



SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

FIFTH ANNUAL GENERAL MEETING

1998 - 99

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SHRIRAM ASSET MANAGEMENT COMPANY LTD.



BOARD OF DIRECTORS

MR. R. NARAYANAN - CHAIRMAN
MR. S. ALAGAPPAN
MR. S. RAJARATNAM
MR. K. R. RAJAGOPALAN
MR. R. SRIDHAR
MR. LALIT P. MEHTA

AUDITORS

M/S. K. S. AIYAR & CO.
CHARTERED ACCOUNTANTS
MUMBAI

SHARE TRANSFER AGENTS

M/S. R & D CONSULTANTS LTD.
610, DALAMAL TOWERS,
NARIMAN POINT,
MUMBAI 400 021.

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SHRIRAM ASSET MANAGEMENT COMPANY LTD.

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the company will be held at the conference hall of Hotel Parle International, Agarwal Market, Vile Parle (East), Mumbai - 400 057 on Monday, 28th February 2000 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, 1999 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. R. Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Lalit P. Mehta 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, if any, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to sections 198, 269, 309, 314 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr. S. Alagappan as the Managing Director of the Company for a period of 2 years commencing from 1st April, 1999 on the salary, perquisites and benefits as set out in the Explanatory Statement annexed to the Notice of the Annual General Meeting"

By Order of the Board of Directors

Chennai,
January 24, 2000.

K. Prakash
Company Secretary

Registered Office :
117/118, Dalamal Towers,
'B' Wing, Nariman Point,
MUMBAI 400 021

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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.
2. The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business at Item nos. 4 and 5 is annexed hereto.

3. The Register of Members and the Share Transfer Books of the company will remain closed from 26th February, 2000 to 28th February 2000 (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 LIMITED**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956,
ANNEXED TO NOTICE DATED 24th JANUARY, 2000****1. Item No. 5 :**

Mr. Lalit P. Mehta was appointed as an Additional Director by the Board of Directors of the Company with effect from 24th January, 2000. In accordance with Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, he would hold office only upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director on the Board. The Company has also received a notice in writing from one of the Members expressing his intention to propose the candidature of Mr. Mehta for the office of Director of the Company whose period of office is liable to determination by retirement by rotation.

Mr. Lalit P. Mehta is concerned or interested in his appointment. None of the other directors are concerned or interested in the resolution. The Articles of Association 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 on all week days during business hours.

2. Item No. 6 :

Mr. S. Alagappan has been associated with the Company right from the inception of the Company and has continued to be on the Board till 28th May, 1998, when he resigned from the Board to facilitate his appointment as a Trustee on the Board of Trustees of Shriram Mutual Fund. However, on application by the Board of Trustees to SEBI for inducting Mr. S. Alagappan on their Board, the same was rejected by SEBI on the ground that one year has not elapsed since his resignation from the Board of the Company. The Board of Directors of the Company therefore appointed him as Additional Director with effect from 20th November, 1998 so as to continue to take advantage of his rich experience in the Mutual Fund Industry.

Mr. S. Alagappan is a Retired Executive Director of LIC and also former Executive Trustee of LIC Mutual Fund. On resignation of Mr. D.A. Gadgil, the ex-Managing Director of the Company, the Board of Directors of the Company, at its meeting held on 30th April, 1999, subject to the approval of the Members at the General Meeting, appointed Mr. S. Alagappan as the Managing Director of the Company for a period of 2 years, with effect from 1st April, 1999, on the following terms and conditions :

- 1) Salary : Rs. 23,000/- (Rupees Twenty Three Thousand Only) p.m.
- 2) Helper Allowance : Rs.2,000/- p.m.
- 3) Perquisites :

CATEGORY 'A'

- i) Housing - The expenditure incurred by the Company on hiring accommodation for the incumbent shall be subject to a ceiling of 60% of the salary.

In case no accommodation is provided, the incumbent shall be entitled to House Rent Allowance subject to the ceiling laid down above, i.e. 60% of the Salary.

- ii) Payment of water, gas, electricity and furnishing charges for residence, to be valued in accordance with Income Tax Rules, 1962, subject to a maximum of 10% of the Salary.
- iii) Medical Reimbursement - Reimbursement of medical, surgical and hospitalisation expenses for self and family subject to a maximum of one month's salary in a year or two months salary during the tenure of office.
- iv) Leave Travel Concession - For self and family, once in a year in accordance with the rules of the Company.

- v) Personal accident/ Group Insurance - The annual premium not to exceed Rs.4,000/- Per annum.
- vi) Club Fees - Subscription limited to a maximum of two clubs. No life membership or admission fees shall be paid by the Company

CATEGORY 'B'

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company. These will not be considered or included for the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1962.
 2. Gratuity - Not exceeding half a month's salary for each completed year of service.
 3. Encashment of leave at the end of the tenure - As per rules of the Company.
- 2 and 3 above will not be considered for being included for the computation of ceiling on perquisites.

CATEGORY 'C'

- i) Company's car with driver for use on Company's business.
 - ii) Free telephone at residence.
- Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the incumbent.
- i) and ii) above will not be considered as perquisites.

OTHER APPLICABLE TERMS :

- i) The incumbent shall not be paid any sitting fees for attending General Meetings and Meetings of the Board or Committee thereof.
- ii) In the event of absence or inadequacy of profits in any financial year the incumbent will be paid the above remuneration as minimum remuneration subject to the overall ceilings laid down in Section II of Part II of Schedule XIII.

The Board may revise the existing or allow any other facilities/ perquisites, from time to time, within the overall ceiling.

It would be in the interest of the Company to approve the appointment of Mr. S. Alagappan as the Managing Director of the Company for a period of 2 years with effect from 1st April, 1999, so as to take advantage of his vast experience and hence the Board recommends his appointment as the Managing Director.

Excepting Mr. S. Alagappan, none of the other Directors are concerned or interested in the resolution.

This may be treated as an abstract u/s 302 of the Companies Act, 1956 of the terms of appointment of Mr. S. Alagappan as the Managing Director of the Company.

By order of the Board of Directors

Chennai
January 24, 2000

K. Prakash
Company Secretary

Registered Office :
117/118, Dalamal Towers,
'B' Wing, Nariman Point
MUMBAI 400 021

SHRIRAM ASSET MANAGEMENT COMPANY LTD.**Directors' Report to the Members**

Your Directors present their Fifth Annual Report together with the Audited Statements of Accounts for the year ended 30th June 1999.

Financial Results

The salient features of the Financial Results of the Company for the year ended 30th June 1999 are as under.

	Year ended 30-06-99 (in Rs.)	Year ended 30-06-98 (in Rs.)
Gross Income for the year	8836063	10814881
Total Expenditure before Depreciation & Tax	9559701	12618404
Profit/(Loss) before Depreciation and Tax	(723638)	(1803523)
Depreciation	(610951)	(719800)
Provision for tax	-	-
Profit/(Loss) after Depreciation and Tax	(13344589)	(2523323)
Excess provision for tax written back	-	243930
Balance brought forward from previous year	14725	2294118
Balance carried to Balances Sheet	(1319864)	14725

Dividend

Your Directors do not recommend any dividend for the year ended 30th June, 1999 on account of operating loss in the current year.

Operations and out look

Over the past couple of years income from investment management activities has fallen drastically. The major reasons for it is on account of two factors. The schemes under management of your company, especially the ELSS schemes in their offer documents have stated that their corpus would be invested substantially in equity and equity related investments, especially in primary market offerings. Consequently, with a view to adhere to these stipulations in the offer documents and keeping in view the time frame allowed for deployment of the corpus, major part of corpus was invested on primary market offerings. Besides most of the investments on secondary market were also made at time when the indices were high. Several of these investments have subsequently become sparsely traded and hence illiquid. As these illiquid holdings of the schemes are valued at insignificant values for the purpose of calculation of NAV of the schemes under management of your company, the management fees, which is directly co-related to the NAV of schemes under management of the Company has also dwindled to a large extent.

Apart from this, as most of the schemes are currently open for redemption, the redemption of units has also drastically reduced the corpus under management, which also, in turn has brought down the quantum of the management fees. The corpus under the management of the Company has fallen down to Rs. 3486.20 lakhs as on 30th June, 1999, as compared to the initial corpus of Rs. 4360.30 lakhs.

Your company is in the process of reshuffling of the portfolios of the schemes by exiting from marginal and relatively illiquid stocks. This exercise would to some extent, after some time, allow the schemes to post healthier NAV's, which would, then increase the management fees also.

The Capital markets in the country have definitely shown an uptrend and with a stable government at the Center, India is likely to witness sweeping economic changes. The Mutual Fund industry itself is doing very well and is also witnessing active support from the investing public. Your Company would also soon take advantage of the favourable market conditions and would go to the public with new mutual fund offerings at appropriate time.

Directorate

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R.Narayanan would retire by rotation and is eligible for reappointment.

In order to take advantage of the vast experience of Mr S.Alagappan, the Board of Directors appointed him, subject to the approval of the members, as the Managing Director of the Company for a period of two years with effect from 1st April, 1999. A suitable resolution in this regard is proposed for adoption by the members at the ensuing Annual General Meeting.

Mr. Lalit P. Mehta was appointed by the Board as an Additional Director with effect from 24th January, 2000. Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Mehta would hold office only upto the date of the ensuing Annual General Meeting. He is eligible for reappointment as a Director of the Company and the Company has also received a notice in writing from a Member proposing his candidature for the office of Director whose period of office is liable to determination by rotation.

Mr. D.A. Gadgil is not seeking re-election at the ensuing meeting and hence will cease to be a director of your Company.

Fixed Deposit

Your company did not accept any fixed deposits during the year under report.

Personnel

Your company has not employed, during the year under report, 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 Directors) 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 carried on by the Company, there is no technology absorption for the year under review.
3. **Foreign Exchange Earning and outgo**
During the year under report the company has neither earned nor expended any foreign exchange.