

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED





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
Dr. T S Sethurathnam
(Nominee of IREDA Ltd)
Sri. M.T. Chiddarwar
(Nominee of SICOM 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.,
2nd Floor, Kences Towers
No.1, Ramakrishna Street,
Off : North Usman Road,
T. Nagar, Chennai - 600 017.
Ph : 8140801 - 0803

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 : 101-105, Shiv Chambers, 1st 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,
Calicut, Chandigarh, Chembur, Chennai, Coimbatore, Dhanbad, Durgapur, Ernakulam,
Ghaziabad, Goa, Gulbarga, Guntur, Gwalior, Hassan, Hubli, Indore, Jabalpur, Jaipur,
Jamshedpur, Jodhpur, Kakinada, Kannur, Kanpur, Kolhapur, Kolkata, 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, Udipi, 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, I 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., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex,
Bandra East, Mumbai - 400 051.



DIRECTORS' REPORT

Your Directors have pleasure in submitting the Twenty Second Annual Report of the Company with the audited accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

Rs.in lakhs

**For the
Year ended
31.03.01**

Profit before depreciation and taxation	3154.03
Less : Depreciation	1484.72
Profit before taxation	1669.31
Less : Provision for taxation	141.47
Profit after taxation	1527.84
Add : Balance brought forward from previous year	706.00
Profit available for appropriation	2233.84

Appropriations :

Statutory Reserve	315.00
Debenture Redemption Reserve	50.00
General Reserve	115.00
Proposed Dividend on Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up at the stipulated rates	165.84
Proposed Dividend on Equity Shares of Rs.10/-each fully paid up @ 16% - on 26587809 Equity Shares for full year and - on 9068740 Equity Shares pro-rata from 26.06.2000 (being the date of final conversion of Secured Fully Convertible Debentures into Equity Shares)	536.32
Tax on Dividend	71.62
Balance carried to Balance Sheet	980.06
	2233.84



ECONOMIC SCENARIO & PROSPECTS

The Indian Economy has exhibited the quality of resilience during the past few years. But, in terms of growth, last year was sluggish as reported by the Economic Survey, with lower Industrial production and a steep rise in inflation, and indicators for the year ahead were such that fresh measures appeared to be required for the growth rate to improve. Accordingly, Government of India's Budget proposals for the year 2001-02 contain a reduction in excise duty on the Automobile Sector and an accelerated depreciation of 50% for the first year on new commercial vehicles. There is also an increased expenditure proposed for infrastructure. These are all factors in favour of the Hire Purchase Finance Sector.

Further, in order to enable Non Banking Finance Companies play a greater role in resource mobilisation for investment and growth, they have been permitted to enter the insurance business with prior approval of Reserve Bank of India.

Your Company is well poised to concentrate on its resources, energies and skills to optimise performance in its areas of core competence and also to avail of new opportunities arising from growth in the financial services sector.

OPERATIONS

The gross profit for the year ended 31st March, 2001 rose to Rs.1669.31 lakhs. The gross stock on hire as on 31st March, 2001 stood at Rs. 40108.25 lakhs.

During the year, 45,34,370 Secured Fully Convertible Debentures (Part C) which were issued in the year 1997, were converted at par into two Equity Shares of Rs.10/- each on 26th June, 2000 thereby extinguishing the entire liability on Debentures and increasing the Paid up Equity Capital to Rs. 3,565.65 lakhs.

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DIVIDEND

The Board recommends a dividend of 16% for the year ended 31.03.2001 on 26587809 Equity Shares of Rs.10/- each fully paid up for the full year and on 9068740 Equity Shares of Rs.10/- each fully paid up pro-rata from the date of conversion, for your approval. The equity dividend together with a dividend tax of Rs. 54.70 lakhs absorbs a sum of Rs. 591.02 lakhs.

The dividend on Preference Shares together with dividend tax of Rs. 16.92 lakhs absorbs a sum of Rs. 182.76 lakhs.



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RESOURCES

The deposits held by the Company as on 31.03.2001 stood at Rs. 1168.99 lakhs as against Rs. 3158.20 lakhs as on 31.03.2000.

As of 31st March, 2001 there were 1661 deposits aggregating Rs. 189.22 lakhs which had matured but remained unclaimed. After close follow up with the depositors, the figure has currently come down to 1185 deposits amounting to Rs. 132.44 lakhs. Steps are continuously being taken for the repayment/renewal of these deposits. There were no deposits which were claimed but not paid by the Company.

Your Company continues to enjoy immense investor confidence. A sum of Rs. 38880.62 lakhs has been raised till March 2001, through the private placement of Secured Non-Convertible Debentures.

Besides, the Company has also allotted till March 2001, Cumulative Redeemable Preference Shares by way of private placement to the tune of Rs. 1651.24 lakhs.

RBI DIRECTIONS

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

DIRECTORATE

During the year, GIIC Ltd., has withdrawn their nominee Sri Amal Datt Dhru from the Board.

Sri M.T. Chiddarwar was appointed as a Director on the Board on 31.01.2001, representing SICOM Limited.

Sri A V S Raja, Smt B Kamala, Sri S Rajaratnam and Sri S Ramasubramaniam Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) appropriate accounting principles have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the profits of the Company for the year ended 31st March, 2001.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the annual accounts have been prepared on a going concern basis.



AUDIT COMMITTEE

Your Company has complied with the provisions of Section 292A of the Companies Act, 1956 as to constitution of Audit Committee, with Sri G.V.Raman, Sri S Rajaratnam and Smt B Kamala being members of the said committee. The committee met three times during the year.

AUDITORS

M/s. G D Apte & Co., Chartered Accountants, Mumbai, retire at the conclusion of the Twenty second 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

Your Directors acknowledge with gratitude the support received from the Bankers and Financial Institutions.

Your Directors thank the shareholders, debenture holders and depositors for their continued support and place on record their appreciation of the contribution made by the employees at all levels.

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For and on behalf of the Board

Chennai
25th June, 2001

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, 2001 and the Profit and Loss Account of the Company for the year 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) According to the information and explanations given to us and on the basis of written representations from the directors of the Company, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2001 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.
 - (f) 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.
 - (g) 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, 2001 while the Profit and Loss Account gives a true and fair view of the profit for the year ended on that date.

Chennai
25th June, 2001

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

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 (Auditors' 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 Sub-section (1-B) of Section 370 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, 2001 aggregating to Rs. 170.77 lakhs as per conditions specified by a Financial Institution, there is no specific stipulation as to the 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 regards to the prevailing market prices for such goods and services or the prices at which transactions for similar goods and 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 58A 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.

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- (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, 2001 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
25th June, 2001

C. M. DIXIT
Partner

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Balance Sheet as at 31st March, 2001

	Schedule Reference	As at 31-03-2001	(Rs.in Lakhs) As at 31-03-2000
I SOURCES OF FUNDS			
Share Holders' Funds			
Share Capital	A	5230.45	3206.54
Reserves & Surplus	B	2735.79	1981.73
Loan Funds			
Secured Loans	C	42277.76	29293.36
Unsecured Loans	D	1214.45	3209.10
Total		<u>51458.45</u>	<u>37690.73</u>
II APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		6410.69	7113.39
Less: Depreciation		2850.71	3540.12
Net Block		<u>3559.98</u>	<u>3573.27</u>
Investments	F	1218.81	1576.72
Current Assets, Loans & Advances	G	61685.41	43215.38
Less: Current Liabilities & Provisions	H	15141.58	10833.33
Net Current Assets		<u>46543.83</u>	<u>32382.05</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)	I	135.83	158.69
Total		<u>51458.45</u>	<u>37690.73</u>
Notes on Accounts	O		

As per our Report of even date

For **M/s. G. D. APTE & Co.**
Chartered Accountants**C. M. DIXIT**
PartnerChennai
25th June, 2001For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED****G.V.RAMAN**
Chairman**R.SRIDHAR**
Managing Director**K.PRAKASH**
secretary