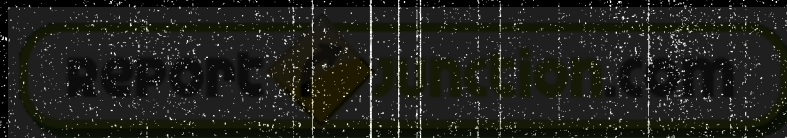
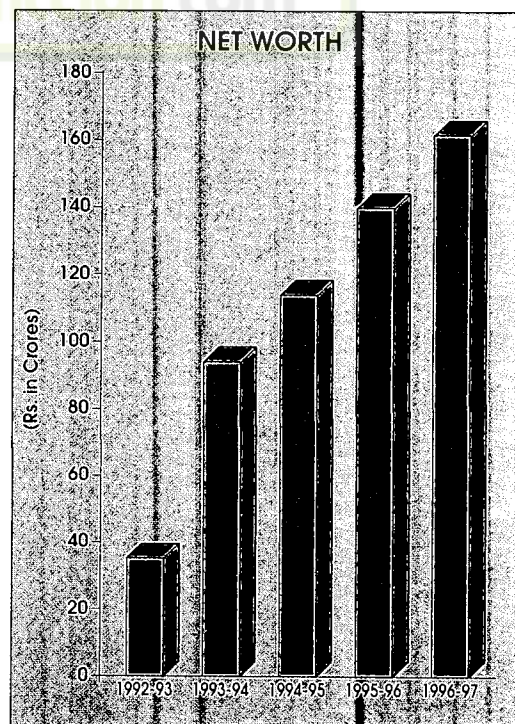
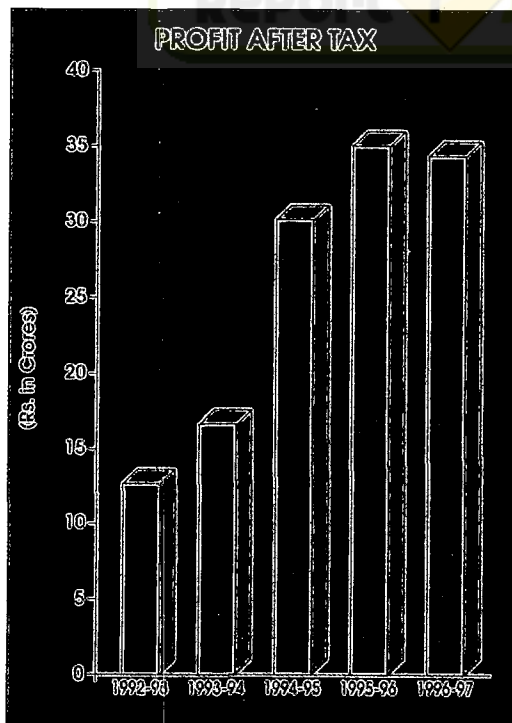
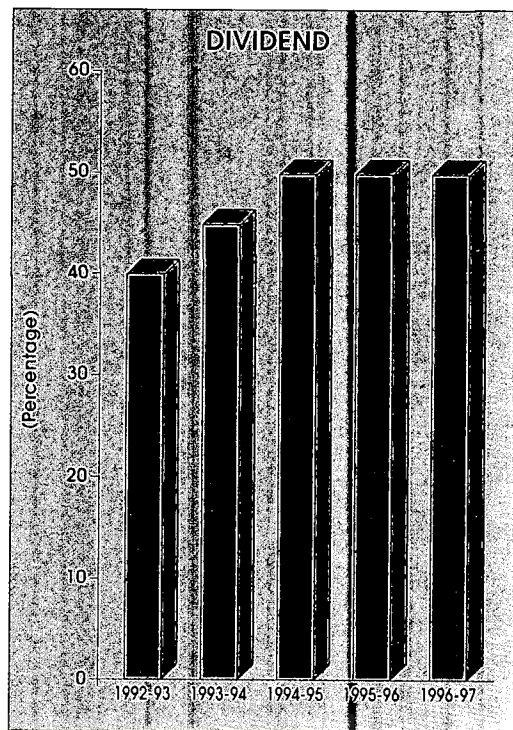
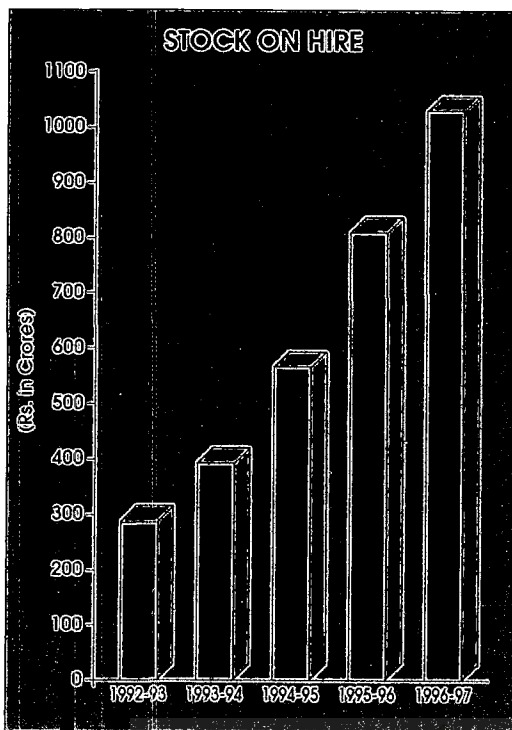




Annual Report - 1997



Ashok Leyland Finance Limited



ASHOK LEYLAND FINANCE LIMITED

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

**BOARD OF DIRECTORS**

S. Venkitaramanan
Chairman

R.J. Shahaney
Vice Chairman

T. Anantha Narayanan

Bharat M. Sanghvi

A.C. Chakrabortti

V.R. Pappu

B.D. Punjabi

K.R. Ramamani

R. Seshasayee

S. Kuppuswami
Nominee of UTI

S. Nagarajan
Managing Director

CHAIRMAN EMERITUS

R.K. Talwar

SECRETARY

P. Rangunathan

REGISTERED OFFICE

Sudarsan Building
86 Chamiers Road
Chennai 600 018

FINANCIAL INSTITUTIONS

GE Capital Services India

Housing Development Finance Corporation Limited

The Industrial Credit and Investment Corporation of India Limited

Industrial Development Bank of India

The Industrial Finance Corporation of India Limited

Small Industries Development Bank of India

Unit Trust of India

BANKERS

State Bank of India

ANZ Grindlays Bank p.l.c.

Central Bank of India

The Hongkong & Shanghai Banking Corporation Limited

Canara Bank

Punjab National Bank

State Bank of Hyderabad

The Federal Bank Limited

United Bank of India

The Karur Vysya Bank Limited

Bank of Baroda

Bank of India

American Express Bank Limited

State Bank of Saurashtra

The Catholic Syrian Bank Limited

Times Bank Ltd.

UCO Bank

Bank of America

ABN AMRO Bank N.V.

UTI Bank Limited

AUDITORS

RV Chander & Associates
Kalpataru
87 Santhome High Road
Chennai 600 028

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HIGHLIGHTS OF PERFORMANCE

		Rs. Lakhs									
	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87
Gross Income	27433	22445	17827	10114	7517	5069	3022	1761	772	422	169
Gross Profit	7333	7163	6382	3429	2197	1503	1053	664	292	198	99
Profit Before Tax	3453	4134	3736	1983	1289	990	719	448	193	141	78
Profit After Tax	3443	3509	3021	1670	1274	919	719	403	161	118	66
Stock-on-Hire	102722	80903	56626	39404	28674	18415	13706	8215	4534	2069	1015
Assets on Lease	29222	23261	16872	9893	6869	4086	2404	1481	819	478	219
Gross Assets	154090	122198	99324	60333	40571	25329	17675	10704	5993	2558	1290
Shareholders' Funds	16334	14017	11532	9535	3580	2441	1647	1040	465	365	291
Fixed Deposits	36782	17029	11603	8007	4801	4012	3045	1986	1100	224	37
Dividend (%)	50	50	50	45	40	40	35	30	25	20	18



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Company will be held at Sathguru Gnanananda Hall (Narada Gana Sabha), 254, TTK Road, Chennai 600 018 at 10.30 A.M. on Wednesday the 5th November, 1997, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th June, 1997 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. R Seshasayee who retires by rotation as per Article 42(1) of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. T Anantha Narayanan who retires by rotation as per Article 42(1) of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. V R Pappu who retires by rotation as per Article 42(1) of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s. RV Chander & Associates, Chartered Accountants, Chennai are eligible for reappointment. In this connection, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that M/s. RV Chander & Associates, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on a remuneration of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand only) in addition to reimbursement of out-of-pocket expenses."

SPECIAL BUSINESS

7. 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 Mr. S Venkitaramanan be and is hereby appointed as a Director of the Company".

8. 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 309(4) and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modifications or re-enactment thereof, authority be and is hereby accorded to the payment to the Non Whole-time Directors of the Company, a commission upto 1% (one per cent) of the Net Profits of the Company to be divided between them in such a manner as they shall from time to time determine for a period of five years from 1st July, 1997 expiring with the financial year ending 30th June, 2002."

By Order of the Board

Registered Office
Sudarsan Building
86 Chamiers Road
Chennai 600 018.

September 4, 1997

P. RAGUNATHAN
General Manager
Accounts & Secretary

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 proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. Please bring the admission slip with you duly filled in and hand over the same at the entrance of the Meeting Hall.
3. It will be helpful if your Registered Folio Number is quoted in all your correspondence with the Company.
4. The Explanatory Statement setting out the material facts in respect of the business under Item Nos. 7 & 8 of the accompanying Notice pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16.10.97 to 5.11.97 (both days inclusive).
6. Members are requested to notify any change in address, mandate for dividend on or before 16.10.97. It will not be possible for the Company to act upon such request after that date.
7. All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during Office Hours.
8. As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) (Amendment) Rules, 1988, we hereby confirm that unpaid/unclaimed dividend for the financial year ended June 30, 1993 (paid on November 26, 1993) was transferred to the General Revenue Account of the Central Government as per details given below:

Dividend for the year ended	Shares	No of Holders	Amount Rs.	Date of Transfer
30.6.1993	25351	144	91,961.17	17.1.1997

Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, No.26 Haddows Road, Chennai 600 006.

9. The Unpaid dividend pertaining to the financial year ended June 30, 1994 (paid on November 9, 1994) is due to be transferred to the General Revenue Account of the Central Government on or before January 9, 1998. Those who have not encashed the payment may please write to the Company quoting their Regd. Folio Number on or before December 20, 1997.



EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7

Mr. S Venkitaramanan was appointed as a Director of the Company to fill the casual vacancy caused by the resignation of Mr. R K Talwar with effect from 19.10.1995.

Mr. R K Talwar would have retired by rotation had he been in office in this Annual General Meeting. U/s. 257 of the Companies Act, 1956, any person other than a Director retiring by rotation can be appointed as a Director of the Company at the Annual General Meeting only if the Notice of intimation to propose the appointment at the said Annual General Meeting had been given to the Company by a member of the Company. Such a notice under that section along with requisite deposit has been received from a member intimating his intention to propose the appointment of Mr. S Venkitaramanan as a Director of the Company along with a resolution as set out under Item No.7 of the Notice of the Meeting.

None of the Directors except Mr. S Venkitaramanan is interested in the resolution.

Item No. 8

It may be recalled that the shareholders at the Annual General Meeting held on 28th October, 1992 had approved payment of commission to the Non Whole-time Directors at 1% of the net profits of the company for a period of five years from 1.7.1992 to 30.6.1997. The resolution as set out under item No.8 of the Notice is for seeking approval of the shareholders for making payment of commission to the Non Whole-time Directors for a further period of five years from 1st July, 1997 to 30th June, 2002.

All the Directors other than the Managing Director are interested in the resolution to the extent of the commission payable to them.

By Order of the Board

Registered Office
Sudarsan Building
86 Chamiers Road
Chennai 600 018.
September 4, 1997

P. RAGUNATHAN
General Manager
Accounts & Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Fifteenth Annual Report along with Audited Accounts for the year ended June 30, 1997.

FINANCIAL RESULTS

	1997 (Rs. lakhs)	1996 (Rs. lakhs)
Profit Before Tax	3452.87	4133.84
Less: Provision for Taxation	372.00	625.00
Add : Provision no longer required	361.98	—
Profit After Tax	3442.85	3508.84
Add : Balance in Profit & Loss Account brought forward from previous year	1011.13	660.89
Profit Available for appropriations	4453.98	4169.73
Appropriations		
Dividends - Proposed	1023.60	1023.60
Tax on Dividend	102.36	—
General Reserve	850.00	2000.00
Statutory Reserve	700.00	—
Debenture Redemption Reserve	750.00	135.00
Surplus Balance in Profit & Loss Account	1028.02	1011.13

Dividend

Your Directors are pleased to recommend a dividend of 50% (Rs. 5/- per Equity share of Rs.10/- each) on the Paid-up Equity Share Capital of the Company.

Business

In a year, which witnessed restricted flow of funds to NBFCs, slow-down in demand for vehicles and enhanced competitive pressure from new entrants, your Company has disbursed Rs. 613 crores under

hire purchase as against Rs. 547 crores in the previous year, an increase of 12.07%. However, lease disbursements of Rs. 62 crores in the current year were marginally lower than last year's disbursement of Rs. 64 crores.

The volume of Trade Bills discounted during the year was Rs. 251 crores (Rs. 433 crores during last year).

The total assets have risen to Rs.1541 crores as of 30th June 1997 from Rs. 1218 crores last year.



Business Outlook

The overall business outlook continues to be mixed. The commercial vehicle segment, in which your Company continues to focus, is likely to witness a stagnant market. Competitive pressures are increasing in the retail market which has proved more attractive than corporate lending to most NBFCs. In a scenario of stagnant commercial vehicle market, such competitive pressures will result in lower growth and squeeze in margins. In spite of this not so promising scenario, your Company, with its track record and wide branch network, is confident of continuing to post a reasonable rate of growth in the coming year.

Resources

a) Deposits

Deposits from public as on June 30, 1997 stood at Rs. 368 crores as against Rs. 170 crores last year, representing an increase of 116%. Gross collections of Rs. 322 crores during the year is an all time record for your Company.

Deposits matured but unclaimed as at the end of the year amounted to Rs. 516.39 lakhs (3937 deposits). Out of this, 1928 deposits totalling to Rs. 236.45 lakhs have been since settled or renewed.

b) Term Loans from Institutions

Your Company obtained term loans of Rs. 28.75 crores from financial institutions during the year under review.

c) Bank Limits

The Consortium of bankers has increased working capital limits to Rs. 390 crores during the year.

d) Debentures

During the year, your Company issued Secured Non-Convertible Debentures to the

extent of Rs. 44.20 crores on Private Placement basis.

e) Asset Securitisation

During the year, your Company has securitised hire purchase receivables to the extent of Rs. 140 crores.

Prudential Norms for NBFCs

Your Company has strictly followed the guidelines issued by the Reserve Bank of India for recognition of income, asset classification, investment accounting, provisioning for non-performing assets and capital adequacy. Based on the above, the capital adequacy works out to 13.34% as on June 30, 1997 which is substantially higher than the 8% required by the guidelines.

Directors

Mr. S. Venkitaramanan who was appointed in the casual vacancy caused by the resignation of Mr R.K.Talwar, vacates office at the ensuing Annual General Meeting and would be seeking election. As per Articles 42 and 43 of Articles of Association M/s R Seshasayee, T. Anantha Narayanan and V.R. Pappu retire by rotation and being eligible offer themselves for reappointment.

Particulars of Employees

Particulars of employees in terms of requirement under Section 217(2A) of the Companies Act, 1956 are set out in the annexure forming part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning/outgo.

Your Company has no activities relating to Conservation of Energy or Technology Absorption. Your Company did not have any foreign exchange earnings during the year under review.