

Integra

STATE-OF-THE-ART-FINANCE

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Eighth Annual Report
1997-98

INTEGRA CAPITAL MANAGEMENT LIMITED

Integra

STATE-OF-THE-ART-FINANCE

NBFC SURVEY

The Financial Express

NEW DELHI • MONDAY, JUNE 15, 1998

Ranking of India's top 267 non-banking finance companies

1	Shoppers' Investment & Finance Co	17308.50	66.36	14.22	9.61	26.45	61.63	16.83	60.53	60.39	9.92	30.35	4821.00	1
2	BCL Financial Services	16483.50	60.15	22.83	2.50	37.36	48.94	23.52	14.55	63.30	2.56	40.66	4337.50	4
3	Tata Finance	16143.50	1580.60	113.93	49.30	90.79	1513.51	107.49	415.42	152.26	62.18	109.78	5973.00	5
4	Apple Finance	16132.50	1129.43	21.43	40.23	-13.65	1106.84	23.36	257.19	-9.24	40.23	-13.65	5206.50	2
5	Leafin India	16113.75	43.33	19.56	2.09	3.47	42.19	18.11	19.76	54.86	2.24	-7.05	4104.50	2
6	Escorte Finance	16087.00	517.21	64.64	18.35	14.05	480.89	62.15	117.58	68.68	18.35	14.05	5546.50	6
7	Interface Financial Services	15969.25	41.17	61.77	4.76	26.60	38.87	57.05	15.97	117.87	4.89	30.05	4601.50	0
8	Anagram Finance	15861.50	955.05	29.72	34.76	-22.24	872.21	25.75	257.28	34.16	38.67	-16.52	5347.00	5
9	Elgi Finance	15769.75	150.45	23.35	2.74	-35.07	145.30	25.16	54.05	64.64	4.47	3.00	4695.00	6
10	Cholamandalam Invt & Finance Co	15754.43	259.48	35.46	23.10	7.56	713.70	26.85	120.06	33.05	24.14	5.83	634.50	2
11	Sundaram Finance													4
12	Global Finance Corporation													0
13	CEAT Financial Services													5
14	Integra Capital Management													1
15	Rockland Leasing													1
16	Apple Credit Corporation	1548.00	554.37	46.37	13.10	-21.46	537.87	48.56	118.75	25.67	19.16	-21.46	5262.00	4
17	Fortis Financial Services	15297.50	162.24	213.57	2.68	-45.75	152.08	196.92	79.61	625.71	3.12	-36.84	4828.00	3
18	Dhandapani Finance	15182.75	55.42	22.21	3.41	1.79	53.55	22.29	15.87	28.40	3.43	2.08	4288.50	3
19	Schematic Finance	15133.75	24.67	93.95	2.24	-27.04	22.48	94.13	11.11	64.84	2.27	-27.48	3893.50	1
20	SREI International Finance	15087.50	319.56	25.05	13.02	8.41	287.68	35.20	79.37	46.25	13.46	11.52	5243.00	2
21	Crystal Credits Corporation	15076.50	38.47	16.79	2.80	-11.67	32.89	10.63	15.61	31.62	2.80	-12.23	3906.00	2
22	Emara Finance	15059.25	94.09	60.45	4.89	-18.85	88.74	80.59	22.80	41.88	4.47	-11.31	4603.00	3
23	DCM Financial Services	15058.75	182.41	42.54	7.81	10.16	90.93	12.82	47.51	30.38	8.61	13.44	4335.50	5
24	First Leasing Co of India	15026.75	349.95	3.76	14.00	0.07	313.18	-4.46	112.08	14.06	14.95	6.71	4797.00	3
25	Shriram City Union Finance	15011.75	151.81	48.19	3.78	15.60	147.36	50.00	51.48	44.12	4.26	15.76	4977.00	9
26	IFB Finance	14963.00	75.29	57.18	2.55	-23.42	73.19	64.99	16.98	50.80	2.80	-20.88	4410.00	4
27	Kailash Auto Finance	14861.50	36.15	10.89	1.01	-12.93	34.58	10.73	10.42	39.12	1.09	-10.66	3561.00	5
28	HCC Finance	14830.75	18.57	84.23	0.83	3.75	17.92	105.27	4.06	153.75	0.94	17.50	3628.00	1
29	Ashok Leyland Finance	14782.50	1166.86	30.57	34.43	-1.88	1118.41	28.21	274.33	22.22	38.75	10.43	5470.00	6
30	Saemac Motor Finance	14747.20	68.56	18.82	2.81	8.91	65.44	20.18	18.55	35.20	2.30	10.27	4343.00	4
31	Shrachi Securities	14695.25	38.36	19.61	2.41	-16.61	37.33	20.38	14.54	48.07	2.58	-10.73	3972.50	1
32	VLS Finance	14695.00	256.10	-17.20	20.72	-56.85	246.16	-13.44	83.55	4.80	20.72	-57.12	4224.50	0

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BOARD OF DIRECTORS

Chairman

Sushil Kumar Vohra

Managing Director

Tarun Vohra

Directors

Dr. Raja J. Chelliah

G.B. Desai

Pammi Vohra

T.S. Sridharan

Neeraj Kumar Goel

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

Auditors

Krishan K. Tulshan & Co.,

Chartered Accountants, New Delhi

Solicitors

Rajinder Narain & Company,

Advocates & Solicitors, New Delhi

Bankers

Bank of India

Bank of Baroda

Oriental Bank of Commerce

Andhra Bank

Bank of Punjab

Lakshmi Vilas Bank

IDBI Bank

Registered Office

'Integra House'

9, Community Centre

Panchsheel Park

New Delhi - 110 017

City Offices

32, Regal Building

Sansad Marg, New Delhi-110 001

Direct Marketing Division

M-3, (Second Floor)

N.D.S.E., Part-II

New Delhi - 110 049

Commercial Vehicles Division

105, Aradhana Bhawan, Azadpur

New Delhi - 110 033

M-3, NDSE Part-II, New Delhi-110 049

Other Offices

Mumbai

5/38, Tardeo Aircondition Market

Tardeo Road

Mumbai - 400 034

Chennai

606, 6th Floor, Challa Mall,

Pondy Bazaar, T. Nagar, Chennai - 600 017

Secunderabad

309, 3rd Floor, Diamond Towers,

Main Guard Road, Off S.D. Road,

Secunderabad - 500 003

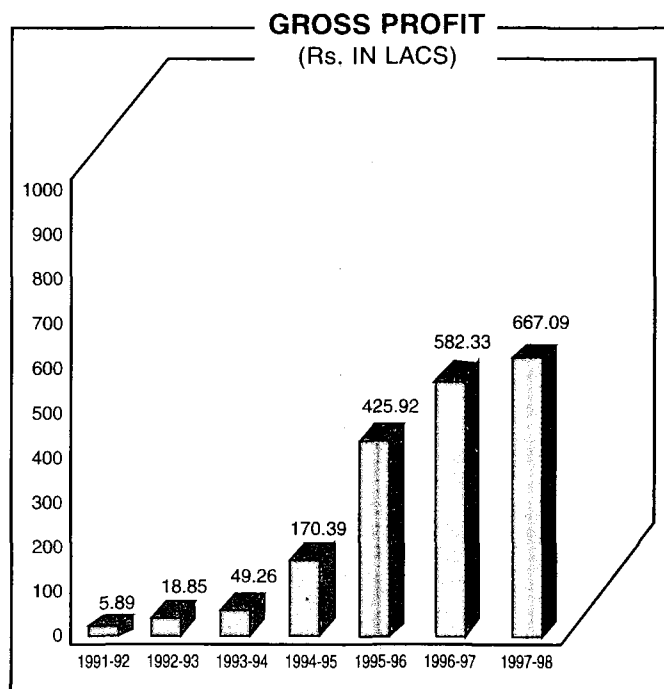
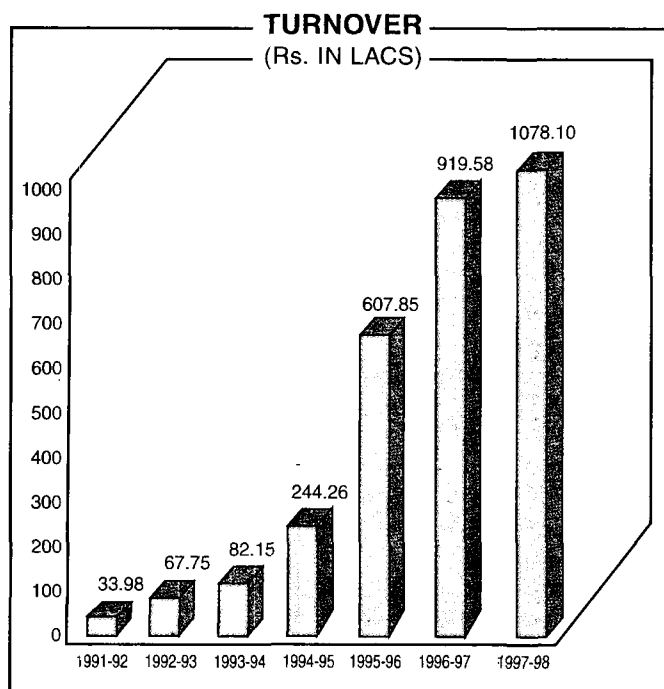
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FINANCIAL HIGHLIGHTS

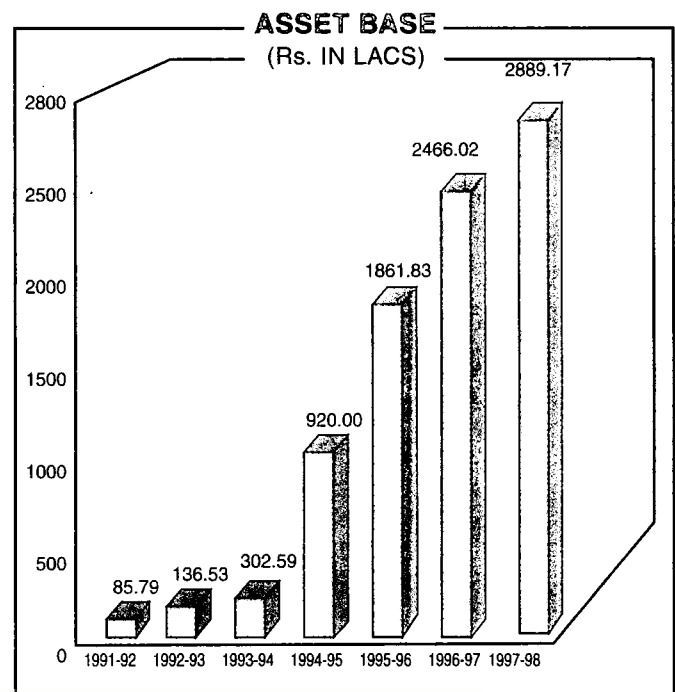
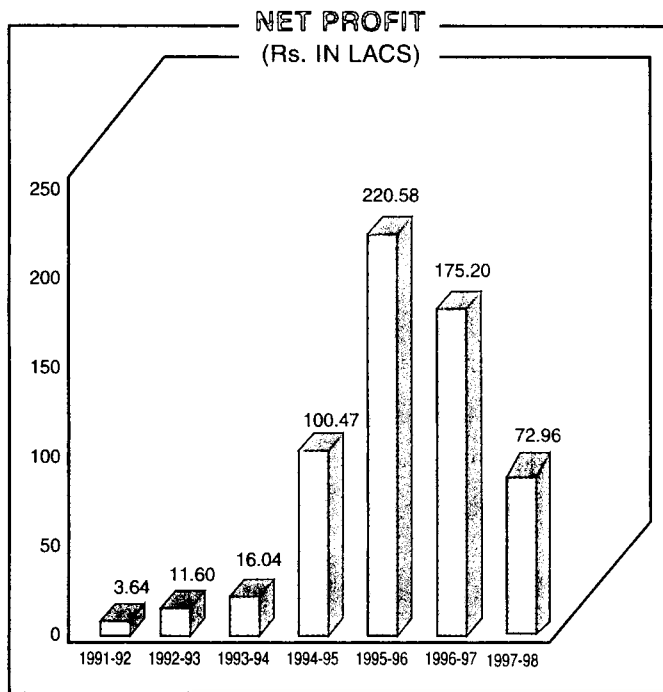
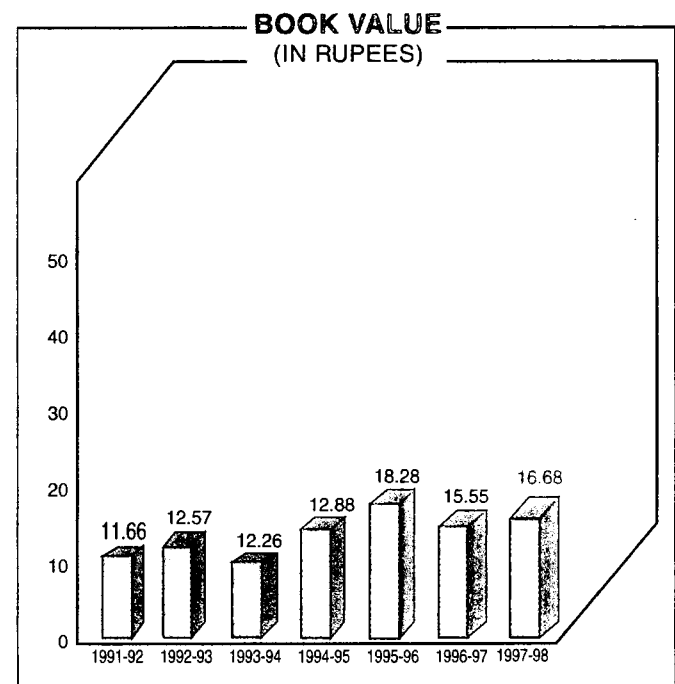
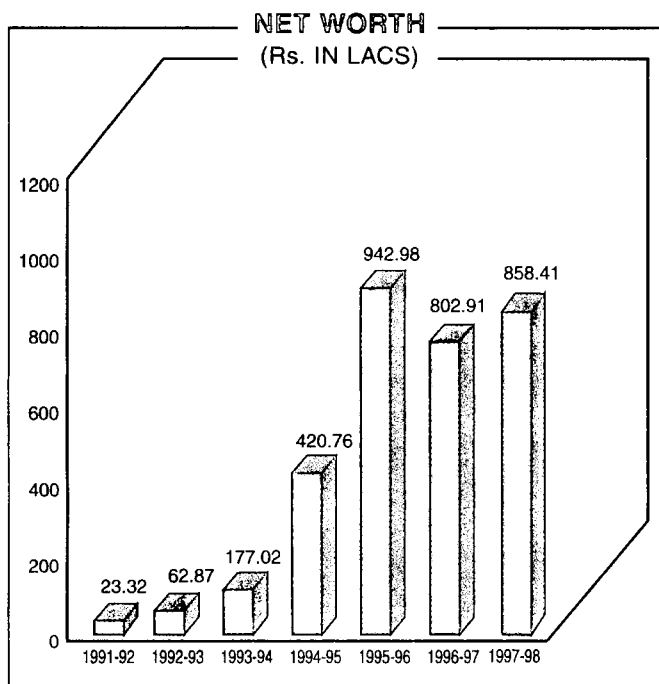
(Rupees in Lacs)

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Total Income	33.98	67.75	82.15	244.26	607.85	919.58	1078.10
Gross Profit	5.89	18.85	49.26	170.39	425.92	582.33	667.09
Net Profit	3.64	11.60	16.04	100.47	220.58	175.20	72.96
Paid Up Equity Capital	20.00	50.00	153.87	325.00	481.96	482.87	483.00
Book Value (Rs.)	11.66	12.57	12.26	12.88	18.28	15.55	16.68
EPS (Rs.)	1.82	2.32	3.05	5.63	5.76	3.63	1.54
Dividend %	10	10	11	15	22	22	-
Net Worth	23.32	62.87	177.02	420.76	942.98	802.91	858.41
Total Assets	85.79	136.53	302.59	920.00	1861.83	2466.02	2889.17
Net Profit Margin %	11.74	17.12	19.53	41.13	36.29	19.05	6.77
RONW	17.11	18.45	9.06	23.88	23.39	21.82	8.50
Leased Assets/ Total Assets %	90.34	95.72	84.48	91.06	94.79	93.84	89.48
Retained Earnings/ Net Profit %	63.91	82.33	64.09	72.28	62.65	39.42	100



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NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of Integra Capital Management Limited will be held on Tuesday, the 18th day of August, 1998 at 10.00 a.m at PHD House, Opp. Asian Games Village, New Delhi - 110 016, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date together with the Reports of the Board of Directors and the Auditors.
2. To approve payment of dividend on preference shares.
3. To appoint a Director :
 - a) In place of Shri G.B. Desai, who retires by rotation and, being eligible, offers himself for re-appointment.
 - b) In place of Smt. Pammi Vohra, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit to pass with or without modifications, the following resolution as a Special Resolution.
"RESOLVED THAT, as required under Section 17 and other applicable provisions, if any, of the Companies Act, 1956, "Objects" Clause III of the Memorandum of Association of the Company be and is hereby amended by inserting the following new Sub-Clauses marked 12 after Object No. 11 in Clause III A viz..." the main objects to be pursued by the Company on its incorporation are" :
 "12. To avail Lines of Credit and to carry on the business of providing financial and other guarantees / sureties, in the normal course of business, to persons, organisations, companies who are provided funds directly or indirectly by Banks, Financial Institutions - State, Central or International, Private Organisations and such other organisations."
6. To consider, and if thought fit to pass with or without modifications, the following resolution as a Special Resolution.
"RESOLVED THAT pursuant to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956 approval be and is hereby accorded to the Company for commencing and undertaking the business inserted as Clause III (12) of the Memorandum of Association of the Company in terms of resolution at item 5 above, as and when deemed fit by the Board of Directors on the alterations in Clause III becoming effective."
7. To consider, and if thought fit to pass with or without modifications, the following resolution as a Special Resolution.
"RESOLVED THAT subject to the provisions of Sections 269, 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule - XIII thereto as amended by notification No. GSR 48(E) dated 1st February, 1994 and all guidelines for the managerial remuneration issued by the Central Government from time to time, and subject to such approval as may be necessary, consent of the company be and is hereby accorded to re-appoint Shri Tarun Vohra as Managing Director of the Company for a further period of five years with effect from 09.03.1998 as per the terms and conditions contained in the draft agreement, placed before the meeting, duly initialed by the Chairman for the purpose of identification and such agreement is specifically sanctioned, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limit specified in Schedule XIII to the Companies Act, 1956 or any amendment hereto as may be agreed to between the Board of Directors and Shri Tarun Vohra or as may be varied by the General Meeting."

By Order of the Board

'Integra House'
 9/2, Sarvpriya Vihar
 New Delhi - 110 016.

Place : New Delhi
 Date : 24th June, 1998

TARUN VOHRA
 MANAGING DIRECTOR

NOTICE Contd.**NOTES :**

- a) The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out at Item Nos. 5 to 7 of the Notice is annexed hereto.
- b) A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and to vote instead of himself. The proxy need not be a Member of the Company. The Proxy Form should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
- c) Member/Proxy holder must bring attendance slip to the Meeting and hand it over at the entrance duly signed.
- d) Instructions regarding change of address and/or mandate should be sent so as to reach the Company at its Registered Office latest by 4th of August, 1998.
- e) Members desiring any information as regards accounts at the Meeting are requested to write to the Managing Director of the Company so as to reach latest by 1st of August, 1998 to enable the Management to give the information at the time of the Meeting.

EXPLANATORY STATEMENT U/S 173 OF THE COMPANIES ACT, 1956

The following explanatory statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 24th June, 1998.

Item No. 5

The Company as part of its resources mobilisation efforts and to carry on the business of lending by Hire Purchase and Leasing schemes, avails Cash Credit limits from the banking system. Besides the Cash Credit limit, which are based on the maximum permitted Bank finance that the Company is entitled to have, it was felt essential that the Company should explore the possibility of availing alternative avenues of finance so that it optimises income.

Accordingly, the Company was able to arrange Lines of Credit from various Banks and other organisations as per which, the Company provides guarantee/s to the funds deployed by the Banks and organisations directly to various borrowers.

As per this scheme the Company can charge additional interest / service charge for providing guarantee / surety to the borrowers. The liability on account of providing such service is reflected in the Balance Sheet as Contingent Liability. As the Company already possess adequate expertise on marketing, processing the papers, lending and recovering, it was felt by using the same infrastructure the Company can optimise its income.

The present main object clause was inadequate and hence an amendment was felt essential in the main object clause of the Memorandum of Association of the Company.

The Directors commend this Special Resolution for consideration of the Members as provided under section 17 of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

Item No. 6

Item No. 5 in the Notice is proposition for passing Special Resolution for inserting Sub-Clause III (12) in the Object Clause of the Memorandum of Association of the Company to enable the Company to pursue the business of providing financial and other guarantees / sureties, in the normal course of business, to persons, organisations, companies who are provided funds directly or indirectly by Banks, Financial Institutions - State, Central or International, Private Organisations and such other organisations.

In the event of the confirmation of the proposed alterations by the Members through the process pursuant to Section 17 of the Companies Act, 1956, it would be necessary for the Members to accord approval for the commencement of the business under section 149 (2A) of the Companies Act, 1956. The Directors of your Company having considered the benefit of obtaining your approvals for the commencement of such business under Section 149 (2A) simultaneously with the adoption of Resolution

NOTICE Contd.

No. 5 set out in the Notice recommend that the proposed Special Resolution be adopted in the interest of the Company.

None of the Directors of your Company is in any way concerned or interested in the proposed resolution.

Item No. 7

Mr. Tarun Vohra was appointed as a Managing Director w.e.f. 09/03/1993 for period of five years through an Extra Ordinary General meeting of the members of the Company held on 09/03/1993. Mr. Tarun Vohra was reappointed as a Managing Director in the Board meeting of the Company held on 21/11/1997 for a further period of five years commencing from 09/03/98 with the same salary and perquisites payable to him till 08/03/1998.

None of the Directors except Shri Sushil Kumar Vohra, Chairman and Smt. Pammi Vohra, Director, are interested in the passing of this resolution.

By Order of the Board,

Registered Office :

'Integra House'
9/2, Sarvpriya Vihar,
New Delhi - 110 016.

Place : New Delhi,

Date : 24th June, 1998

TARUN VOHRA
MANAGING DIRECTOR



DIRECTORS REPORT

Your Directors are pleased to present the Eighth Annual Report and Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	1997-98 (Rupees)	1996-97 (Rupees)
Total Income	10,78,10,589	9,19,58,147
Expenditure	4,11,01,699	3,37,25,346
Cash Profit	6,67,08,890	5,82,32,801
<u>Deduct:</u>		
Non-Cash Charges		
(Depreciation, Lease Equalisation/ Termination)	5,72,16,861	
Provision for Non-Performing Assets	10,67,254	
Diminution In Value of Investments	3,18,844	
	5,86,02,959	4,07,12,552
	81,05,931	1,75,20,249
Provision for Income Tax	8,10,000	-
PROFIT after tax	72,95,931	1,75,20,249
Transfer to Reserve Fund under Section 45-IC of the Reserve Bank of India Act, 1934	14,60,000	35,05,000
	58,35,931	1,40,15,249
Balance brought forward	7,23,955	9,55,868
Surplus available for appropriation	65,59,886	1,49,71,117
APPROPRIATIONS		
Transfer to General Reserve	50,00,000	36,34,947
Proposed Dividend		
-Equity	-	
-Preference	4,21,745	
-Dividend Tax	42,175	
	4,63,920	1,06,12,215
Surplus carried forward	10,95,966	7,23,955

OPERATIONS REVIEW

If the previous year was the most turbulent for NBFCs, then the period under review proved to be a watershed in as much as it resulted in consolidation of stronger companies like yours, and in weeding out of the unhealthy and financially weak companies. The closure of a large NBFC with considerable public deposits shook the confidence of the public and resulted in the regulators coming down heavily on the NBFCs, thereby tightening further the various regulations. The economy continued to flounder with political uncertainty growing each day, with the South-East Asian crisis looming large in the back ground. The Indian economy thus witnessed pronounced slowdown, which had an adverse impact on the industrial climate, more particularly in the financial services sector. Your Directors are, however, pleased to report that your Company, following the conservative and prudent

DIRECTORS REPORT Contd.

policies, withstood the resultant pressures, and has shown reasonable growth. It is also significant to mention that your Company had its investment-grade rating for fixed deposits reaffirmed by CRISIL, the premier credit-rating agency, whereas rating of almost all the NBFCs was down-graded.

Your Directors are pleased to report yet another year of overall satisfactory growth, as per the performance indicators given as under:-

	31.03.1998 (Rupees)	31.03.1997 (Rupees)
Fund Base	28,89,17,367	24,66,02,484
Gross Assets	23,00,03,739	23,21,14,687
Assets under Hire Purchase	9,35,91,040	3,74,53,371
Shareholders' Fund	10,53,13,521	7,77,33,007
Gross Income	10,78,10,589	9,19,58,147
Cash Profit	6,67,08,891	5,82,32,801
Net Profit	72,95,931	1,75,20,249
Proposed Dividend		
Equity	-	1,06,12,215
Preference	4,21,745	-
Cash Earning Per Equity Share	13.26	12.06
Earning Per Equity Share	1.54	3.63
Book Value Per Equity Share	16.68	15.55

During the period under review, your Company increased its emphasis on quality-based assets lending. Your Company decided to shift its focus to more of hire-purchase finance than leasing, owing to the factors of strategy, taxation and interest rates. As a result of this, the gross assets marginally declined from about Rs. 2321 lacs at the end of the previous accounting year to about Rs. 2301 lacs as at 31.03.1998. However, the investment in hire-purchase activity grew from about Rs.19.79 lacs during the previous year to about Rs. 142 lacs during the year under review, registering a sharp growth. These have been achieved by your Company in the face of extremely tough competition, falling interest rates, lack of demand and increasing delinquency amongst the industry players. Another area of positive development was your Company's ability to maintain its high recovery rate. The extremely depressed primary market conditions, however, kept the merchant-banking activity at its lowest ebb. During the year under review, your Company took up various non-fund based activities to support its fund-based lending operations. This resulted in your Company earning significant income in these areas.

While your Company's relationship with the India office of the American International Group (AIG), a Forbes 50 U.S Insurance and Financial Services Group, continued as an independent consultant during this year too, your Company added several other names like P & N Cedar Products, California, USA, Tanaska International, Nebraska U.S.A., Pacific Consultants International (PCI), Tokyo, Japan, to its growing list of clients for which it is rendering advisory services.

Your Company entered the "agency line of business" with a sanctioned limit of Rs.300 lacs from the IDBI Bank Ltd., the Laxmi Vilas Bank Ltd. and the Orix Auto Finance Ltd. (a joint venture between Orix Auto Corporation Ltd. Japan And Infrastructure and Leasing Financial Services Ltd., India). This was primarily for deployment in commercial-auto segment. This augmented the income, besides sharpening the lending and recovery skills & broad-basing the assets-based lending profile.

Your Company found it imperative to develop its skills in marketing products that have synergy with its existing operations. This resulted in your Company opening a direct marketing division, which markets auto-loan schemes of a major foreign bank. This division earned a gross income of about Rs. 6.70 lacs during the first year of its operation. Similarly, your Company has shown its ability to syndicate loans and other requirements which have given a marginal income of about Rs. 1.01 lac. Your Company continued focus on the realty business and in the face of entry of major multinational consultants and cascading real estate prices, your Company earned a gross income of about Rs.22.45 lacs.