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SHRIRAM TRANSPORT FINANCE COMPANY LIMITED



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SRI RAMA TRADING AND 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 S. Venkatakrishnan

Sri Umesh G. Revankar

Sri. M.T. Chiddarwar

(Nominee of SICOM Ltd)

AUDITORS

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

Chartered Accountants

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

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

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, Amaravathi, Anantapur, include Aurangabad, Azadpur, Bangalore, Baroda, Belgaum, Bhilai, Bhimavaram, Bhopal, Bhubaneshwar, Borivili, Calicut, Chandigarh, Chandrapur, Chembur, Chennai, Coimbatore, Dhanbad, Durgapur, Ernakulam, Ghaziabad, Goa, Gulbarga, Guntur, Gwalior, Hassan, Hubli, Indore, Jabalpur, Jaipur, Jamshedpur, Jodhpur, Kakinada, Kannur, Kanpur, Kolhapur, Kolkata, Kollam, Korba, Kota, Kukat Pally, Kurnool, Lucknow, Ludhiana, Madurai, Mangalore, Masjid, Matunga, Mysore, Nagpur, Nandyal, Nariman Point, Nasik, Nellore, New Delhi, Nizamabad, Ongole, Palakkad, Pimpri, Pondicherry, Pune, Raipur, Rajahmundry, Rajkot, Ranchi, Ratnagiri, Rewa, Rourkela, Salem, Satna, Secunderabad, Shimoga, Surat, Tirunelveli, Trichur, Trichy, Trivandrum, Udipi, Vapi, 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.

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SRI RAM TRANSPORT FINANCE COMPANY LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in submitting the Twenty third Annual Report of the Company with the audited accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS:

	(Rs. in lakhs)
	For the Year ended 31.03.02
Profit before depreciation and taxation	3375.25
Less : Depreciation	1003.92
Profit Before Taxation	2371.33
Add : Prior period adjustment	61.09
Less: Provision for Taxation (incl. Deferred tax provision)	369.71
Profit after taxation	2062.71
Add: Balance brought forward from previous year	980.06
Balance available for appropriation	3042.77
Appropriations :	
General Reserve	200.00
Statutory Reserve	415.00
Dividend on Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up at the stipulated rates	169.44
Dividend on Equity Shares of Rs. 10/- each fully paid up @ 18% (incl. Interim dividend of 10%)	641.83
Balance carried to Balance Sheet	1616.50
	3042.77

BUSINESS :

The year under review was a difficult one for the economy in general and for the financial sector in particular. The commercial vehicles industry suffered a set back on account of unprecedented long spell of slow down in Indian economy with many key sectors posting negative growth. Against this backdrop, your company has achieved the distinction of becoming one of the very few companies to have reported a steady growth in its core area of operation.

FUTURE PROSPECTS :

In recent months the off-take of commercial vehicles has shown signs of improvement. This augurs well for your company. With the Government concentrating more on the development of the road transport industry, the year 2002-2003 looks bright.

Your company recognises that improvement in profits is possible only through optimisation of costs, improved process efficiencies and increased performing assets. Your company with its excellent reach, skilled manpower and efficient process capability is confident of retaining its customers and post satisfactory results in the coming years.

RESOURCES :

Overall deposits from Public as on 31st March 2002 stood at Rs.747.69 lakhs as against Rs.1168.99 lakhs last year.

Deposits matured but unclaimed as at the end of the year amounted to Rs 124.22 lakhs (1150 deposits). After close follow up 437 deposits totalling to Rs. 50.93 lakhs have been since repaid/ renewed. Steps are continuously being taken to arrange for 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 39881.10 lakhs has been raised till 31st March 2002 through the private placement of Secured Non-Convertible Debentures.

Besides, the Company has also allotted till March '02 Cumulative Redeemable Preference Shares by way of private placement to the tune of Rs. 2530.65 lakhs.

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RBI DIRECTIONS :

Your Company continues to comply with all the requirements prescribed by the regulatory agency.

ASSET LIABILITY MANAGEMENT COMMITTEE:

For effective risk management in various portfolios, your Company has, during the year under review, constituted the Asset Liability Management Committee in line with RBI Directions.

OPERATIONS :

During the year under review, your company was able to achieve a turnover of Rs. 14509.59 lakhs. The gross profit stood at Rs. 2371.33 lakhs. The Company has a Gross Stock on hire position of Rs. 38626.16 lakhs. The gross profit for the year under consideration has risen by over 42 % when compared to the last year.

DIVIDEND :

The Board at its meeting held on 10th June 2002 declared a Preference Dividend aggregating Rs. 169.44 lakhs and an interim Equity dividend at 10% aggregating Rs. 356.57 lakhs, out of the profits of the Company, for the year 2001-2002, subject to deduction of tax at source.

In addition to the interim equity dividend, your Directors recommend a final equity dividend of 8%, out of the profits of the Company for the year ended 31st March 2002 involving an outflow of Rs. 285.26 lakhs, subject to deduction of tax at source, making the total equity dividend for the year 18%.

EQUITY PARTICIPATION BY CITI GROUP :

The shareholders at the Extraordinary General Meeting held on 10th June, 2002, approved the issue and allotment of 88,58,493 Equity shares of Rs.10 each for cash at a premium of Rs. 0.20 per Share to Citicorp Finance (India) Limited, a Company incorporated under the Companies Act, 1956 and belonging to the reputed Citi Group. We are confident that the Company's association with the Citi Group will enable your Company achieve greater heights in the years to come.

CORPORATE GOVERNANCE :

Your company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improve investors' protection and maximise long term shareholder value. Pursuant to clause 49 of the listing agreement with the stock exchanges, a compliance report on Corporate Governance has been annexed as part of the annual report.

In accordance with the listing agreement, the Management Discussion and Analysis forms part of this report.

DIRECTORS :

Members are aware that your Board of Directors for the past several years consisted of very eminent persons with a great deal of experience and expertise on corporate and financial matters. The Company has grown under their guidance and timely advice.

It was decided after due consideration and discussion that their services should be available not only to your Company but also to the two other associated companies in the business of Hire Purchase and Leasing and also various manufacturing and other units assisted by the Company. This is sought to be achieved by the formation of an Advisory Board, the members of which will be available to all the above units for consultation to aid decision making.

It was also decided that the Board of Directors of the three Companies in Hire Purchase & Leasing will mainly consist of operating executives.

Accordingly Sri A.V.S. Raja, Sri Lalit P. Mehta, Sri V. Sriram, Sri Ravi C. Talwar, Sri S. Rajaratnam and Sri S. Ramasubramaniam have tendered their resignation from the position of Directors. Many of them have consented to be available as members of the Advisory Board for consultation and hence their expertise and experience will continue to be available to your Company.

Sri G. Rajaretnam, Director of the Company retires by rotation. Sri G. Rajaretnam has expressed his intention not to seek re-election due to personal reasons.

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SHRIRAM TRANSPORT FINANCE COMPANY LIMITED



The Board wishes to place on record its sincere appreciation of the valuable contributions made by the above referred Directors for the growth and development of the Company during their tenure as Directors of the Company.

During the year, Indian Renewable Energy Development Agency Limited has withdrawn their nominee Dr.T.S.Sethurathnam from the Board.

Sri S Venkatakrishnan Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-election.

Sri Umesh G Revankar has been appointed as Additional Director of the Company at the Board Meeting held on 10th June 2002. As per the provisions 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 Director of the Company.

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

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 have made judgements and estimates 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 2002 and of the profits of the Company for the year ended on that date.
- (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.

AUDITORS :

M/s. G D Apte & Co., Chartered Accountants, Mumbai, retire at the conclusion of the Twenty third 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(1B) 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.

Expenditure incurred in foreign currency towards travel - Rs. 1.46 lakhs.

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 wish to place on record their deep appreciation for the wholehearted and sincere co-operation your Company has received from all its Bankers, Financial Institutions, Corporations. Your Directors also wish to extend their sincere thanks to all the customers, depositors, debentureholders and shareholders for their continued support. Your Directors also wish to place on record their appreciation for the unstinted co-operation and support extended by all the employees in achieving the performance of your Company.

For and on behalf of the Board

Chennai
27.06.2002

G V RAMAN
Chairman

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/3/2002

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at

- (a) enhancing the shareholder value through
 - assisting the top management in taking sound business decisions
 - prudent financial management
- (b) achieving transparency and professionalism in all decisions and activities of the Company
- (c) achieving excellence in Corporate Governance by
 - conforming to, and excelling wherever possible, the prevalent guidelines on Corporate Governance.
 - Reviewing periodically the existing systems for further improvement.

2. BOARD OF DIRECTORS

Composition:

The Board of the Company as on 31st March 2002 consisted of 12 Directors from varied disciplines. The Company has a Managing Director and a Chairman. The Managing Director manages the affairs of the Company under the guidance of the Board of Directors. The Board meets at regular intervals to discuss and analyse matters like policy formulation, setting up of goals, appraisal of performance with the goals and control functions. The powers of the Board have also been sub-delegated to the Committee of Directors who monitor the day-to-day operations. This has helped the Board to have close control over the functioning of the Company and to enhance the shareholder value.

Attendance at Board Meetings and last AGM and number of memberships of Directors in other Boards and Board Committees:

6 meetings of the Board were held during the financial year - on 25.06.01, 28.07.01, 04.09.01, 31.10.01, 29.11.01 and 30.01.02.

The last Annual General Meeting was held on 4th September 2001.

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM	Memberships as on 31.03.2002 in	
			Other Boards (excluding the Company)	Other Board Committees (excl. the Co.) Membership/ Chairmanship
Sri G V Raman- Chairman Non-Executive - Independent	6	Yes	5	7
Sri R Sridhar - Managing Director Executive	4	Yes	5	2
Sri A V S Raja * Non-Executive	3	Yes	6	NIL

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Name of the Director	No. of Board Meetings attended	Whether attended the last AGM	Memberships as on 31.03.2002 in	
			Other Boards (excluding the Company)	Other Board Committees (excl. the Co.) Membership/ Chairmanship
Sri G Rajaretnam Non-Executive Independent	5	Yes	2	NIL
Sri R Nagarajan Non-Executive	5	Yes	2	NIL
Sri V Sriram Non-Executive Independent	3	No	10	NIL
Sri S Ramasubramaniam Non-Executive Independent	5	Yes	NIL	NIL
Sri L P Mehta Non-Executive Independent	5	Yes	10	5
Sri S Rajaratnam Non-Executive Independent	6	Yes	10	1
Smt B Kamala Non-Executive Independent	4	Yes	1	NIL
Sri S Venkatakrishnan Non-Executive Independent	6	Yes	13	3
Sri Ravi C Talwar Non-Executive Independent	4	No	NIL	NIL
Dr T S Sethurathnam ** Nominee Director of IREDA as lender	3	Yes	8	3
Sri M T Chiddarwar Nominee Director of SICOM as lender	3	No	NIL	NIL

* resigned with effect from 15.10.01

** resigned with effect from 11.09.01

The Board has constituted the following committees to monitor the performance of the Company in various fields and to help the Board of Directors in its efficient performance.

Business Development Committee, Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievance Committee.

3. BUSINESS DEVELOPMENT COMMITTEE :

Terms of Reference :

The Business Development Committee has been formed to ensure efficient and timely decisions on the matters relating to the general business of the Company. The Committee meets periodically to discharge its functions

Composition :

Chairman	Sri G V Raman
Members	Sri S Venkatakrishnan Sri G Rajaretnam

The Committee met 19 times during the year ended 31.03.2002. The attendance of the members is as follows :

Names of Directors	No. of meetings attended
Sri G V Raman	17
Sri G Rajaretnam	19
Sri A V S Raja *	9
Sri S Venkatakrishnan **	2

* resigned with effect from 15.10.01

** appointed as a member of the committee at the Board meeting held on 30.01.02

4. AUDIT COMMITTEE

a. Terms of Reference :

The role of audit committee includes

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and audited financial statements.
- To recommend appointment of auditors and their remuneration.
- Reviewing the financial statements before submission to the Board
- Reviewing the adequacy of internal control systems

b. Constitution :

Sri G V Raman -	Chairman
Smt B Kamala -	Member
Sri S Rajaratnam -	Member

c. Meetings and Attendance :

3 meetings have been held during the year ended 31.03.2002 on 24.06.01, 30.10.01 , 27.03.02.

The details of the attendance of the members of the committee at the above meetings are as follows:

Names of Directors	No. of meetings attended
Sri G V Raman	2
Smt B Kamala	3
Sri S Rajaratnam	3

5. REMUNERATION COMMITTEE :

Terms of Reference:

The Remuneration Committee is constituted to determine the quantum of commission payable to Managing Director based on the profits of the Company.

Composition :

The Committee consists of the following members.

Chairman	Sri S Rajaratnam
Members	Sri G V Raman Smt B Kamala

Remuneration policy of the Company is :

Managing Director:

The Managing Director is paid a fixed quantum of Salary and perquisites and such percentage of commission as recommended by the Remuneration Committee based on the financial results and over all performance of the Company, within the overall limits permissible under the Companies Act and as approved by the Shareholders.

Non Executive - Independent Directors:

Sitting fees of Rs. 2500/- per meeting of the Board or any Committee or General Meeting plus reimbursement of actual travel expenses and out of pocket expenses incurred, wherever applicable, for attending such meetings.

The details of sitting fees/remuneration paid to the Directors/Managing Director are disclosed in Schedule O and Schedule Q in the notes on accounts forming part of the annual accounts vide note No.8 (xi).

The committee did not meet during the period under consideration.

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders'/Investors' Grievance Committee consists of the following members.

Chairman	Sri G V Raman
Members	Smt B Kamala Sri S Rajaratnam

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Earlier, the status of investor grievances was reviewed by the Board at its meetings periodically. After the constitution of the Shareholders'/Investors' Grievances Committee, the status of investor grievances are monitored by the said committee periodically and the reports of the committee are made available to the Board.

The complaints received from the shareholders, SEBI, Stock Exchanges are reviewed and they are replied by the Company/share transfer agents regularly. The status of the pending complaints is also reviewed by the Committee. The committee also reviews the process of redressal of investor grievances.

Sri K Prakash Company Secretary has been designated as the compliance officer.

SUMMARY OF REFERENCES/INVESTOR GRIEVANCES - REDRESSAL FOR THE YEAR ENDED 31.03.2002

Sl. No.	Nature of complaints received	No. of complaints received	Redressed Status
1.	Non receipt of certificate	64	Redressed
2.	Non receipt of Annual report	14	Redressed
3.	Non receipt of Interest Warrant / Dividend Warrant/Cheque/ Demand Draft	440	Redressed
4.	Issue of Duplicate Share Certificates	44	42 *
5.	Issue of Duplicate Interest Warrant/ Dividend Warrant/Cheque/ Demand Draft	136	132*
6.	Correction in Certificates/Master	6	Redressed
7.	Correction in Dividend Warrant/ Cheque/Demand Draft	2	Redressed
8.	Transfers/Transmissions/Split, etc.,	1659	Effectuated except for 4 cases received after 29th March 02, which were effectuated in April 2002
9.	Nomination	14	Redressed
10.	Name change	3	Redressed

* 6 cases pending for compliance by investor of indemnity and other related formalities for issue of duplicate Certificate(s)/Warrant(s).