

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			

# 15th ANNUAL REPORT 1997 - 1998



**ASSOCIATED BUSINESS CREDITS LIMITED**

# BOARD OF DIRECTORS

1.	SRI. S.R. VELANANDAN, B.Com., M.A.	Chairman & Managing Director
2.	SRI. K.N. KANNAN CHETTIAR	Director
3.	SRI. M. PREMKUMAR, B.E., M.Sc.,	Director
4.	SRI. R. RAVINDRAN, B.E.	Director
5.	SRI. P. SUKUMAR, B.Com.	Director
6.	SRI. V.P. SUBRAHMANYAM	Director
7.	SRI. V. THANGAVELU, B.Com.,	Director
8.	SRI. B. JAGADEESH, B.B.A.,	Director
9.	SRI. B.S. KANTHARAJA SHETTY	Director

# AUDITORS

**M/s. SELVAM & SUKU**  
Chartered Accountants,  
C-1, First Floor, Alsa Towers,  
186/187, Poonamallee High Road,  
Kilpauk, Chennai - 600 031.

# CORPORATE LAW ADVISOR

**M/s. N.K. BHANSALI & CO.,**  
Company Secretaries  
11, Chinna Naicken Street,  
Chennai - 79. Phone : 583056, 5390910

# REGISTERED OFFICE

163, Anna Salai,  
Chennai - 600 002. Phone : 8522742

# OUR BANKERS

City Union Bank Ltd.  
ANZ Grindlays Bank  
Bank of Madura Ltd.  
Karnataka Bank Ltd.

# ADMN. OFFICE

95, Peramanur Main Road, Salem-636 007.  
Phone : 417501, 414715

# BRANCHES

40/1, First Floor, 3rd Main, 5th Cross, Wilson Garden,  
Bangalore - 560027. Ph : 2235999  
17/1, Raman Nagar, (Opp. to Chemplast Unit ) Mettur Dam - 636 403.  
Phone : 23096, 23104  
Arun Rajammal Building, 93, D.B. Road, R.S.Puram,  
Coimbatore - 641 002.  
A-6, Thillainagar Main Road, 11th Cross Corner, Trichy-18. Ph : 260469  
94, Anna Salai, 1st Floor, Pondicherry-605 001. Ph : 34956  
470-E, Sekkalai Road, 1st Floor, Karaikkudi-623 001. Ph. : 22590  
269A, First Floor, Good Shed Street, Madurai - 625 001. Ph : 543430



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## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the company will be held at "Sumangali Kalyana Mandapam", 12, Andavar Street, Chennai-94 on Friday the 25th day of the September 1998 at 9.30 a.m. for transacting the following business :

1. To consider and adopt the profit & loss account of the company for the financial year ended 31-3-1998 and the balance sheet as at 31-3-1998 together with the director's report and auditor's report thereon.
2. To appoint a Director in place of the directors who retires by rotation and being eligible offers themselves for reappointment.
3. To appoint the auditors and fix their remuneration.

**Special Business :**

To consider and if thought fit, to pass with or without modifications the following resolutions.

4. As a special resolution :

**RESOLVED** that the consent of the members be and is hereby given to the board for delisting of shares of the company from / with Bombay and/or Coimbatore stock Exchange/s.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board or any committee thereof, be and is hereby authorised to finalise, settle, delegate and execute such documents, deeds, writings and agreements, as may be required and to do all such acts, deeds, matters and things, it may in its absolute discretion deem necessary, proper, expedient or desirable and to settle any question, difficulty or doubt that may arise in regard to delist the shares of the company".

5. As a Special resolution :

**"RESOLVED** that pursuant to the provisions of Sections 17 of the Companies Act, 1956 the objects clause of the Memorandum of Association of the Company be altered :

- A) by adding the following new sub clause/s in clause III(A) of the Memorandum of Association after the existing sub clause No.2
3. Subject to the provisions of Foreign Exchange Regulations Act, 1973, the directors of the Reserve Bank of India and other applicable laws in force, to carry on in India or elsewhere, the business of full fledged and/or restricted money changers and authorised dealers of all foreign currencies and to buy, sell, and deal in foreign currencies of all kinds and types whether in the form of coins, bank notes or travellers cheques : to conduct transactions of all types and descriptions in foreign currencies and to convert foreign currencies into Indian rupees and vice versa.
4. To promote and carry on the business of travel, tourist, transport in all its manifestations and for this purpose to undertake and operate all kinds of services by road, rail, water and/or air services and other operation/s subject to the permission and control of appropriate Government and their agencies as may be required and to provide the conveniences of all kinds in the way through tickets, circular tickets, sleeping cars or berths, reserved places, hotel and lodging accommodation, guides, safe deposit, enquiry bureau, libraries, reading rooms and baggage transport or otherwise and to act as representatives of airlines, steamship lines.



## ASSOCIATED BUSINESS CREDITS LIMITED

railways and other carriers whether in India or abroad and to carry on all kinds of business as commission agents, representatives, contractors, exporter and importer, agents, within and outside India.

5. To carry on the business of hotel, motel, restaurant, cafe, refreshment room and lodging, housekeepers, cinemas and show-on caterers for public amusement generally, perfumers, chemists, proprietors of clubs, swimming pools, places of amusement recreation & sport entertainment, proprietors of motor and other vehicles, and deal in food, local and foreign product of all description.
- B) by deletion of the present clauses number 1 to 4 of the other objects of the company and by replacement thereof by the following clauses as new clauses, in clause III(C) of the Memorandum of Association :
  1. To carry on the business of importers, exporters, buyers, sellers, dealers, distributors, manufacturers of all types of wearing apparels & cloths of all kinds, fabrics / garments made from natural or artificial fibers. or a blend of natural or artificial fibers, apparels and/or accessories made of fabrics, leather or otherwise, footwear made of leather or otherwise, travel goods, in India or in any / all part/s of the world and accessories used in these products including all kinds buttons, zip fasteners, plastic coated fabrics, elastic, laces, tapes and labels.
  2. To export from India and Import into India any material, merchandise, produce/s, things commodity/ies, good/s and article/s whether raw, semi-manufactured to/from any/all Part/s of the world.
  3. To carry on the business of developers, processors, traders, dealers, distributors, buyers, sellers, importers, exporters, programmers, managers, operators and agents or to deal in any other manner (including loan licencing basis, branding) in all kinds of computer software including packaged software & customised software development for both Indian and Export markets.
  4. To carry on business of Manufacturers buyers, sellers, importers and exporters or otherwise as dealers of computers, software, peripherals, floppy disks, hard disks, multimedia and computer consumables.
  5. To carry on the business as consultants and advisers on information systems, and purveyors of information services based on the use of computers, electronic calculators and business machines of all kinds to the users, systems, help, know how programs and other software relating to use of such machines and allied peripherals.
  6. To establish, maintain and run data processing/computer centres and to offer consultancy and data processing and other services that are normally offered by data processing and other computer centers to industrial, business and other types of customers and to provide communication and information services by means of computer terminals at any location and providing other information services including the making of surveys and reports thereon and preparing specifications, designs, making estimates, preparing evaluations and economic studies and furnishing all other works, services and activities required to enable clients to consider the feasibility and execution of all types of industries and works.
  7. To design, develop, implement, install and operate, maintain, market, buy, import, export, sell and licence computer software, databases, computer systems and programme products and services and to carry on the business as data processing systems providers, network telecommunications services providers, data processing facilities managers and finformation technology consultants.
  8. To carry on the business of developers, manufactures, processors, traders, dealers, distributors, buyers, sellers, importers, exporters, programmers, managers, operators and agents or to deal in any other manner (including loan licencing basis, branding) in any of or all types and varieties of computers, data processors,



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word processors, electronic printers, all types of entertainment electronics and accessories, computer hardware, computer software, accessories, equipments, intermediates, spares, salvagable parts, audio-visual media, demonstration machines, electronic typewriters, allied office equipments and stationery.

9. To carry on the business of manufacturing and compressing oxygen, hydrogen, nitrogen, carbonic acid, acetylene and another gases or kindred substances, or any compounds thereof by any process, and of selling or applying such gases, substances and compounds or any of them to such purposes as the Company may from time to time think desirable, and to manufacture, buy, sell let on hire and deal in engines, electrodes, transformers, gas cylinders, compressors welding machines and other apparatus and conveniences which may seem calculated to promote (directly or indirectly) the consumption of gases.
10. To manufacture and deal in metals, substances and materials of all kinds (including glass) which may be usefully or conveniently employed in the manufacture of receivers for compressed or liquefied or other gases, and all machinery, appliances, tools, articles and things used or capable of being used for closing or in the manufacture of appliances for closing such receivers or for closing or stoppering bottles or for liberating the gases or other contents of any such receivers or the tools required for or used in the manufacture of any such articles or things or for any of the purposes aforesaid.
11. To carry on the business of manufacturing, buying and selling dissolved acetylene, acetylene lamps, generators and plants, acetylene apparatus and accessories and other apparatus, appliances, articles and things which may seem calculated to promote or to be capable of being used on connection with the consumption of dissolved acetylene.
12. To design, fabricate, install, acquire, purchase and deal in, equipment and machinery required in the manufacture of oxygen, dissolved acetylene, nitrogen, argon, hydrogen, carbonic acid and other gases or oxygen, dissolved acetylene, nitrogen, argon, hydrogen, carbonic acid and other gases or kindred substances, or any compounds, and all types or welding electrodes, welding and cutting equipments, arc welding transformers, dissolved acetylene lamps generators, and plants, acetylene apparatus and accessories of every description, and to carry on business as iron founders, metallurgists, metal converters, smiths, technical consultants, structural engineers, welders, painters and metal fabricators.
13. To engage in and carry on all or any of their respective branches, the business of textiles technologists and the textile consultants.
14. To undertake, aid, promote and co-ordinate project studies, arrange collaboration to extend technical assistance and service, prepare schemes, project reports, market research and studies to arrange technical, financial arrangements to make agreements and arrangements to provide management, personnel, supervise and set up production techniques - assist in finding markets for manufactured goods of Indian and foreign origin, secure, sound investments of foreign capital in India undertakings and enterprises and to act as agents or render assistance to any person, firm, company, association, embassy or government.
15. To act as advisor and/or consultants on all matters and problems relating to urban and town planning, landscape, architecture, structural engineering, and electrical engineering, interior designing and graphic.
16. To render services or modern management techniques essential to Indian industry in the field of organisation, planning, administration, personnel finance and accounting, marketing and market research and economic planning.
17. To carry on the consultancy business in the trade of handicrafts, handlooms, curious, ornamental goods, goods of decoration, household good, art goods, and objects made out of all and every kind of raw materials whatsoever, including wool, cotton, silk, metal of every kind, wood boxes, ivory, horn leather, stones.



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synthetic, semiprecious or precious stones, papers, jute, cane, bamboo, pottery, terra-cotta, clay, glass, colors and chemicals, machinery and equipments for engineering and electronic projects oil field, aviation power, construction irrigation and defence and allied projects and to provide consultancy and engineering services to foreign and Indian buyers, sellers, exporters, importers, manufacturers, traders enterprises in all the fields and trades.

18. To carry on the business of technical consultants.
19. To carry on the business of selling of all types of scientific and surgical instruments, appliances and equipment.
20. To carry on the business of selling of all kinds of apparatus and equipment using electronic or other devices together with instrumentation intended for testing, controlling, observing and maintaining the equipment and apparatus mentioned above.
21. To carry on in India and elsewhere the business of contractors, merchants, importers, exporters and farmers in all their respective branches.
22. To buy, sell, let on hire, take on hire, repair alter and deal in machinery, components parts, accessories and fittings of all kinds for motors and other vehicles and all articles and things used in or capable of being used in or capable of being used in connection with the manufacture, maintenance and working thereof.
23. To construct, lay down, establish, fix, erect, equip and maintain generators, machinery, electrical equipment and cables, lines, accumulators, lamps, fittings and apparatus in the capacity of principal, contractors or otherwise.
24. To carry on the business as iron, steel and metal foundries in all its branches.
25. To do all or any of the above things in any part of the world either as principals, agents, contractors trustees or otherwise and by or through trustees, agents otherwise, either alone or in conjunction with other.

### 6. As a Special Resolution :

RESOLVED THAT subject to the alteration of the objects clause of the company's memorandum of association in terms of the special resolution passed at this meeting being confirmed under Section 17 of the Companies Act, 1956, approval be and is hereby accorded pursuant to Section 149(2A) of the Companies Act, 1956 to the company commencing as and when its board of directors may think fit, all or any of the business specified clauses number 1 to 25 of the other objects of the company, in clause III (C) of the company's memorandum of association as altered.

### 7. As a Special resolution :

"RESOLVED THAT pursuant to Section 372 and such other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to the approval, if any requires, of the Central Government being obtained, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the Board) investing and/or acquiring by way of subscription, purchase or otherwise, at one time or from time to time equity shares of the nominal value not exceeding in the aggregate Rupees Twenty Five lacs in Associated Business Credits & Investments Private Limited notwithstanding that such investment may be in excess of all or any of the limits specified and in force at the relevant time.

"RESOLVED FURTHER THAT the Board, be and is hereby authorised to agree to any modifications and/or condition that may be suggested or prescribed by the Central Government at the time of according its approval to



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the proposed investment.

"RESOLVED FURTHER THAT the Board, be and is hereby authorised to take all such steps and do all such acts, deeds, matters things as may be considered by the Board to be necessary, expedient or desirable to give effect to this Resolution and to settle all matters arising out of and incidental to the proposed investment".

BY THE ORDER OF THE BOARD  
for Associated Business Credits Limited  
Sd/- S.R. Velanandan  
Chairman & Managing Director

Date : 31-07-98  
Salem

### NOTES :

1. Explanatory Statement as required under section 173 (2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING.
3. The Register of Members of the Company will remain closed from 16th of September 1998 to 21st of September 1998 (both the days inclusive).
4. Shareholders / proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.
5. Members desirous of getting any information about the accounts and operation of the company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least seven days before date of meeting to enable the management to keep the required information readily available at the meeting.
6. Members who have not encashed the Dividend Warrants for the year 1994-95 are requested to surrender the unencashed warrants to the Company and obtain payments. If the warrants are lost, members may write to the Company immediately, since the unclaimed dividend will be credited to the Central Government.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956 :

#### ITEM NO.4

The company's shares are not traded in the past few years, on/in any of these two exchanges i.e the Bombay and Coimbatore Exchange/s. Hence, in order to reduce the operational cost of the company and other regular formalities of dealing with the exchange/s, the Board of Directors proposed to exchange/s for the delisting of the shares of the company. In order to have the members view, the board places this resolution for their consideration.

None of the Directors is interested in this resolutions except to as the members of the company.

#### ITEM NO.5 and 6

In the light of the liberalised economic policy and due to change in the recent Past in the Guidelines for the Non banking Finance Companies, the directors have been examining various schemes of diversification of business activities of the company. Hence it is considered necessary to amplify the object clause in the memorandum of association of the company as set out in resolution under item no.5 & 6 the notice to enable the company to take up/enter into new lines of business





## ASSOCIATED BUSINESS CREDITS LIMITED

activities as and when the opportunity arises. The board of directors feel that the new lines of activities as proposed to be included in the memorandum of association of the company can be conveniently carried on with the existing lines of business activities of the company.

The proposed amendment to objects clause of the memorandum of association of the company as set out under Item No.5 of the notice of the meeting is subject to approval in terms of section 17 of the Companies Act, 1956.

Any new business activity, proposed to be commenced by the company which is not germane to the existing line of business activity of the company requires approval of the shareholders by special resolution u/s 149(2A) of the Companies Act, 1956.

The directors recommend the resolutions to be adopted by the shareholders as special resolutions.

None of the directors is concerned or interested in the resolution.

### ITEM NO. 7

There has been continuing liberalization process taking place in the financial services sector. These liberalization measures have given rise to a significant opportunity for diversification and innovation in the financial services area Sector. However, there are certain restrictions on the activities that a Corporate Member can Undertake. In view of this, it is required that these allied activities are carried out by a separate company in which your Company along with its associates will have a controlling interest.

Your Approval in terms of the provisions of Section 372 of the Companies Act, 1956 is being sought to enable the Company to invest and/or acquire by way of subscription, purchase or otherwise, equity shares of the proposed company. The investment by the Company will be subject to the approval of the Central Government, if any required, under the said Section, which will be obtained in due course.

Your Directors consider that the proposed investment would be in the interest of the Company and hence recommends the Resolution for adoption.

All the directors who are Directors of the other company may be considered concerned or interested.

BY THE ORDER OF THE BOARD  
for Associated Business Credits Limited  
Sd/- S.R. Velanandan  
Chairman & Managing Director

Date : 31-07-98  
Salem





## DIRECTORS REPORT

Dear Shareholders,

We have great pleasure in presenting the annual report of the company together with the Audited accounts for the year ended 31st March 1998.

### FINANCIAL RESULTS :

Particulars	(Rs. in lacs)	
	Current Year ended (Audited) 31.03.98	Previous Year ended (Audited) 31.03.97
1. Income from Operations	566.83	544.09
2. Other Income	3.29	8.15
<b>GROSS REVENUE</b>	<b>570.12</b>	<b>552.24</b>
3. Total Expenditure	158.88	138.06
4. Interest	283.75	234.43
<b>GROSS EXPENDITURE</b>	<b>442.63</b>	<b>372.49</b>
5. <b>Net Profit before Depn. &amp; Taxation</b>	<b>127.49</b>	<b>179.75</b>
6. Depreciation	51.68	61.43
7. Lease Equalisation charges	37.61	58.34
8. Provision for Non performing Assets	13.07	13.15
9. Provision for diminution in value of Investments	4.76	---
10. <b>NET PROFIT</b>	<b>10.87</b>	<b>46.83</b>
11. Paid-up Equity Share Capital	300.00	300.00
12. Reserves excluding revaluation reserves	82.64	74.28

### DIVIDEND

Your directors do not recommending any dividend for the year dated 31st March 1998.

### OPERATIONS

The hire purchase & leasing industry witnessed an unprecedented downtrend consequent to the recession in automobile industry. Also banks are unable to meet the needs of refinance and new RBI regulations on NBFCs which restricts mobilisation of public deposits results in reduction in volume of business and profit. The steady performance of ABC during the turbulent economic period of 1997-98 underlines the sound foundation of the Company even as an unprecedented downturn persisted in those sectors in which the Company operates. The Company has been able to maintain operating profits despite lower realisation in the finance business, due to higher volumes and improvement in operational efficiencies. Due to progressive reduction in overheads and increase in operational efficiency the Company continues to perform well.

However inspite of these constraints your company was able to disburse almost Rs. 941.12 lacs and increase in Gross income to Rs. 567 lacs (Rs. 544 lacs). Your company has been able to keep its receivables under close control and loan recovery rate has been excellent.

### PROSPECTS

The finance industry faces problems like several legislations & regulations by Reserve Bank of India and tightening of fresh credit facilities to the NBFC's by banks. Inspite of these factors your company has the satisfaction of having a large number of clients, investors and depositors being serviced promptly and effectively. In fact satisfied customers, depositors and investors are the main assets of the company.

### DEPOSITS

As per the recent RBI guidelines the company's fixed deposit schemes came to a grinding halt which was contributing significantly to the resources mobilisation for the Company. The company have started reducing its deposit base and the same is standing at Rs. 1461.88 lacs as against Rs. 1269.06 lacs in the previous year posting a net increase of 15.19%. The unclaimed deposit as on 31.03.98 was Rs. 16.82 lacs out of which Rs. 3.52 lacs has been renewed and Rs. 4.77 lacs has been refunded as at the end of June 1998.