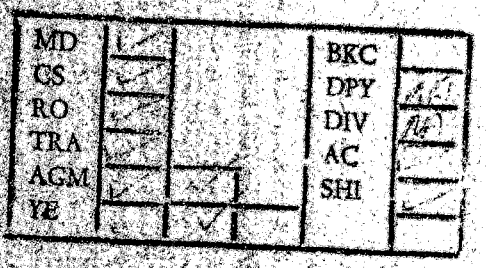
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# SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

## FOURTH ANNUAL GENERAL MEETING

## 1997 - 98

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## SHRIRAM ASSET MANAGEMENT COMPANY LTD.

| | |
|---|---|
| **BOARD OF DIRECTORS** | MR. R. NARAYANAN - CHAIRMAN<br>MR. D. A. GADGIL<br>MR. S. ALAGAPPAN<br>MR. S. RAJARATNAM<br>MR. K. R. RAJAGOPALAN<br>MR. R. SRIDHAR |
| **COMPANY SECRETARY** | MR. K. PRAKASH |
| **AUDITORS** | M/S K. S. AIYAR & CO.<br>CHARTERED ACCOUNTANTS<br>MUMBAI |
| **SHARE TRANSFER AGENTS** | M/S. R & D CONSULTANTS LTD.<br>610, DALAMAL TOWERS,<br>NARIMAN POINT,<br>MUMBAI 400 021. |

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# NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the Members of Shriram Asset Management Co. Ltd. will be held at the Conference Hall of Hotel Parle International, Agarwal Market, Vile Parle (East), Mumbai - 400 057 on Saturday, 6th March, 1999 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 1998, and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in Place of Mr. K.R. Rajagopalan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

   'RESOLVED THAT Mr. R. Sridhar be and is hereby appointed as a Director of the Company whose period of office is liable to determination by retirement by rotation.'

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

   'RESOLVED THAT Mr. S. Alagappan be and is hereby appointed as a Director of the Company whose period of office is liable to determination by retirement by rotation.'

**Regd. Office :**

**101-B, Dalamal Towers,**
**Nariman Point,**
**MUMBAI - 400 021.**

**By Order of the Board of Directors**

**For SHRIRAM ASSET MANAGEMENT CO. LTD.**

Chennai,
7th January, 1999.

**K. PRAKASH**
**COMPANY SECRETARY**

## NOTES :

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under items 4 & 5 are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st March 1999 to 6th March 1999 (both days inclusive).
4. Members/Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
5. Members desiring any information on Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to furnish the same.
6. Members are requested to intimate the Company regarding any change in their address.
7. Members are requested to bring with them copy of Annual Accounts despatched to them by the Company.



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## SHRIRAM ASSET MANAGEMENT COMPANY LTD.

### EXPLANATORY STATEMENT

**As required under section 173(2) of the Companies Act 1956**

The following Explanatory Statement sets out the material facts relating to the special business mentioned in the notice dated 7th January, 1999.

**Item No. 4 & 5**

Mr. R. Sridhar and Mr. S. Alagappan were appointed as Additional Directors by the Board of Directors of the Company with effect from 28th August, 1998 and 20th November, 1998 respectively. In accordance with the provisions of section 260 of the Companies Act 1956 and the Articles of Association of the Company, they would hold office only upto the date of the ensuing Annual General Meeting. They are eligible for appointment as Directors on the Board. The Company has also received notices in writing from one of the Members expressing his intention to propose the candidatures of Mr. Sridhar and Mr. Alagappan for the office of Directors of the Company whose period of office is liable to determination by retirement by rotation.

Mr. R. Sridhar and Mr. S. Alagappan are concerned or interested in their respective appointments. None of the other Directors are concerned or interested in the resolutions. The Articles of Association of the company as well as the letter of proposal of appointment received from a Member of the Company are available for inspection at the Registered Office of the Company for all week days during business hours.

**Regd. Office :**

**101-B, Dalamal Towers,**
**Nariman Point,**
**MUMBAI - 400 021.**

**By Order of the Board of Directors**

**For SHRIRAM ASSET MANAGEMENT CO. LTD.**

Chennai,
7th January, 1999.

**K. PRAKASH**
**COMPANY SECRETARY**



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## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fourth Annual Report together with the Audited Statement of Accounts for the year ended 30th June, 1998.

**Financial Results**

The Salient features of the Financial Results of the Company for the year ended 30th June, 1998 are as under:

| | **Year ended 30.06.1998 (in Rs.)** | Year ended 30.06.1997 (in Rs.) |
|---|---|---|
| Gross Income for the year | **10,814,881** | 11,048,677 |
| Total Expenditure before Depreciation & Tax | **12,618,404** | 9,449,682 |
| Profit/(Loss) before Depreciation andTax | **(1,803,523)** | 1,598,995 |
| Depreciation | **(719,800)** | 679,381 |
| Provision for Tax | **—** | 155,870 |
| Profit/(Loss) after Depreciation and Tax | **(2,523,323)** | 763,744 |
| Excess provision for Tax written back | **243,930** | — |
| Balance brought forward from previous year | **2,294,118** | 1,530,374 |
| Balance carried to Balance Sheet | **14,725** | 2,294,118 |

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**Dividend**

Your Directors do not recommend any dividend for the year ended 30th June, 1998 on account of operating loss in the current year.

**Year in Retrospect**

The year under report witnessed highly volatile stock index movements. The stock markets declined sharply with indices dropping over 20% in the past 12 months. The slow down in economic activities, and the doubts on political stability as well as the melt down in some of the Asian economies may be the causes for this phenonmena. Your Company, operating in the capital market, was also naturally affected by these adverse conditions which is reflected in the performance of the schemes of the Fund under its management.

The securities and Exchange Board of India (Mutual Funds) Amendment Regulations, 1998 which was notified on 12th January, 1998 prohibited the existing Asset Management Companies from launching or managing new schemes unless the minimum networth criteria of Rs.10 crores is attained by them. On the one hand, these new restrictions prevented the Company from launching new schemes so as to add on to the assets under its management and thus, becoming operationally more viable. On the other hand, the redemption of units of some of the existing schemes progressively is expected to shrink the size of the corpus under management which would have an adverse impact on the earnings of the Company by way of management fees.

The compulsory lock in of the units of the scheme Tax Guardian 95, an ELSS Scheme, was lifted effective 1st April 1998 and the Scheme was kept open for repurchases from that date. As common in ELSS Schemes, there was an initial heavy rush for redemption of units. The Fund has also been honouring redemption requests of Risk Guardian 95 Scheme. As on 31st December, 1998, the Fund has redeemed 5710255 units of Tax Guardian 95 Scheme involving Rs. 524.22 lacs and 1072950 units of Risk Guardian 95 Scheme involving Rs.88.52 lacs. As a consequence thereof, the total assets under management, as on 31st December, 1998, has fallen to Rs. 3631.08 lacs from the initial Corpus size of Rs. 4360.31 lacs.

**Outlook**

The industry players have been channalising increased amount of time, effort and resources for investor and intermediary education. The new Mutual Fund Regulations have ushered in extensive disclosure and transparency norms. These factors have contributed to a significant change, for the better, in investor perception of the Mutual Fund products. The investors have now started looking at mutual funds as an alternate avenue of investment to protect their capital from the effects of inflation.



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## SHRIRAM ASSET MANAGEMENT COMPANY LTD.

Though there have been recessionary trends in the country's economy, India still remains as one of the few countries among the emerging markets with positive GDP growth. An economic turnaround is expected in the later part of 1999.

The impetus given by the Regulatory Authorities for trading in Demat segment and the consequent advent of depositories have been a major structural change in the market. The index futures, which is expected to be a reality in the near future would bring in wide ranging transformation of the equity market and would also give depth to the capital markets.

Your Company would certainly take advantage of the changing market conditions at appropriate time so as to be competitive in the industry.

**Issue of Optionally Convertible Preference Shares**

In order to meet the minimum capital adequacy of Rs. 10 crores stipulated for Asset Management Companies, your Company issued 400000 Optionally Convertible Preference Shares of Rs.100/- each (OCPS) for cash at par on Rights basis to the existing equity share holders in the ratio of one OCPS for every fifteen equity shares held by them. The issue opened and closed for subscriptions on 9th July, 1998 and 5th September, 1998 respectively.

The issue was fully subscribed to and the allotment of the OCPS was done on 13th October, 1998 in consultation with the Regional Stock Exchange, The Stock Exchange, Mumbai. The OCPS have already been listed with the Stock Exchanges of Mumbai and Chennai.

**Directorate**

In accordance with the provisions of the Companies Act 1956 and the Articles of Association, of the Company, Mr. K.R. Rajagopalan retires by rotation and is eligible for reappointment.

Mr. S. Alagappan, in order to facilitate his appointment as an independent trustee of Shriram Mutual Fund, resigned as a Director with effect from 28th May, 1998. However, the Securities and Exchange Board of India declined to permit his appointment on the Board of Trustees of Shriram Mutual Fund as an independent trustee on the ground that one year has not elapsed from the date he ceased to be a director on the Board of the Company. The Board has, therefore, reappointed Mr. Alagappan as an Additional Director with effect from 20th November, 1998.

In order to broadbase, the Board, Mr. R. Sridhar was also appointed as an Additional Director with effect from 28th August, 1998.

Pursuant to the provisions of the Companies Act 1956, Mr. S. Alagappan and Mr. R. Sridhar would hold office only upto the date of the ensuing Annual General Meeting. They are eligible for reappointment as Directors of the Company and the Company has also received notices in writing from a Member proposing their candidatures for the Office of the Directors whose period of Office are liable to determination by retirement by rotation.

Mr. D.A. Gadgil, due to his pre-occupations, resigned as the Managing Director of the Company and his resignation as the Managing Director was considered and accepted by the Board at its meeting held on 7th January, 1999. Mr. Gadgil, however, continues to be a Director on the Board of the Company.

**Personnel**

During the year under report, the Company has not employed any person who was in receipt of remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**Information as per section 217(1)(e) read with the Companies Disclosure of Particulars in the Report of the Board of Director(s) Rules, 1988.**

1. Conservation of Energy

   Your Company, being an Asset Management Company, acting as an investment manager, has not consumed energy of any significant level.

2. Technology Absorption.

   Considering the nature of business, there is no technology absorption for the year under review.

3. Foreign Exchange Earnings and Outgo:

   During the year under report, the company has earned and expended foreign exchange as under :

   | | | |
   |---|---|---|
   | Foreign Exchange earned | — | Rs. Nil |
   | Foreign Exchange outgo | — | Rs. Nil |



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**Projection v/s Performance**

| | Projection as per Letter of Offer dated 22.09.1995 (for the year ended 30.06.1998) | (Rs. in Lacs) Actuals (for the year ended 30.06.1998) |
|---|---|---|
| Gross Income from operations | 600.00 | 108.15 |
| Profit/(Loss) Before Tax | 500.00 | (25.23) |
| Net Profit/(Loss) after Tax | 300.00 | (25.23) |

The Capital Market in the country throughout the year was in a bearish phase for the second year in succession which saw marked decline in the investors' interest in Mutual Fund Schemes. As a consequence thereof, the Investment Schemes floated by your company on behalf of Shriram Mutual Fund did not evoke investors' enthusiasm as originally envisaged. As a result, the income of your company by way of Management Fees which is in direct corelation with the assets managed by it did not reach the expectations. Besides, the change in the method of calculation of Management Fees as stipulated by Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 also affected the earnings of the Company by way of Management Fees.

**Auditors**

M/s. K.S. Aiyar and Co., the Statutory Auditors, will retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

**Appreciation**

Your Directors take this opportunity to place on record their appreciation for the continued support from the company's bankers, Stock Exchange Authorities, Securities and Exchange Board of India and by the employees of the company at all levels for the all round progress of the company.

**Regd. Office :**

**101-B, Dalamal Towers**
**Nariman Point**
**Mumbai - 400 021.**

**On Behalf of the Board of Directors**

**R. Narayanan**
CHAIRMAN

Chennai,
7th January, 1999.



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