



Annual Report

1999 - 2000

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Shriram Transport Finance Company Limited

**BOARD OF DIRECTORS****CHAIRMAN**

Sri G.V. Raman

MANAGING DIRECTOR

Sri R. Sridhar

COMPANY SECRETARY

Sri K. Prakash

DIRECTORS

Sri G. Rajaretnam

Sri R. Nagarajan

Sri A.V.S. Raja

Sri V. Sriram

Sri S. Ramasubramaniam

Sri Ravi C. Talwar

Sri Lalit P. Mehta

Smt. B. Kamala

Sri S. Rajaratnam

Sri S. Venkatakrishnan

Sri Amal Datt Dhru

(Nominee of GIIC Ltd)

Dr. T S Sethurathnam

(Nominee of IREDA Ltd)

AUDITORS

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

Chartered Accountants

BANKERS

Allahabad Bank

Canara Bank

Dena Bank

Punjab and Sind Bank

State Bank of Hyderabad

State Bank of India

The Nedungadi Bank Ltd

UCO Bank

Union Bank of India

SHARE TRANSFER AGENTS

Integrated Enterprises (India) Ltd.,

"Integrated House"

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** : IV Floor, Mookambika Complex, 4, (New No.7) Lady Desika Road, Mylapore, Chennai - 600 004. Phone : 4990356, 4990960, Fax : 4993272**ADMN.OFFICE** : 101-105, Shiv Chambers, I Floor, 'B' Wing, Sector - 11, C B D Belapur, Navi Mumbai 400 614. Phone : 7580171/7580172 Fax : 7580176

BRANCHES : Agra, Ahmedabad, Akola, Alwar, Allahabad, Amalapuram, Anantapur, Aurangabad, Azadpur, include 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, Pune, Raipur, Rajahmundry, Rajkot, Ranchi, Rourkela, Salem, Secunderabad, Shimoga, Surat, Trichur, Trichy, Trivandrum, Udipti, Vashi, Vellore, Vile Parle, Vijayawada, Vizag, Vizianagaram, Warangal.

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 - 400 001.

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.



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

DIRECTORS' REPORT

Your Directors have pleasure in submitting the Twenty First Annual Report of the Company with the audited accounts for the nine months ended 31st March, 2000.

FINANCIAL RESULTS

Rs.in lakhs

**For the
nine months
ended 31.03.00**

Profit before depreciation and taxation	2017.29
Less : Depreciation	1597.80
Profit before taxation	419.49
Less : Provision for taxation	48.50
Profit after taxation	370.99
Add : Balance brought forward from previous year	894.73
Profit available for appropriation	1265.72

Appropriations :

Statutory Reserve	80.00
General Reserve	25.22
Proposed Dividend on Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up at the stipulated rates	53.49
Proposed Dividend on Equity Shares of Rs.10/-each fully paid up	319.05
Tax on Dividend	81.96
Balance carried to Balance Sheet	706.00
	1265.72

BUSINESS

The prolonged sluggishness that prevailed in the commercial vehicles sector seems to be coming to an end. The entry of multi national companies complemented by the support from the financial sector has improved the growth by over 30% as compared to the earlier year. Hire Purchase Financing which was till recently under the exclusive domain of NBFC business has been thrown open to banks, multi national companies and other financial institutions. Despite the various limitations, your Company has performed reasonably well in the nine month period under review.



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

PROSPECTS

The years of experience, professional management, dedicated employees, widespread branch network and the vast clientele are strengths adequate to tackle the reducing margins, growing competition from the existing and new players. Your Company is confident of emerging successfully in the years to come.

OPERATIONS

The gross stock on hire and leased assets as on 31st March 2000 were Rs.24368.01 lakhs and Rs.5615.75 lakhs respectively.

As per the offer document for issue of the 45,34,370 Secured Fully Convertible Debentures which were issued in the year 1997, the final Part C of each of the Debentures were converted at par into two Equity Shares of Rs.10/- each on 26th June 2000 thereby extinguishing the entire liability on Debentures.

DIVIDEND

The Board recommends a tax free equity dividend of 12% for nine months ended 31.03.2000 subject to your approval. On an annualised basis the same works out to 16%. The equity dividend together with dividend tax of Rs. 70.19 lakhs absorbs a sum of Rs.389.24 lakhs.

The dividend on Preference Shares together with dividend tax of Rs.11.77 lakhs absorbs a sum of Rs. 65.26 lakhs.

RESOURCES

The deposits held by the Company as on 31.03.00 stood at Rs.3158.20 lakhs as against Rs.7137.89 lakhs as on 30.06.99.

The Deposit Portfolio of the Company as on 31.8.2000 was Rs.2333 lakhs.

As of 31st March 2000 there were 1152 deposits aggregating Rs. 143.73 lakhs which had matured but remained unclaimed. There were no deposits which were claimed but not paid by the Company. After close follow up with the depositors, the figure has currently come down to 366 deposits amounting to Rs.50.77 lakhs. Steps are being taken for the repayment of the unclaimed deposits by contacting the depositors.

In spite of adverse conditions in the economy, your Company continued to enjoy immense investor confidence. The net accretion on Secured Non-Convertible Debentures issued under private placement basis stood at Rs.26054 lakhs as of August '00.

Besides, the Company has also allotted till August '00 Cumulative Redeemable Preference Shares by way of private placement to the tune of Rs.1621.69 lakhs.

RBI DIRECTIONS

Your company has complied with all the requirements prescribed by the regulatory agency.

CHANGE OF ACCOUNTING YEAR

Reserve Bank of India vide notification dated 13th January, 2000 has stipulated that all NBFCs should have their Balance Sheet and Profit & Loss Account prepared as on March, 31st with effect from the accounting year ending with 31st March, 2001. However, your Company has decided to fall in line with this stipulation from the current year itself.



SHKIRAM TRANSPORT FINANCE COMPANY LIMITED

DIRECTORATE

Sri A V S Raja resigned from the position of Managing Director with effect from the close of office hours on 14.09.00, but however, continues to be a Director of the Company. The Board wishes to place on record its sincere appreciation of the valuable contributions made by him to the growth and development of the Company during his tenure as Managing Director.

Consequent to the resignation of Sri A V S Raja, the position of Managing Director becomes vacant. Sri R Sridhar has been inducted to the Board and appointed as Managing Director with effect from 15.09.00. The Board is confident that Sri R Sridhar's rich experience and expertise in the field of finance will benefit the Company greatly.

Sri B.D.Shah resigned from the office of the Board due to personal reasons on 7.08.00. The Board places on record with gratitude the valuable contribution made by him during his tenure as Director.

Sri R. Nagarajan, Sri G V Raman, Sri G Rajaretnam and Sri V Sriram, Directors retire by rotation and being eligible offer themselves for re-election.

Sri S. Venkatakrishnan IA & AS (Retd.,) was co-opted as an Additional Director of the Company on 28.07.2000. As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member proposing his name as a Director of the Company.

Necessary resolutions in regard to the above are placed before the members for approval.

AUDIT COMMITTEE

In pursuance of the Reserve Bank of India NBFC Amended Regulations, your Company has constituted an audit committee comprising of Sri G V Raman, Sri S Rajaratnam and Sri B D Shah.

Subsequent to the resignation of Sri B D Shah from the Board, Smt. B Kamala has been nominated in his place.

AUDITORS

M/S G D Apte & Co., Chartered Accountants, Pune, retire at the conclusion of the Twenty first Annual General Meeting and are eligible for re-appointment. The Company has received a Certificate from them to the effect that the appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

Resolution is also being proposed authorising the Board to appoint Branch Auditors.

INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo.

Your Company has no activity relating to conservation of energy or technology absorption. The Company does not have any foreign exchange earnings or outgo.

PERSONNEL

None of the employees received remuneration during the year in excess of limits set out under Section 217 (2A) of the Companies Act, 1956.

APPRECIATION

For and on behalf of the Board

G. V. RAMAN
Chairman

AUDITORS' REPORT

We report that we have audited the attached Balance Sheet of **Shriram Transport Finance Company Limited** as at 31st March, 2000 and the Profit and Loss Account of the Company for nine months ended on that date annexed thereto, in which are incorporated the audited statements of Western region and two Sub regions of Southern Region and other Offices audited by us, Eastern, Northern and nine Sub-regions of Southern region as audited by the Branch Auditors of the said regions, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the annexure a statement on the matters specified in the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) Reports including report on compliance of Prudential Norms prescribed by Reserve Bank of India and compliance of provisions of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 of the Branch Auditors of the Eastern, Northern and nine Sub regions of Southern Region have been forwarded to us and have been considered and relied upon by us in preparing our Report.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with Notes on Accounts and Significant Accounting Policies gives the information required by the Companies Act, 1956, in the manner so required and the Balance Sheet gives a true and a fair view of the state of affairs of the Company as of 31st March, 2000 while the Profit and Loss Account gives a true and fair view of the profit for nine months ended on that date.

For **M/s. G.D.APTE & Co.**
Chartered Accountants

Chennai
14th September, 2000

C. M. DIXIT
Partner

ANNEXURE TO THE AUDITORS' REPORT

- (i) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets. As informed to us, the Fixed Assets have been physically verified by the Management and no discrepancies have been noticed on such verification.
- (ii) None of the Fixed Assets have been revalued during the year.
- (iii) The Company does not hold any finished goods, stores, spare parts or raw-materials. Hence the Clauses iii, iv, v and vi of paragraph 4(A) of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 are not applicable.
- (iv) The Company has taken deposits and loans from Companies and other parties, which are required to be listed in the register maintained under Section 301 of the Companies Act, 1956 and the rate of interest and other terms and conditions of such deposits and loans are not *prima facie* prejudicial to the interest of the Company. There are no companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
- (v) In respect of Secured/Unsecured Loans granted to Companies, Firms or other parties, which are required to be listed in the register maintained under section 301 of the Companies Act, 1956, as informed to us the rate of interest (wherever applicable) and other terms and conditions of such loans are not *prima facie* prejudicial to the interest of the Company. We have relied on the information and explanations furnished by the management about the recoverability of the same in full in the ordinary course of business as going concern. However in respect of interest free loans outstanding as on 31st March, 2000 aggregating to Rs. 170.77 lakhs as per conditions specified by a Financial Institution, there is no specific stipulation as to repayment of principal.
- (vi) In respect of loans and advances in the nature of loans given by the Company, wherever there are specific stipulations as to the repayment of principal, the parties are repaying the same as stipulated and also regular in payment of interest wherever applicable.
- (vii) There is adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of Plant & Machinery, Equipment and other Assets.
- (viii) The transactions of purchase of goods and materials and sale of services, made in pursuance of contracts or arrangements which are required to be entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which in our opinion, and on the basis of explanations given to us are reasonable having regard to the prevailing market prices for such goods and services or the prices at which transactions for similar goods or services have been made with other parties.
- (ix) The Company has no unserviceable or damaged stores, raw-materials and finished goods. Hence the question of determining the value of the same does not arise.
- (x) The Company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58-A of the Companies Act, 1956, read with Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- (xi) The Company does not have any by-products or scrap and hence the question of maintaining records for the same does not arise.

- (xii) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiii) The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- (xiv) The Company is regular in depositing the Provident Fund dues and Employee's State Insurance dues with the appropriate authorities.
- (xv) There are no undisputed amounts payable in respect of Income-tax, Sales tax, Customs Duty and Excise Duty as at 31st March, 2000 outstanding for a period of more than six months from the date on which they became payable.
- (xvi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than those paid under contractual obligations and / or usual business practices, which have been charged to Profit & Loss account, nor have been informed of any such case by the management.
- (xvii) The provisions of Clause 'O' of Sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.
- (xviii) The Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and adequate documents and records were maintained in this regard.

For **M/s. G.D.APTE & Co.**
Chartered Accountants

Chennai
14th September, 2000

C. M. DIXIT
Partner



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

Balance Sheet as at 31st March, 2000

	Schedule Reference	As at 31-03-2000	(Rs.in Lakhs)	As at 30-06-1999
I SOURCES OF FUNDS				
Share Holders' Funds				
Share Capital	A	3206.54		3121.98
Reserves & Surplus	B	1981.73		2065.24
Loan Funds				
Secured Loans	C	29293.36		25656.76
Unsecured Loans	D	3209.10		7505.87
Total		37690.73		38349.85
II APPLICATION OF FUNDS				
Fixed Assets	E			
Gross Block		7113.39	8890.90	
Less: Depreciation		3540.12	3764.59	
Net Block		3573.27		5126.31
Investments	F	1576.72		2080.64
Current Assets, Loans & Advances	G	38873.12	36452.65	
Less: Current Liabilities & Provisions	H	6491.07	5487.63	
Net Current Assets		32382.05		30965.02
Miscellaneous Expenditure (to the extent not written off or adjusted)	I	158.69		177.88
Total		37690.73		38349.85
Notes on Accounts	O			

As per our Report of even date

For **G. D. APTE & Co.**
Chartered AccountantsFor **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED****C. M. DIXIT**
Partner**A.V.S. RAJA**
Managing Director**G. RAJARETNAM**
Director**J. RADHAKRISHNAN**
secretaryChennai
14th September, 2000