at this Annual General Meeting, be and is hereby appointed as the Director of the Company, liable to retire by rotation."

07. To be moved as an ordinary Resolution.

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

"RESOLVED THAT Shri I.Nagesh who was appointed as the Additional Director of the Company with effect from 31.10.2001, whose term expires at this Annual General Meeting, be and is hereby appointed as the Director of the Company, liable to retirement."

08. To be moved as an ordinary Resolution.

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 other applicable provisions, if any, of the Companies Act, 1956, subject to the regulations, if any, of the Reserve Bank of India, consent of the Company be and is hereby accorded to the Board of Directors, to borrow from time to time such sum or sums of money from the Company's Bankers and/or from any one or more persons, Companies, bodies Corporate or Financial Institutions, whether by way of Cash Credit, advance or loans or by issue of debentures or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien, or pledge of all or any assets or properties of the Company, whether movable or immovable whether existing or future, notwithstanding that the moneys borrowed together with the money already borrowed by the company, apart from the temporary Loans obtained from company's Bankers in the ordinary course of business, may exceed the aggregate of Paid Up Capital and Free Reserves of the Company, that is to say reserves not set apart for any specific purpose, provided that the total amount to be borrowed by the board of Directors shall not at any time exceed Rs.100 Crores (Rupees Hundred Crores Only)."

09. To be moved as an ordinary Resolution.

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, subject to the regulations, if any, of the Reserve Bank of India, to the Board of Directors of the Company to mortgage/charge/hypothecate/pledge, from time to time on such terms and conditions as it may deem fit, the assets and properties of the Company, whether movable or immovable and both present and future, in favour of Banks, Financial Institutions and others under Loan Agreements and/or Hypothecation Deeds to be executed by the Company in their favour towards loans already availed or to be availed from them or offer corporate guarantee to Banks, Financial Institutions and Others for the Asset Management/Other Purposes subject, however, that the aggregate value of such loan outstanding at any one time shall not exceed a sum of Rs.100 Crores (Rupees Hundred Crores Only)."

10. To be moved as a Special Resolution.

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

"RESOLVED THAT the Authorised Capital of the Company be increased from Rs.500 Lakhs, divided into 50,00,000 Equity Shares of Rs.10/- each to Rs.700 Lakhs, divided into 70,00,000 Equity Shares of Rs.10/- each by creation of 20,00,000 Equity Shares of Rs.10/- each and that clause 5 of the Memorandum of Association of the Company be altered accordingly."

11. To be moved as an Ordinary Resolution.

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

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby amended to read as under;

V. The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each. The Company has power from time to time to increase or reduce its capital and issue upon the increase in capital the new capital as equity or preference shares and to attach to any class or classes or such shares preference, rights, privileges, priorities in payment of dividends or distribution of assets, or otherwise over other shares and to subject the same to any restrictions, limitations or conditions and to vary the regulations of the Company, as far as necessary to give effect to the same and upon the sub-division of share to apportion the right to participate in profits in any manner subject to the prior consent of the Govern-

ment of India or the order of Court, if the same be necessary being obtained before doing so."

12. To be moved as a Special Resolution.

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956; the Articles of Association of the Company be altered in the following manner :

Substitution of Article 3

The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each."

13. To be moved as a Special Resolution.

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 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company and, subject to the approval of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and/or any other authority concerned, if and to the extent necessary, and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed in granting such consents and approvals and which may be agreed by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot the unissued/unsubscribed portion of Equity Shares upto 24,43,165 of Rs.10/- each, now or at any time hereafter, as the Board may, in its sole discretion, at any time hereafter decide, to domestic or foreign investors including promoters and their associates, Foreign Institutional Investors(FIIs) Non-Resident Indians (NRI), Overseas Body Corporates (OCBs), Mutual Funds (Domestic and Foreign), Indian Financial Institutions and other persons as the Board may decide, whether members of the Company or not, through private placement or preferential allotment or otherwise by any one or more or a combination of two or more modes and at such time or times, in one

or more trenches, and on such terms and conditions, at such price or prices (whether payable in Indian Rupees or in Foreign Currencies) whether at par or at premium as may be computed and decided by the Board in accordance with applicable guidelines/regulations, if any, and in such manner as the Board may, in its sole discretion think fit.

"RESOLVED THAT the Board be and is hereby authorised to issue and allot such number of additional Equity Shares as may be required and that Equity Shares so allowed shall rank parri passu in all respects with the existing Equity Shares of the Company save that such equity shares shall carry the right to receive dividend which may be declared for the financial year in which the allotment of the Shares shall become effective prorata from the date of allotment."

RESOLVED FURTHER that the Board be and is hereby authorised and empowered to do such acts, deeds, matters and things as it may, in its absolute discretion, deem fit, necessary, desirable or expedient to give effect to this resolution and to settle any question, difficulty or doubt that may arise with regard to the offerings, issue proceeds, or any other matters incidental and/or ancillary thereto. "

By order of the Board

Sd/- xxx  
(V.G.K. PRASAD)  
Managing Director

Place: Vijayawada

Date: 14.08.2002.

#### ANNEXURE TO NOTICE

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

#### Item No. 5, 6 & 7 :

Shri V.Purnachandra Rao & Shri I.Nagesh and Shri I.D.Agarwal were appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 31.10.2001 and 30.04.2002 respectively. Pursuant to Section 260 of the Companies Act, 1956, Shri V.Purnachandra Rao, Shri I.Nagesh and Shri I.D.Agarwal will hold office as Additional Directors upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from members proposing the candidature of Shri I.Nagesh, V.Purnachandra Rao and Shri I.D.Agarwal for the office of Directors of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri I.D.Agarwal, a Commerce Post Graduate, former Executive Director of Reserve Bank of India, is having around 38 years of experience in Banking, Finance & Currency and Administration, out of which 20 years in Senior position. He had served as Director in Union Bank of India, Small Industries Development Bank of India (SIDBI), Bharatiya Reserve Bank Note Mudran Limited. Currently, he holds Directorships in OTC Exchange of India, OTCEI Securities Limited and Reymonds Limited. On appointment, he will be paid a honorarium of Rs.10,000/- (Rupees Ten thousand Only) per month.

Shri V.Purnachandra Rao, who hails from an Agricultural family, is a veteran in Finance business with two and half decades experience in the field of Hire Purchase and Leasing of Automobiles. Currently he is acting as the Treasurer of Federation of Indian Hire Purchase Associations. He is the Promoter Director of the Coastal Local Area Bank Limited, Vankineni Finance & Investments (P) Limited and Vankineni Hire Purchase & Leasing (P) Limited.

Shri I.Nagesh, a practicing Chartered Accountant, is having enormous experience in the Finance, accounts and Management. He is associated with various companies as Project and Management consultant.

The Board recommends this resolution for your approval.

Shri I.D.Agarwal, Shri V.Purnachandra Rao and Shri I.Nagesh are deemed to be concerned or interested in the resolution as it pertains to their appointment. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

#### Item No. 8 :

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not except with the consent of the Company in General Meeting, borrow monies apart from temporary loans obtain from the Company's Bankers in the ordinary course of business, in excess of the aggregate Paid Up Capital and Free Reserves of the Company. According to Explanation 1 to the Section, every resolution passed in the General Meeting of the Company in relation to the exercise of the above powers shall specify the total amount upto which monies may be borrowed by the Board of Directors over and above the Paid Up Capital and Free Reserve. Hence, Resolution as set out in the item No.8 is recommended for your approval.

#### Item No. 9 :

The Borrowings of the company are in general required to be secured by suitable mortgage of charge on all or any of the movable or immovable properties of the company in such from, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge by the company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the company in favour of the Lender(s), with a power to take over the management of the business and concern of the company in certain events of default by the company, may be regarded as disposal of the company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956, requiring the approval of the members under that Section. Hence, Resolution as set out in Item No.9 is proposed for your approval.

**Item No.10, 11 & 12 :**

The present Authorised Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores Only) divided by 50,00,000 (Fifty Lakh Only) Equity Shares of Rs.10/- each. The issued, subscribed and Paid Up Share Capital is Rs.4,55,68,350/- (Rupees Four Crores Fifty Five Lakhs Sixty Eight thousand and Three hundred and Fifty Only) divided into 45,56,835 equity shares of Rs.10/- each

The Board of Directors considers it expedient to enhance the Authorised Share capital to facilitate further issue of equity shares to consolidate the capital base and also to meet the long term working capital requirements of the company and, therefore, proposes to increase the Authorised Equity share capital of the Company to Rs.7,00,00,000/- (Rupees Seven Crores Only) by creation of 20,00,000 equity shares of Rs.10/- each ranking paripasu with the existing shares of the company in all respects. The resolutions set out in item No. 10 to 12 above are to carry out the consequential amendments in the Memorandum and Articles of Association of the Company. Hence, the resolutions in item No.10 to 12 are recommended for your approval.

None of the Directors of the Company are interested in these resolutions.

**Item No.13 :**

In order to meet the long term working capital requirements of the company and to strengthen the Capital base, it is proposed to authorised the Broad of Directors to raise funds by issue of Equity Shares from time to time, to the extent and on such terms and conditions including the issue price to such persons and in such manner as stated in the enabling resolution at item No.13. The proposed issue of Securities will be subject to the approval of Securities and Exchange Board of India (SEBI) Reserve Bank of India (RBI) and all other concerned authorities as may be required. In terms of the enabling resolution, the Board is inter alia empowered to issue Equity Shares to the persons/ institutions who may or may not be the members of the company and consent of the members in the General Meeting would therefore be necessary pursuant to Section 81 of the Companies Act, 1956. Hence the resolution in Item No.13 is recommended for your approval.

None of the Directors of the Company are interested in these resolutions except to the extent of their Shareholdings.

**NOTES:**

1. A member, entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member of the Company. The Proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the 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 Pvt. Limited, # 27-14-49, 2nd Floor, Rajagopalachari Street, Governorpet, Vijayawada - 02. Members who opt for De-materialisation of Equity Shares are requested to send their Demat Request to Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th September 2002 to 29th September, 2002, both days inclusive.
6. 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.

By order of the Board

Sd/- xxx  
(V.G.K.PRASAD)  
Managing Director

Place: Vijayawada  
Date: 14.08.2002.