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RO	<input checked="" type="checkbox"/>		DRV	<input checked="" type="checkbox"/>
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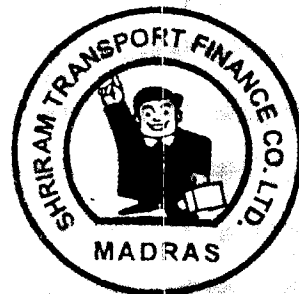
19<sup>th</sup>

# ANNUAL REPORT

1997 - 98

/ CERTIFIED TRUE COPY /

for SHIRIRAM TRANSPORT FINANCE COMPANY LIMITED



*T. Radhakrishnan*  
Company Secretary

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**





SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

## BOARD OF DIRECTORS

### CHAIRMAN

Sri. G.V. Raman

### PRESIDENT

Sri. R. Sridhar

### MANAGING DIRECTOR

Sri. A.V.S. Raja

### COMPANY SECRETARY

Sri. J. Radhakrishnan

### DIRECTORS

Sri. R. Nagarajan  
Sri. G. Rajaretnam  
Sri. V. Sriram  
Sri. S. Ramasubramaniam  
Sri. Ravi C. Talwar  
Sri. Lalit P. Mehta  
Smt. B. Kamala  
Sri. S. Rajaratnam  
Sri. D.A. Gadgil  
Sri. B.D. Shah  
Smt. Manasee A Kurlekhar  
(Nominee of SICOM Ltd)  
Sri Amal Datt Dhru  
(Nominee of GIIC Ltd)

### AUDITORS

M/s. G.D. Apte & Co.  
Chartered Accountants

### BANKERS

Canara Bank  
UCO Bank  
Dena Bank  
Punjab and Sind Bank  
Allahabad Bank  
The Nedungadi Bank Ltd  
State Bank of Hyderabad  
State Bank of India

### SECURITY TRANSFER AGENTS

Integrated Enterprises (India) Ltd.,  
46/3, Vijayaraghava Road, T.Nagar,  
Chennai - 600 017. Phone : 8238891 - 94

**REGD. OFFICE** : 123, Angappa Naicken Street, Chennai - 600 001. Phone : 5341431

**SECT. OFFICE** : 4th Floor, Mookambika Complex, 4, Lady Desika Road, Mylapore,  
Chennai - 600 004. Phone : 4990356, 4990960, Fax : 4993272

**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, Bhubaneswar, Borivili, 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.

**Securities are listed in the following Exchanges and the annual listing fees have been duly paid**

**Madras Stock Exchange Ltd**, Exchange Building, P B No. 183, 11, Second Line Beach, Chennai - 600 001.

**The Stock Exchange**, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.

**Bangalore Stock Exchange Ltd.**, Stock Exchange Towers, No. 51, 1st Cross, J C Road, Bangalore - 560 027.

**The Stock Exchange**, Ahmedabad, Kamadhenu Complex, Opp Sahajanand College, Panjara Pole, Ahmedabad - 380 015.

**National Stock Exchange of India Ltd.**, Trade World, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of the shareholders of the company will be held on Wednesday, the 24th February 1999 at 10.00 A.M. at The Music Academy, 306, T T K Road, Chennai-600 014 to transact the following business :

**ORDINARY BUSINESS :**

- 1) To receive, consider and adopt the Profit and Loss Account for the year ended 30th June, 1998, the Balance Sheet as on that date and the reports of the Auditors and Directors thereon.
- 2)
  - a) To appoint a Director in the place of Sri G Rajaretnam who retires by rotation and being eligible, offers himself for re-election.
  - b) To appoint a Director in the place of Sri V Sriram who retires by rotation and being eligible, offers himself for re-election.
  - c) To appoint a Director in the place of Smt B Kamala who retires by rotation and being eligible, offers herself for re-election.
  - d) To appoint a Director in the place of Sri S Rajaratnam who retires by rotation and being eligible, offers himself for re-election.
- 3) To appoint Statutory Auditors for the year 1998-99 and authorise the Board of Directors to fix their remuneration.

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

- 4) To authorise the Board of Directors of the company to appoint any person(s) qualified for appointment as Branch Auditor(s) 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 1998-99 in consultation with the Statutory Auditors of the company at a remuneration to be decided by the Board.

**SPECIAL BUSINESS :**

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

RESOLVED THAT in accordance with the provisions of Section 269, Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, Sri A V S Raja, Director be and is hereby appointed as the Managing Director of the Company to exercise all the powers of Management subject to the supervision and control of the Board for a period of five years with effect from 29.06.98

RESOLVED FURTHER THAT Sri A V S Raja has consented to act as Managing Director of the Company without drawing any remuneration from the Company.



////////////////////////////////////// SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

- 6) 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 25th November 1997, consent of the company be and is hereby accorded in terms of Section 293(1) (a) and 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 loans, hire purchase, Lease Portfolio Management transactions for finance and other credit facilities upto a sum not exceeding Rs. 750 crores (Rupees seven hundred and fifty 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, whichever 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 and for performing all such acts and things as may be necessary for giving effect to this resolution.

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

RESOLVED THAT pursuant to Section 163 (1) (i) of the Companies Act, 1956, and other applicable provisions, if any, approval of the members be and is hereby accorded to keep the Registers and indices of members and Debentureholders and copies of Annual Returns prepared under Section 159 of the said Act, together with copies of certificates and documents required by the said Act, to be annexed thereto, at Intergrated Enterprises (India) Limited, 46/3, Vijayaraghava Road, T Nagar, Chennai - 600 017 instead of being kept at the Registrars' Old Office and that the foregoing registers, certificates and documents shall be kept open for inspection between 11 A M and 2 P M on all days other than Saturdays, Sundays and holidays and expect during such periods when the same are closed under law.

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

Chennai  
8th January, 1999

**J RADHAKRISHNAN**  
Secretary



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED //////////////////////////////////////

**NOTES :**

- 1) The 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 proxy form is enclosed. The proxy form duly stamped and executed, should be deposited at the Registrar's Office at least forty eight hours before the time fixed for the commencement of the meeting.
- 3) Pursuant to Clause 15 of the Stock Exchange Listing Agreement, the Register of Members of the company will remain closed from Tuesday, the 16th February 1999 to Wednesday, the 24th February 1999 (both days inclusive).
- 4) Members are requested to notify change in address, if any to the Registrars quoting their Folio Numbers.
- 5) Members/Proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall.
- 6) The unclaimed/unpaid dividend upto the year 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not yet encashed their dividend warrants may get in touch with the company for assistance in this matter.

Report

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

Chennai  
8th January, 1999

**J RADHAKRISHNAN**  
Secretary



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

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

### ITEM NO. 5 :

Consequent to the resignation of Sri. G Rajaretnam as the Managing Director of the Company, due to personal reasons, the position of Managing Director became vacant. Considering the proven ability of Sri A V S Raja, the Board of Directors appointed him as the Managing Director of the Company for a period of five years with effect from 29.06.98. Sri A.V.S. Raja has consented to act as the Managing Director without drawing any remuneration. The abstract of the terms of appointment was duly communicated to the members. The appointment is within the guidelines laid down in Schedule XIII of the Companies Act, 1956 and require the approval of the members by Special Resolution.

None of the Directors except Sri A.V.S. Raja himself, is interested in the resolution.

### ITEM NO 6 :

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors/Committee of Directors of a Public limited 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 upto Rs. 750 Crores (previous limit Rs. 400 Crores).

None of the Directors is interested in the resolution.

### ITEM NO 7 :

Hitherto the Registers and indices of members and Debentureholders and copies of Annual Returns prepared under Section 159 of the said Act, together with copies of certificates and documents required by the said Act to be annexed thereto, were maintained at the old name and address of Integrated Advisory Services Limited. Consequent to the merger, the name of the Registrars was changed to Integrated Enterprises (India) Limited. They have since shifted to 46/3, Vijayaraghava Road, T. Nagar, Chennai - 600 017 and hence the aforesaid Registers will be kept at the above address.

Section 163 of the Companies Act, 1956 requires a Special Resolution for effecting a change in the place where the aforesaid Registers are kept.

None of the Directors is interested in the resolution.

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

Chennai  
8th January, 1999

**J RADHAKRISHNAN**  
Secretary





SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

## DIRECTORS' REPORT

Your Directors have great pleasure in submitting the Ninteenth Annual Report with the audited accounts for the year ended 30th June 1998.

### FINANCIAL RESULTS :

	Rs.in lacs
	<b>For the</b>
	<b>year ended</b>
	<b>30.06.98</b>
Profit before depreciation and taxation	<b>2390.57</b>
Less : Depreciation	<b>1895.05</b>
Profit before tax	<b>495.52</b>
Less : Provision for taxation	<b>52.10</b>
Profit after tax	<b>443.42</b>
Add : Balance brought forward from previous year	<b>248.70</b>
Profit available for appropriation	<b>692.12</b>

### Appropriations :

Special Reserve under Section 45-IC of the RBI Act, 1934	<b>90.00</b>
Balance carried to Balance Sheet	<b>602.12</b>
	<b>692.12</b>

### GENERAL SCENARIO :

The year under review, will go down in the history of the Financial Services Sector of this country as one of the most difficult years. The happenings in the financial market caused a tremendous erosion in the confidence of investors in Financial Companies. The regulatory authorities imposed various regulations in January 1998, which were considered by the entire industry as extremely restrictive. The wave of negative sentiments and the regulatory restrictions set in motion a rapid decline in resources available to the NBFC sector. The various associations and trade bodies representing Non Banking Financial Companies made several submissions to the authority concerned for softening the regulations. In response, towards the end of 1998, some concessions were made in the control mechanism by the regulatory authorities. But during 1998, on account of the severity of the restrictions imposed, the market witnessed many defaults by finance companies to their public depositors.

Your Directors have the privilege to state that your company has successfully met all its commitments towards fixed deposits, without any default or delay, by effective control of the collection and development of resources of the company.

### RATING :

Your Directors have great pleasure in informing that your Company has been assigned the rating of 'Ind A' for its Fixed Deposits by Duff and Phelps Credit Rating India Private Limited, which is 4 notches above the normal limit prescribed by the Reserve Bank of India to Non-Banking Finance Companies for acceptance of





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Public Deposits. The Company has also been assigned 'Ind AA-' by the said rating agency for a new series of structured Secured Non Convertible Debentures.

### **OPERATIONS / BUSINESS :**

The performance of Non - Banking Finance Companies in general was adversely affected due to prolonged recessionary trend in most of the industrial segments and particularly in the Commercial Vehicles sector. The gross stock on hire and leased assets stood at Rs. 4979.87 lacs and Rs.12443.58 lacs respectively as on 30.06.98. In the light of the prevailing market conditions characterised by a steep fall in the industrial growth, the performance of your Company should be considered satisfactory.

On 26th June '98, 4534370 of Part 'A' Secured Fully Convertible Debentures allotted on 26.06.97 were converted into Equity Shares of Rs. 10/- each.

Despite the national economic recession, your company has managed its affairs reasonably profitably, after complying with Prudential Norms requirements. However, after a great deal of deliberation, and in view of the continuing economic sluggishness, your Directors have reluctantly and with much regret, felt compelled to recommend skipping of dividends for the year under review. It would be prudent and necessary to conserve all the resources of the Company, to countenance any adverse development in the finance scenario in the next 12 months. You are fully aware of the generous dividends recommended by your Directors in the past. Your Directors are confident that you will understand the compulsions of the situation, and request you to endorse their recommendation, bearing in mind the continued welfare of the company.

### **RESOURCES :**

The deposits held by the Company as on 30.06.98 stood at Rs.19849.89 lacs as against Rs.19990.22 lacs as on 30.06.97.

The Deposit portfolio as on 02.01.98 was Rs. 22895 lacs. Under RBI Guidelines, the deposit level was required to be brought down by one-third at the end of every calendar year. The company has been able to bring down the deposit level to Rs.12740 lacs as on 31.12.98, well below the level stipulated by the RBI regulations.

During the year, your Company issued Secured Non Convertible Debentures on private placement basis. Despite the difficult market conditions, the company has been able to mobilise till date Rs 139.72 Crores, thanks to the confidence reposed by the investors.

To improve the position of Net Owned Funds, the Company has also proposed to come out with a private placement of 13.5% Cumulative Redeemable Preference Shares.

As on 30.06.98, there were 5659 deposits aggregating to Rs.820.41 lacs 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 1132 deposits amounting to Rs.164.74 lacs. Steps are being taken for the repayment / renewal of deposits.

