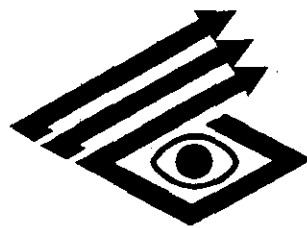




## **Annual Report**

**1998 - 99**

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**Shriram City Union Finance Limited**



## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Thirteenth Annual General Meeting of the shareholders of the Company will be held on Thursday the 30th March, 2000, at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006, at 2.30 p.m. to transact the following business:

- 1) To receive, consider and adopt the Profit and Loss Account for the year ended 30th June, 1999, the Balance Sheet as on that date and the reports of the Auditors and Directors thereon.
- 2) To declare dividend on Preference Shares
- 3) a) To elect a Director in the place of Sri G V Raman who retires by rotation and being eligible, offers himself for re-election.  
b) To elect a Director in the place of Sri S M Bafna who retires by rotation and being eligible, offers himself for re-election.
- 4) To appoint Auditors for the year 1999-2000 and authorise the Board of Directors to fix their remuneration.

M/s Pijush Gupta & Co., Chartered Accountants, Calcutta, retire at the conclusion of the Thirteenth Annual General Meeting and being eligible offer themselves for re-appointment.

- 5) To authorise the Board of Directors of the company to appoint and fix the remuneration of any person qualified for appointment as Auditor of the company under Section 226 of the Companies Act, 1956, for auditing the accounts of the branch offices of the company for the year 1999-2000, in consultation with the Auditors of the Company

### SPECIAL BUSINESS :

- 6) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT pursuant to Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be increased from Rs. 25,00,00,000 (Rupees Twenty Five crores only) divided into 1,50,00,000 Equity Shares of Rs. 10/- each and 10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 35,00,00,000 (Rupees Thirty five crores only) divided into 1,50,00,000 Equity Shares of Rs. 10/- each and 20,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each and consequently the existing clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered to read as follows:

(V) "The Authorised Capital of the Company is Rs. 35,00,00,000 (Rupees Thirty five Crores only) divided into 1,50,00,000 (One crore Fifty lacs) equity shares of Rs. 10/- (Rupees ten) each and 20,00,000 (Twenty lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each with the power to issue the new Shares upon such terms and conditions and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 and to vary, modify, amalgamate, abrogate any such rights, privileges, conditions in such manner as may be provided by the Companies Act, 1956".

- 7) To consider and if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) and re-enactment thereof for the time being in force) and provisions of



other Statutes, as applicable and subject to such other approvals, consents, permissions, and sanctions as may be necessary from the appropriate authorities, or Bodies, Article 6 of the Articles of Association of the Company be and is hereby altered to read as follows :

#### Article 6

“The Authorised Capital of the Company is Rs. 35,00,00,000 (Rupees Thirty five Crores only) divided into 1,50,00,000 (One crore fifty lacs) Equity Shares of Rs. 10/- (Rupees ten) each and 20,00,000 (20 Lacs) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One hundred ) each with the power to issue the new Shares upon such terms and conditions and to attach thereto such preferential, deferred , qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 and to vary, modify, amalgamate, abrogate any such rights, privileges, conditions in such manner as may be provided by the Companies Act, 1956”.

- 8) To consider and if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to the provisions of Section 372 A of the Companies Act, 1956, as amended, the resolution of the Board of Directors authorising the giving of guarantees as listed below be confirmed by the shareholders

Name of the Bodies Corporate/Banks/Financial Institution in whose favour the Guarantee is given	Purpose of Guarantee	Amount of Guarantee Total (Rs. in lacs)
Karnataka State Financial Corporation Ltd.	(1) For the HP finance facility availed by	
	a) the Company	190
	b) Shriram Investments Limited	190
	c) Shriram Transport Finance Company Ltd.	190
	(2) For the facility availed under the Small Road Transport Operators Scheme by individual truck operators identified by	
	a) the Company	300
	b) Shriram Investments Limited	200
City Union Bank Ltd.	For the facility availed under the Small Road Transport Operators Scheme by individual truck operators identified by the Company	375
Andhra Pradesh State Financial Corporation	- do -	250

- 9) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT in supersession of the earlier resolution(s) passed and pursuant to Section 293 (1) (d) of the Companies Act, 1956, the consent of the company be and is hereby granted to the Board of Directors / Committee of the company to borrow for the purpose of the business of the company from time to time on such terms and conditions as the Board of Directors / Committee may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained and/or to be obtained



from the company's bankers in the ordinary course of business) will or may exceed the aggregate of the Paid up Capital of the company and its Free Reserves that is to say, reserves not set apart for any specific purpose, so that the total amounts upto which the monies may be borrowed by the Board of Directors / Committee shall not at any time exceed Rs. 500 crores (Rupees Five hundred Crores).

- 10) To consider and if thought fit to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 23rd February 1999, consent of the company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors/Committee for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board/Committee may deem fit, the whole or substantially the whole of the undertaking of the company wherever situate, present and future, whether presently belonging to the company or not, with a right to take over the management of the business and undertaking of the company in certain events, in favour of any person including financial/investment institution(s), bank(s), insurance company(ies), corporate body (ies), trustees to secure the debentures, loan, hire purchase and/or Lease Portfolio Management transactions for finance and other Credit facilities upto a sum not exceeding Rs.750 crores (Rupees Seven Hundred and Fifty Crores).

RESOLVED FURTHER THAT the Board/Committee be and is hereby authorised to finalise the form, extent and manner of, and the documents and deeds, whichever applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the company on such terms and conditions as may be decided by the Board/Committee in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution.

- 11) To consider and if thought fit, to pass, with or without modification(s) , the following resolution as SPECIAL RESOLUTION

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner.

- A) The existing Article 1 of the Articles of Association be altered by inserting the following sub-clauses immediately after clause 1(o) and the existing clauses (p) and (q) be re-numbered accordingly.

(p) 'Beneficial Owner' shall mean the Beneficial Owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.

(q) 'Depositories Act, 1996' shall include any statutory modifications or re-enactment thereof.

(r) 'Depository' shall mean a Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

(s) 'Member' means the duly registered holder, from time to time , of the Shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository

(t) 'SEBI' means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

(u) 'Security' shall mean such security as may be specified by SEBI.

Words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in that Act.

## Article 53

Subject to the provisions of these Articles and in accordance with the provisions of Section 79A of the Companies Act, 1956 and of various other laws governing the issue, the Board may issue and allot Sweat equity shares under Employees Stock Option Schemes to the persons entitled thereto.

## Article 54

- (1) Every shareholder or debentureholder or depositor of the Company, may at any time, nominate a person to whom his shares or debentures or deposits shall vest in the event of his death in such manner as may be prescribed under the Act.
- (2) Where the shares or debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures or deposits, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures or deposits, the nominee shall, on the death of the shareholder or debentureholder or depositor or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or deposits or, as the case may be, all the joint holders, in relation to such shares or debentures or deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures or deposits, to make the nomination to appoint any person to become entitled to shares in or debentures of or deposits of the company in the manner prescribed under the Act, in the event of his death, during the minority.

- (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
  - a) to register himself as holder of the share or debenture or deposit, as the case may be ; or
  - b) to make such transfer of the share or debenture or deposit, as the deceased shareholder or debentureholder or depositor, as the case may be , could have made.
- (2) If the nominee elects to be registered as holder of the share or debenture or deposit, himself, as the case may be, he shall deliver or send to the company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder or depositor, as the case may be.
- (3) A nominee shall be entitled to the share dividend, interest on debentures or deposits and other advantages to which he would be entitled if he were the registered holder of the share or debenture or deposit. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the company.



Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture or deposit, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, interest, bonuses or other moneys payable in respect of the share or debenture or deposit, until the requirements of the notice have been complied with.

D) The new Articles 56 be inserted with sub-headings after Article 55

## Article 56

### Recognition of interest in Securities under Depositories Act

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

### Dematerialisation/Rematerialisation of securities

The company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, and the Rules framed thereunder, if any.

### Option for Investors

Every person subscribing to or holding securities offered by the company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

### Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialised and be in fungible form.

### Rights of Depositories and Beneficial Owners

- Notwithstanding anything to the contrary contained in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- Every person holding securities of the company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the company. The Beneficial Owner of securities shall be







debentures, debenture stocks, warrants, certificates, premium notes, mortgages, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, general insurance products, life insurance products and other similar instruments whether issued by government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, and other similar organisations at national and international levels.

13) To consider and if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION

RESOLVED THAT in accordance with the provisions of Sections 80 and 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force and as may be enacted from time to time ) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares/Debentures of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, sanctions, permissions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee for the time being thereof exercising the powers conferred upon by the Board of Directors, (hereinafter referred to as Board) at its, absolute discretion, the consent of the Company be and is hereby accorded to the Board/ Committee to offer/issue/allot , in the course of domestic and /or international offering, Cumulative Redeemable Preference Shares of Rs.100/- each, of an aggregate nominal amount, not exceeding Rs. 10 Crores ( herein after for brevity sake referred to as Securities) to be subscribed in rupees / foreign Currency (ies) by such person or persons , whether or not Shareholder of the Company as the Board /Committee may at its absolute discretion decide , including one or more of the members, promoters, debentureholders, employees, Financial Institutions, Institutions, Banks, Mutual Funds, Foreign Investors, Non-resident Indians, Overseas Corporate Bodies (OCBs) , Foreign Institutional Investors, (FIIs) ,Bodies Corporate, Companies, Private or Public and other entities in one or more combinations thereof , whether through Public issue, Rights issue, Private placement , preferential allotment or otherwise, in one or more modes or combinations thereof, and in one or more tranches and on such terms and conditions including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto.

RESOLVED FURTHER THAT such of these securities to be issued as or not subscribed may be disposed of by the Board/ Committee thereof to such persons and in such manner and on such terms as the Board/ Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/ Mutual Funds/ Foreign Institutional Investors/ Bodies Corporate/ such other persons or otherwise.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer / issue , allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit.

By Order of the Board  
for SHRIRAM CITY UNION FINANCE LIMITED

Chennai  
23.02.2000

Brinda Kesavan  
Secretary







## Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

### ITEM No. 6

The present Authorised Capital of the company is Rs.25 Crores divided in to 1.50 Crores equity Shares of Rs.10 each and 10 lacs Cumulative Redeemable Preference Shares of Rs.100 each and consequent to the decision of the Board to make additional Issue of Cumulative Redeemable Preference Shares, the existing Authorised Capital needs to be increased further.

Consequent to increase of Authorised Capital, necessary amendments to the Capital Clause in the Memorandum of Association will have to be suitably made and accordingly, the amendments are setout under item No. 6 of the Notice for approval of the Shareholders.

No Director is interested in the resolution.

### ITEM No. 7

The proposed amendment to Article 6 of the Articles of Association is consequential. Section 31 of the Companies Act requires a Special Resolution to be passed for any amendment to the Articles of Association.

No Director is interested in the resolution.

### ITEM No. 8

The Company has upto 31.10.98 given guarantees to Bodies Corporate / Banks/ Financial Institutions to the tune of Rs 6.56 Crores. As per the Companies (Amendment) Act, 1999, any guarantee given after 31.10.98, pursuant to a resolution passed in the meeting of the Board be confirmed at the Annual General Meeting held after passing of the Board's resolution, and hence the Special Resolution for confirmation of the Shareholders at the Annual General Meeting.

Sri G V Raman, as Director in the Companies referred to in item No.8 of the notice, is interested in the resolution.

### ITEM No. 9

At the Annual General Meeting held on 24.11.97 the Board of Directors were authorised under Section 293 (1) (d) of the Companies Act, 1956, to borrow upto a limit of Rs.300 Crores apart from temporary loans obtained / to be obtained from the bankers (by way of cash credit limits and working capital demand loans) in the ordinary course of business. In view of the steady growth in business, the mobilisation of funds by the company will substantially increase. Therefore it is considered desirable to increase the limit of borrowings to Rs.500 crores apart from the temporary loans obtained / to be obtained from the company's bankers in the ordinary course of business.

No Director is interested in the resolution.

### ITEM No. 10

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not, except with the consent of the Company in the General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. The Company has to increase resources for its working capital requirements. Consequently the Company would be resorting to borrowings from time to time for the purpose of its business by way of loans, Debentures, Bonds, Hire Purchase Finance and finance under Lease Portfolio Management Scheme and/or other financial assistance from various financial/investment institution(s), bank(s), insurance company(ies), Corporate Body(ies) and other persons / investors apart from working Capital facilities from Banks in the ordinary course of business. This in turn necessitates the enhanced creation of security by suitable mortgages and/or charges on all or some of the movable and/or immovable properties of the Company, both present and future in favour of the lenders/ trustees. The proposed resolution