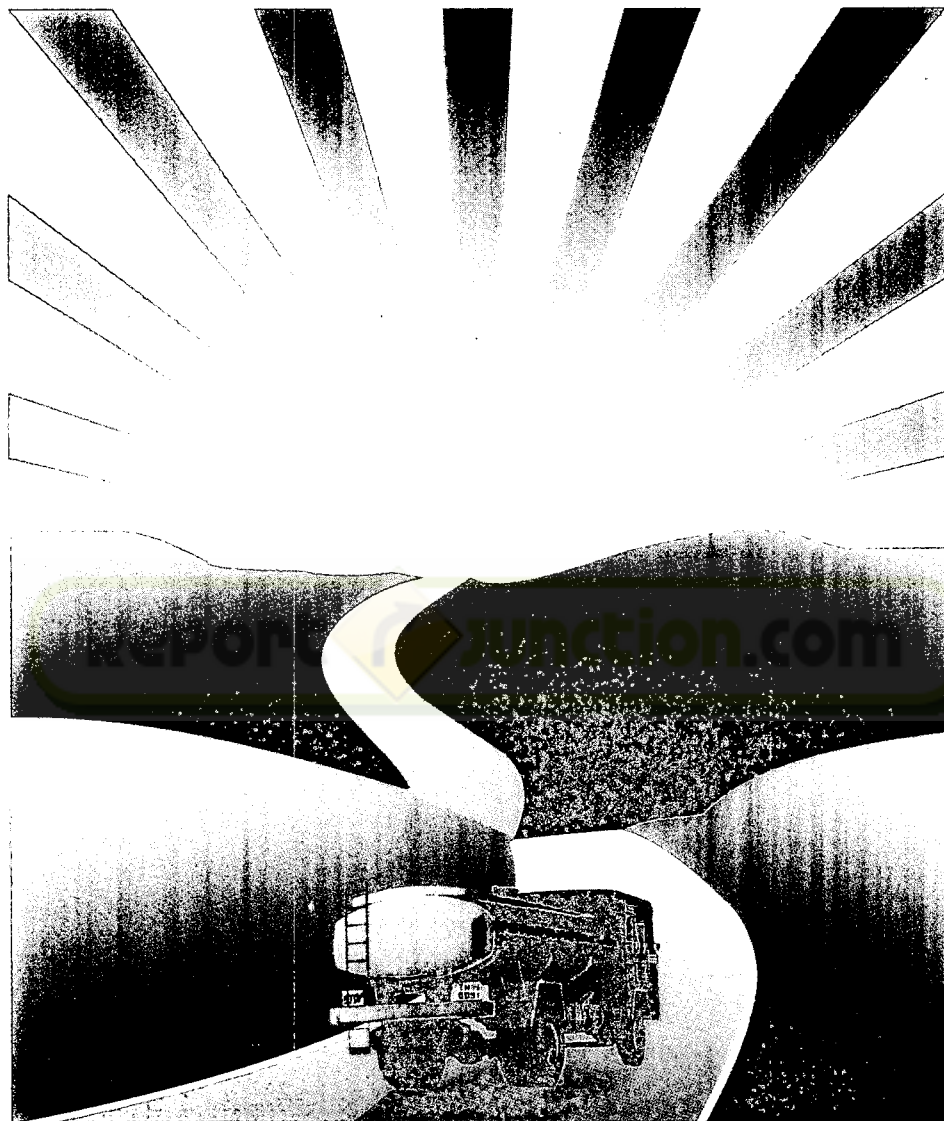


18th Annual Report 1996-97



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED



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



SHIRIRAM TRANSPORT FINANCE COMPANY LIMITED

BOARD OF DIRECTORS**CHAIRMAN**

Sri. G.V. Raman

PRESIDENT

Sri. R. Sridhar

MANAGING DIRECTOR

Sri. G. Rajaretnam

COMPANY SECRETARY

Sri. J. Radhakrishnan

DIRECTORS

Sri. R. Nagarajan

Sri. V. Sriram

Sri. S. Ramasubramaniam

Sri. Ravi C. Talwar

Sri. A.V.S. Raja

Sri. P. Vaidyanathan

Sri. Lalit P. Mehta

Smt. B. Kamala

Sri. S. Rajaratnam

Sri. D.A. Gadgil

Sri. B.D. Shah

AUDITORSM/s. G.D. Apte & Co.
Chartered Accountants**SHARE TRANSFER AGENTS**Integrated Advisory Services Ltd.
'Park View Apartments', Basement II,
No. 85, G.N. Chetty Road,
T. Nagar
Chennai 600 017.**BANKERS**Canara Bank
State Bank of Hyderabad
State Bank of India
UCO Bank
Dena Bank
Union Bank of India
Punjab and Sind Bank
Allahabad Bank
The Nedungadi Bank Ltd.**REGD. OFFICE :** 123, Angappa Naicken Street, Chennai - 600 001. Phone : 5341431**SECT. OFFICE :** "Kittu Complex", 33, Giriappa Road, T.Nagar, Chennai 600 017.
Phone : 8230687, 8227590 Fax : 8230687**ADMN.OFFICE :** 710-713, Swastik Chambers, Jn. of CST Rd. & ST Rd., Chembur, Mumbai 400 071.
Phones : 5221580, 5235384 Fax : 5235385. Tlx : 011-61083**BRANCHES :** Agra, Ahmedabad, Akola, Alwar, Allahabad, Amalapuram, Anantapur, Aurangabad, Azadpur, Bangalore, Baroda, Belgaum, Bellary, Bhilai, Bhimavaram, Bhopal, Bhubaneshwar, Borivli, Calcutta, Calicut, Chandigarh, Chembur, Chennai, Coimbatore, Dhanbad, Durgapur, Ernakulam, Ghaziabad, Goa, Gulbarga, Guntur, Gwalior, Hassan, Hubli, Indore, Jabalpur, Jaipur, Jamshedpur, Jodhpur, Kakinada, Kannur, Kanpur, Kolhapur, Kollam, Kota, Kurnool, Lucknow, Ludhiana, Madurai, Mangalore, Masjid, Matunga, Mysore, Nagpur, Nandyal, Nariman Point, Nasik, Nellore, New Delhi, Ongole, Palakkad, Pimpri, Pondicherry, Poona, Raipur, Rajahmundry, Rajkot, Ranchi, Rourkela, Salem, Secunderabad, Shimoga, Surat, Trichur, Trichy, Trivandrum, Udipi, Vashi, Vellore, Vile Parle, Vijayawada, Vizag, Vizianagaram, Warangal.



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the shareholders of the company will be held on Tuesday, the 25th November 1997 at 10.00 A.M. at Narada Gana Sabha, 254, T T K Road, Alwarpet, Chennai-600 018 to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Profit and Loss Account for the year ended 30th June, 1997, the Balance Sheet as on that date and the reports of the Auditors and Directors thereon.
- 2) To declare dividend on the equity shares.
- 3)
 - a) To elect a Director in the place of Sri G V Raman who retires by rotation and being eligible, offers himself for re-election.
 - b) To elect a Director in the place of Sri R Nagarajan who retires by rotation and being eligible, offers himself for re-election.
 - c) To elect a Director in the place of Sri A V S Raja who retires by rotation and being eligible, offers himself for re-election.
 - d) To elect a Director in the place of Sri P Vaidyanathan who retires by rotation and being eligible, offers himself for re-election.
- 4) To appoint Statutory Auditors for the year 1997-98 and authorise the Managing Director to fix their remuneration.

M/s G D Apte & Co, Chartered Accountants, Pune, Statutory Auditors of the company retire at the conclusion of the Eighteenth Annual General Meeting and being eligible, offer themselves for re-appointment.

- 5) To authorise the Managing Director of the company to appoint any person qualified for appointment as Auditor of the company under Section 226 of the Companies Act, 1956 for auditing the accounts of the branch offices of the company for the year 1997-98 in consultation with the Statutory Auditors of the company at a remuneration to be decided by the Managing Director.

SPECIAL BUSINESS :

- 6) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT Sri B D Shah, who was co-opted by the Board as an Additional Director with effect from 26.06.97 and who holds office upto the date of this Annual General Meeting and has offered himself for appointment, be and is hereby appointed as a Director of the company.

- 7) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT in supersession of the earlier resolution(s) passed and pursuant to Section 293 (1) (d) of the Companies Act, 1956, the consent of the company be and is hereby granted to the Board of Directors/Committee of Directors of the company to borrow for the purpose of the business of the



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

company from time to time on such terms and conditions as the Board of Directors/Committee of Directors may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained and/or to be obtained from the company's bankers in the ordinary course of business) will or may exceed the aggregate of the Paid up Capital of the company and its Free Reserves that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the monies may be borrowed by the Board of Directors/Committee of Directors shall not at any time exceed Rs. 500 crores (Rupees Five hundred Crores).

- 8) To consider and if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION.

RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 23rd November 1995, pursuant to Section 370 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the prior approval of the Central Government and such other approvals, sanctions and permissions as may be necessary, the Board of Directors/Committee of Directors of the company be and is hereby authorised to make loans to any body corporate whether or not under the same management as the company, as the Board of Directors/Committee of Directors may deem fit within an overall ceiling of Rs. 300 crores (Rupees Three Hundred Crores).

RESOLVED FURTHER THAT in supersession of the resolution passed at the Annual General Meeting held on 23rd November 1995, pursuant to Section 370 and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals, sanctions and permissions as may be necessary, the Board of Directors/Committee of Directors of the company be and is hereby authorised to give guarantees, and/or to provide security in connection with loans made by any other person to or to any other person by any body corporate whether or not under the same management as the company, as the Board of Directors/Committee of Directors may deem fit within an overall ceiling of Rs. 300 crores (Rupees Three Hundred Crores).

RESOLVED FURTHER THAT the Board of Directors/Committee of Directors of the company be and is hereby authorised to determine the actual sum as aforesaid upto which each guarantee be given or security be provided and to settle the terms thereof and to do or cause to be done such other acts, deeds and things as it may think necessary or expedient so to do for this purpose.

- 9) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 23rd November 1995, subject to the prior approval of the Central Government and such approvals, permissions and sanctions as may be necessary the Board of Directors/Committee of Directors be and is hereby authorised pursuant to sub section 4 of Section 372 of the Companies Act, 1956 to make investment in the shares of any body corporate in excess of the percentages specified in sub section 2 and the provisions thereto of the said Section 372, so that further investments to be made by the Board of Directors/Committee of Directors with the investments already made should not exceed Rs. 300 crores (Rupees Three Hundred Crores).

- 10) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 23rd November 1995, consent of the company be and is hereby accorded in terms of section 293 (1) (a) and



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors/Committee of Directors for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board/Committee may deem fit, the whole or substantially the whole of the undertaking of the company wherever situate, present and future, whether presently belonging to the company or not, with a right to take over the management of the business and undertaking of the company in certain events, in favour of any lender including financial/investment institution(s), bank(s), insurance company(ies), corporate body(ies) to secure the hire purchase and/or Lease Portfolio Management transactions for finance upto a sum not exceeding Rs. 400 crores (Rupees Four Hundred Crores).

RESOLVED FURTHER THAT the Board/Committee be and is hereby authorised to finalise the form, extent and manner of, and the documents and deeds, wherever applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the company on such terms and conditions as may be decided by the Board/Committee in consultation with the lenders and for preserving the aforesaid right for performing all such acts and things as may be necessary for giving effect to this resolution.

By Order of the Board

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Chennai

23rd September, 1997

J RADHAKRISHNAN

Secretary

NOTES :

- 1) 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 proxy form is enclosed. The proxy form duly stamped and executed, should be deposited at the Registrar's Office-Integrated Advisory Services Limited "Park View Apartments," Basement II, No. 85, G N Chetty Road, T Nagar, Chennai - 600 017 at least forty eight hours before the time fixed for the commencement of the meeting.

- 2) The Register of Members of the company will remain closed from Wednesday, the 5th November 1997, to Tuesday, the 25th November 1997 (both days inclusive) for the purpose of payment of dividend. The dividend on equity shares when declared will be paid to the members whose names appear in the Register of Members as on 25th November 1997.
- 3) Members are requested to notify change in address, if any to the Registrars' -Integrated Advisory Services Limited "Park View Apartments," Basement, II No. 85, G N Chetty Road, T Nagar, Chennai - 600017 quoting their Folio Numbers.
- 4) Members/Proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall.
- 5) By the time the Annual Report reaches the Shareholders, Unencashed dividend for the year 1994 would have been transferred to the General Revenue Account of the Central Government. The unencashed dividend for the year 1995 is due to be transferred to the General Revenue Account of the Central Government in the year 1998. The concerned members are being advised individually. Members who have not yet encashed their dividend warrants are therefore advised to get in touch with the company in order to have their dividend warrants revalidated.



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

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

ITEM NO. 6 :

The Board had in accordance with the Articles of Association of the Company appointed Sri B D Shah as an additional Director with effect from 26.06.97 to strengthen the Board and to have the benefit of his experience and expertise.

Under the provisions of Section 260 of the Companies Act, 1956 Sri B D Shah holds office upto the date of the Eighteenth Annual General Meeting. Notice under Section 257 of the Companies Act, 1956, has been received along with the necessary deposit from a member intending to propose the name of Sri B D Shah for appointment as a Director of the company in the Eighteenth Annual General Meeting. His appointment to the Board would be of immense value to the company.

No Director of the company expect Sri B D Shah is interested in the resolution.

ITEM NO 7 :

At the Extra Ordinary General Meeting held on 21-12-94 the Board of Directors were authorised under Section 293 (1) (d) of the Companies Act 1956 to borrow upto a limit of Rs. 200 Crores apart from temporary loans obtained from the bankers (by way of cash credit limits and working capital demand loans) in the ordinary course of business.

In view of the steady growth in business, the demand for funds for the company will substantially increase. Therefore it is considered desirable to increase the limit of borrowings to Rs. 500 crores apart from the temporary loans obtained from the company's bankers in the ordinary course of business. The ordinary resolution set out in the notice is submitted to the meeting for approval.

None of the Directors is interested in the resolution.

ITEM NO 8 :

Subject to the approval of the Central Government, (applicable only in case of loans where the aggregate of loans exceeds the percentages prescribed), and subject to the provisions of Section 370 of the Companies Act, 1956, authority by a Special Resolution of the lending company is required to make any loans to and/or give any guarantee or provide any security in connection with any loan made by any person to, or to any other person by, any body corporate, whether or not under the same management. In the course of its normal business, the Company may be required to make loans, to give guarantees and provide security for loans to bodies corporate whether under the same management or not. The Special Resolution seeks authorisation from the shareholders in favour of the Board of Directors/Committee of Directors for making loans for a limit upto Rs. 300 Crores (earlier limit Rs. 50 crores) and for giving guarantees and providing securities for loans to bodies corporate whether under the same management or not, upto a sum of Rs. 300 Crores (earlier limit Rs. 50 crores).

None of the Directors is interested in the resolution.

ITEM NO 9 :

Under Section 372 of the Companies Act, 1956 authority by an Ordinary Resolution of the investing Company is required to make any investments, acquire or purchase shares of any bodies corporate, whether or not under the



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

same management. In the course of its normal business, the company may come across fresh investment proposals, which may be profitable for the Company to invest in. To enable the Board of Directors/Committee of Directors of the Company to decide from time to time the investments to be made in bodies corporate, it is proposed that an authorisation from the members in favour of the Board of Directors/Committee of Directors be granted to decide the quantum, the name of the body corporate in which investment is to be made and all other matters with regard to such investment within an overall ceiling of Rs. 300 Crores (earlier limit Rs. 50 crores). As the proposed ceiling would be in excess of limits prescribed in Section 372 of the Companies Act, 1956 an Ordinary Resolution of the Company in General Meeting authorising the Board of Directors/Committee of Directors and the prior approval of the Central Government are required to make such an investment.

None of the Directors is interested in the resolution.

ITEM NO 10 :

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of a Public company shall not, except with the consent of the company in the General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company. The company would be resorting to borrowings from time to time for the purpose of its business by way of loans, Hire Purchase Finance and finance under Lease Portfolio Management Scheme and/or other financial assistance from various financial/investment institution(s), bank(s), insurance company(ies), Corporate Body(ies) and other lenders apart from working Capital facilities from Banks in the ordinary course of business. These may have to be secured by suitable mortgages and/or charges on all or some of the movable and/or immovable properties of the company, both present and future. The proposed resolution seeks to authorise the Board/Committee to mortgage and/or charge the properties to secure loans, Hire Purchase, Lease Portfolio Management transactions for finance and other credit facilities.

None of the Directors is interested in the resolution.

By Order of the Board
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Chennai
23rd September, 1997

J RADHAKRISHNAN
Secretary



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure in submitting the Eighteenth Annual Report of the Company with the audited accounts for the year ended 30th June 1997.

FINANCIAL RESULTS

	Rs.in lakhs	
	For the year ended 30.06.97	For the year ended 30.06.96
Profit before depreciation and taxation	1944.19	2223.11
Less : Depreciation	1619.56	1456.06
Profit before tax	324.63	767.05
Provision for taxation	---	---
Profit after tax	324.63	767.05
Add : Balance brought forward from previous year	381.15	38.72
Profit available for appropriation	705.78	805.77
Appropriations :		
General Reserve	35.00	100.00
Special Reserve under section 45-IC of the RBI Act, 1934	65.00	---
Proposed dividend @ 25% (previous year 25 %)	324.62	324.62
Tax on distribution of Dividend	32.46	---
Write off as per RBI prudential norms	---	591.04
Less : Transfer from General Reserve	---	591.04
Balance carried forward	248.70	381.15
	705.78	805.77

	Rs.in lakhs	
	Performance for 1996-97	Projections for 1996-97 (as per Prospectus dated 1-4-97)
Gross Income	11226.40	11422.61
Profit before Depreciation and tax	1944.19	2982.45
Profit after tax	324.63	467.13
Earnings per Share (Rs.)	2.50	3.60



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

OPERATIONS

The Company made a total disbursement of Rs.3540.61 lakhs comprising Rs.278.92 lakhs on hire purchase, Rs.2388.94 lakhs on lease and Rs.872.75 lakhs on LPMS business during the year under review.

The gross stock on hire and leased assets stood respectively at Rs.1908.02 lakhs and Rs.10725.93 lakhs as on 30.06.97.

The operating team is managing the core business of your Company viz. Truck Financing to yield margins on par with Industry average. Price Waterhouse(PW), Chartered Accountants of international repute were recently appointed to conduct a study on the performance of the Truck portfolio. This is the second independent review by a Management Consulting Firm. A similar review was done earlier in 1993 by yet another reputed firm of Consultants viz., Strategic Consultants Pvt. Ltd. The 1993 review covered contracts that expired during the period April 1990 to March 1992. The recent one by Price Waterhouse covered contracts that expired during the period April 1992 to March 1996.

The Price Waterhouse study was based on a sample of 900 contracts selected at random from a total population of around 8713 contracts, of the three companies in the group aggregating to Rs.179.14 crores. The study findings have established that an overall IRR of 27.6% was earned in respect of the sample contracts. Your Directors are of the opinion that this performance is perhaps the best in the finance industry.

DIVIDEND

Your Directors recommend a tax-free dividend of 25 % for the year ended 30.06.97. This will result in an outflow of Rs.324.62 lakhs. The tax on distribution of dividend will be Rs.32.46 lakhs.

RESOURCES

During the accounting year, your Company has received around Rs. 1200 lakhs towards Lease Portfolio Management Scheme(LPMS). The Company mobilised Rs.14094.18 lakhs of fresh deposits during the whole year. The net accretion to deposits was Rs.5927.25 lakhs as compared to Rs.5635.54 lakhs for the previous year. The deposits held by the company as on 30.06.97 stood at Rs.19131.66 lakhs as against Rs.13204.41 lakhs as on 30.06.96. The directors of the Company take this opportunity to thank the depositors for their continued confidence and support.

As on 30.06.97, there were 2984 deposits aggregating Rs.326.85 lakhs which had matured but remained unclaimed. There were no deposits which were claimed but not paid by the Company as on that date. After close follow up with the depositors, the figure has currently come down to 786 deposits amounting to Rs. 94.32 lakhs. Steps are being taken continuously to obtain the depositors' instructions and to ensure renewal/repayment of the deposits.

RIGHTS CUM PUBLIC ISSUE :

During the year under review, Your Company made a Rights cum Public issue of Secured Fully Convertible Debentures (FCDs) of Rs.50/- each.