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SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

TENTH ANNUAL REPORT

2003-2004

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

BOARD OF DIRECTORS

MR. R. NARAYANAN – Chairman
MR. S. RAJARATNAM
MR. K.R. RAJAGOPALAN
MR. R. SRIDHAR – Managing Director
MR. LALIT P. MEHTA

AUDITORS

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

SHARE TRANSFER AGENTS

PURVA SHARE REGISTRY (INDIA) PVT. LTD.
33, PRINTING HOUSE
28-D POLICE COURT LANE
BEHIND OLD HANDLOOM HOUSE
FORT, MUMBAI - 400 001



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SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held at Hotel Parle International, Agarwal Market, Vile Parle (East), Mumbai 400 057 on Friday, the 31st December, 2004 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June 2004 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Rajaratnam, 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, if any, the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956 and other applicable provisions, if any, the Authorised Capital of the Company be and is hereby increased from Rs.11,00,00,000/- (Rupees Eleven Crores) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 4,00,000 (Four Lakhs) 12.5% Optionally Convertible Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each and 10,00,000 (Ten Lakhs) Unclassified Shares of Rs.10/- (Rupees Ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) consisting of Equity Share capital of Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and Preference Share Capital of Rs. 8,00,00,000/- (Rupees Eight Crores) divided into 4,00,000 (Four Lakhs) 12.5% Optionally Convertible Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each and 4,00,000 (Four Lakhs) 9% Non Convertible Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each and Unclassified Capital of Rs. 1,00,00,000/- (Rupees One Crore) divided into 10,00,000 (Ten Lakhs) Unclassified Shares of Rs.10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be amended accordingly."

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 the provisions of Section 80(4) of the Companies Act, 1956 and the Articles of Association of the Company and subject to other applicable provisions, if any, the Board of Directors of the Company (hereinafter referred to as a "Board") be and is hereby authorised to issue 4,00,000 (Four Lac) 9% Non Convertible Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each on such terms and conditions as it deems fit and the proceeds of this new issue be utilized for the purpose of redeeming the existing 4,00,000 (Four Lac) 12.5% Optionally Convertible Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each."

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, and for removal of any difficulty or doubt the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to the issue and redemption of preference shares as aforesaid or any other matter consequential thereto."

6. 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 Section 372A and all other applicable provisions, if any, of the Companies act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), in addition to the amount already invested, the Company be and is hereby authorised to invest such further sum, which is in excess of the limits specified under Section 372A of the Act in Central Government Securities, PSU Bonds, State Government Securities, State Level Undertakings Bonds, Units of Mutual Funds and those securities listed in rule 3A of the Companies (Acceptance of Deposits) Rules, 1975, or any other Rule (s), as may be made applicable from time to time, for maintenance of liquid assets, which require approval under Section 372A of the Companies Act, 1956 subject to a maximum investment of Rs.900,00,000/- (Rupees Nine Crores) at any given time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

By Order of the Board of Directors..

MUMBAI,
OCTOBER 30, 2004

R.Sridhar
Managing Director

Registered Office:
117/118, Dalamal Towers,
Nariman Point,
Mumbai - 400 021.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A 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.
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, 5 and 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed on 31st December 2004.
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 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 a copy of Annual Accounts dispatched to them by the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.4 & 5

The present Authorised Capital of the company is Rs. 11,00,00,000 (Rupees Eleven Crores only) comprising of Equity Share Capital of Rs.60,00,000 (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and Preference Share Capital of Rs.40,00,000 (Rupees Four Crores only) divided into 4,00,000 (Four Lakhs) 12.5% Optionally convertible non-cumulative Preference Shares of Rs.100/- (Rupees One Hundred Only) each and Rs. 10,00,000 (Rupees One Crore only) divided into 10,00,000 (Ten Lakhs) Unclassified shares of Rs.10/- Each.

The Company intends to redeem the said 4,00,000 (Four Lakhs) 12.5% Optionally convertible non-cumulative Preference Shares of Rs.100/- (Rupees One Hundred Only) out of the proceeds of a fresh issue of Preference Shares made for the purpose of the redemption. Consequently, the said fresh issue will require the authorised share capital of the company to be increased.

The fresh issue of preference shares is solely for the purpose of redemption of the existing preference shares.

None of the Directors of the Company are in any way interested in the said two resolutions.

ITEM NO.6

According to the provisions of Section 372A of the Companies Act, 1956, in case of the loans given by the Company or proposed to be given by the Company or any investments made or proposed to be made by way of subscriptions, purchase, or otherwise acquiring securities of any other body corporate and if such loans and investments, together with the loans and investments already made, exceed 60% of the paid up share capital and free reserves of the Company, it is necessary to obtain shareholders' approval by a special resolution.

It is proposed to authorise the Board of Directors to invest further the company's monies which is in excess of the limit of the 60% specified under sec 372A of the company's Act, 1956 in Central Government securities, PSU Bonds, State Government Securities, State Undertakings Bonds, Units of Mutual Funds, etc., not exceeding Rs.9.00 crores. As the said investment is likely to exceed 60% of the paid up share capital and free reserves of the company, it is necessary to obtain the approval of the shareholders by a special resolution.

The Board of Directors of the Company recommends the passing of the resolution.

None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board of Directors

MUMBAI,
OCTOBER 30, 2004

R.Sridhar
Managing Director

Registered Office:
117/118, Dalamal Towers,
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MUMBAI,
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R.Sridhar
Managing Director

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By Order of the Board of Directors

MUMBAI,
OCTOBER 30, 2004

R.Sridhar
Managing Director

Registered Office:
117/118, Dalamal Towers,
Nariman Point,
Mumbai - 400 021.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Tenth Annual Report together with the Audited Statements of Accounts for the year ended 30th June 2004.

Financial Results:

The Salient features of the Financial Results of the Company for the year ended 30th June 2004 are as under:

	Year ended 30-06-2004 (Rs.)	Year ended 30-06-2003 (Rs.)
Gross Income for the year	8,362,811	4,858,238
Total Expenditure before Depreciation & Tax	3,667,680	7,622,503
Profit/(Loss) before Depreciation and Tax	4,695,131	(2,764,265)
Depreciation	(386,103)	(481,685)
Provision for tax	(734,000)	—
Profit/(Loss) after Depreciation and Tax	3,575,028	(3,245,950)
Provision for taxation written back	250,000	—
Balance brought forward from previous year	(4,178,554)	(932,604)
Balance carried to Balance Sheet	(353,526)	(4,178,554)

Dividend:

On account of the carried forward losses, your Directors do not recommend any dividend for the year ended 30th June 2004.

Operations and Outlook:

The Trustees of Shriram Mutual Fund did not launch any new scheme during the year under report. As all the earlier schemes of the Fund have been wound up, the operations of the Company were limited only to attending to the outstanding unclaimed redemption amounts of the schemes wound up.

Corporate Governance:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forms part of the Annual Report and the Management's Discussion and Analysis report forms part of this report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

Directors' Responsibility Statement:

In compliance with section 217 (2AA) of the Companies Act, 1956, the Directors confirm that -

- In the preparation of annual accounts, the applicable accounting standards have been followed.
- The accountings policies selected and applied on a consistent basis give true and fair view of the affairs of the Company and of the profit for the financial year.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.
- The annual accounts have been prepared on an ongoing concern basis.

Cash Flow Statement:

The cash flow statement for the year 2003-2004 is attached to the Balance Sheet.

Directors:

In accordance with the provisions of the Companies act, 1956 and the Articles of Association of the Company, Mr S. Rajaratnam would retire by rotation and is eligible for reappointment.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

Fixed Deposits:

Your Company has not accepted any fixed deposits.

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 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, 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.

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, Securities and Exchange Board of India, Stock Exchange Authorities and by the employees of the Company at all levels.

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For and On Behalf of the Board of Directors

MUMBAI

29th November 2004

Managing Director

Director

Regd.Office:

117/118 Dalamal Towers

Nariman Point

Mumbai – 400 021