

**BOARD OF DIRECTORS****CHAIRMAN**

Sri G.V. Raman

**MANAGING DIRECTOR**

Sri Akhilesh Kumar Singh

**SECRETARY**

Smt. Brinda Kesavan

**DIRECTORS**

Sri Sumati Prasad M. Bafna  
 Sri S. Venkatakrishnan  
 Sri Jasmit Singh Gujral  
 Dr. T. S. Sethurathnam  
 (Nominee of IREDA Ltd.)

**AUDITORS**

Pijush Gupta & 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**

Abu Dhabi Commercial Bank Ltd.  
 City Union Bank Ltd.  
 Federal Bank Ltd.  
 The Catholic Syrian Bank Ltd.  
 UCO Bank

**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** : CK 15, Sector II, Salt Lake City, Kolkata 700 091 Phone : 3587188

**BRANCHES** : Agra, Ahmedabad, Akola, Alwar, Allahabad, Amalapuram, Anantapur,  
 include Amaravathi, Aurangabad, Azadpur, Bangalore, Baroda, Belgaum, Bellary, Bhilai,  
 Bhimavaram, Bhopal, Bhubaneswar, 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, Quilon, Raipur,  
 Rajahmundry, Rajkot, Ranchi, Ratnagiri, Rewa, Rohtak, Rourkela, Salem, Satna,  
 Secunderabad, Shimoga, Surat, Tirunelveli, Trichur, Trichy, Trivandrum, Udiipi,  
 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.

**Coimbatore Stock Exchange Ltd.**, CSX Towers, 683-686, Trichy Road, Singanallur, Coimbatore - 641 005.



## DIRECTORS' REPORT

Your Directors have pleasure in submitting the Sixteenth Annual Report 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	1670.29
Less : Depreciation	700.69
Profit before tax	969.60
Less : Provision for taxation (incl. Provision for Deferred tax)	131.32
Profit after tax	838.28
Add : Balance brought forward from previous year	365.06
Profit available for appropriation	1203.34
<b>Appropriations:</b>	
General Reserve	63.00
Statutory Reserve	168.00
Dividend on Cumulative Redeemable Preference Shares of Rs 100/- each fully paid up at the stipulated rates	198.56
Dividend on Equity Shares of Rs.10/- each fully paid up @ 18% (incl. Interim dividend)	135.00
Balance carried to Balance Sheet	638.78
	1203.34

### 2002 IN RETROSPECT :

The Indian economy is passing through a difficult phase caused by several unfavourable domestic and external developments. The global economy experienced an overall deceleration during the year under review. Export growth has suffered and industrial profitability has also been affected. Despite these constraints, growth in real GDP in 2001-2002 is around 5.4 percent. This growth rate marks some recovery over the low growth of 4 percent in 2000-2001.

Against this backdrop, the performance of your Company can be considered to be satisfactory.

### OPERATIONS REVIEW :

Your Company's turnover for the year ended 31.03.2002 was Rs. 7487.13 lakhs. The gross profits have risen from Rs. 690.89 lakhs to Rs. 969.60 lakhs. Gross Stock on Hire as on 31.03.2002 stood at Rs. 26860.39 lakhs.

### RESOURCES :

The Deposit portfolio as on 31.03.2002 stood at Rs. 250.73 lakhs as compared to Rs. 382.82 lakhs as on 31.03.2001.

Secured Non-Convertible Debentures and Cumulative Redeemable Preference Shares stood at Rs. 22816.18 lakhs and Rs. 2137.87 lakhs respectively as on 31.03.2002.

As on 31.03.2002, there were 364 deposits aggregating to Rs. 47.89 lakhs which have matured but remained unclaimed. After close follow up with the depositors, the figure has come down to 198 deposits amounting to Rs. 27.88 lakhs. Steps are being taken for the repayment/renewal of deposits. There were no deposits which were claimed but not paid by the Company.

### 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.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

The Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- (ii) that they have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profits of the Company for that year.
- (iii) that they have taken proper and sufficient care 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) that they have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE :**

Certificate dated 27<sup>th</sup> June 2002 of the Auditors of your Company regarding compliance of the conditions of Corporate Governance in Clause 49 of the listing Agreement with stock exchanges, is enclosed.

Your Company has been practicing the principles of good corporate governance over the years.

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays emphasis on transparency, accountability and integrity.

A separate Management Discussion and Analysis report covering a wide range of issues relating to business outlook and performance, etc., is given in the Annexure to this report.

**DIVIDEND :**

An interim Equity Dividend of 10%, subject to deduction of tax, for the financial year 2001-2002 amounting to Rs. 75 lakhs was declared by the Board in June 2002. The Board also declared dividend on Preference Shares, subject to deduction of tax, aggregating Rs. 198.56 lakhs for the said financial year at the above meeting.

In addition to the interim dividend, your Directors now recommend to the Annual General Meeting, the declaration of a final Equity Dividend of 8%, subject to deduction of tax, aggregating Rs. 60 lakhs for the year ended 31<sup>st</sup> March 2002, making the total equity dividend for the year 18%. The Dividend, if approved, shall be payable to the Shareholders registered in the books of the Company and beneficial owners furnished by the Depositories, determined with reference to the book closure.

**PROSPECTS :**

In response to the prevailing competition in the market, your Company has emerged as an eminent player in its areas of operation. It is not untrue that in addition to the challenges that lie ahead there are also exciting growth opportunities for a player with consistently improving capability. Your Company has remained consistent even during the phases of economic recession and increased competition. With the available infrastructure and efficient management, your Company is confident of reaching greater heights in the years to come.

**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 T Jayaraman and Sri Y. D. Patil have resigned from the Board on 10<sup>th</sup> June 2002 and 27<sup>th</sup> June 2002 respectively. The Board wishes to place on record its sincere appreciation of the valuable contributions made by Sri T Jayaraman and Sri Y D Patil to the growth and development of the Company during their tenure as Directors.

Sri Jasmit Singh Gujral has been appointed as an Additional Director of the Company at the Board Meeting held on 31<sup>st</sup> October 2001. As per the provisions of the Companies Act, 1956, Sri Jasmit Singh Gujral 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.

Sri Sumati Prasad M. Bafna, Director, retire by rotation and being eligible offers himself for re-election.

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

#### **INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 :**

Information required to be disclosed under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption, foreign exchange earnings/outgo - NIL.

Information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees ) Rules, 1975 - NIL.

#### **AUDITORS :**

M/s Pijush Gupta & Co., Chartered Accountants, Kolkata, Auditors of the Company, retire in accordance with the provisions of the Companies Act, 1956, and being eligible offer themselves for re-appointment. A certificate under Section 224 (1-B) of the Companies Act, 1956 has been received from them.

Resolution authorising the Board to appoint Branch Auditors is also being submitted to the General Body for approval.

#### **APPRECIATION :**

Your Directors acknowledge with gratitude the co-operation and assistance received from various Banks, Corporations and Financial Institutions. Your Directors thank the Shareholders, Depositholders and Debentureholders for their continued support and place on record their appreciation of the contribution made by employees at all levels.

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

Your Company is required to comply with the code on Corporate Governance prescribed by SEBI not later than March 31, 2003. However, as a matter of prudence, your Company has complied with the same for the year ended 31st March 2002 itself.

An evaluation on compliance to SEBI Guidelines is given herein:

### BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

- Envisages achievement of great levels of transparency and accountability in all areas of operations and in activities connected with
  - Shareholders
  - Employees
  - Investors
  - Banks & Institutions
  - Statutory Authorities
- Envisages attainment of Shareholders' satisfaction
- Improving the performance through periodical review of Management systems

### BOARD OF DIRECTORS :

As on 31st March 2002, the Board comprised of 8 Directors. The Board has a Managing Director and a Chairman. The Managing Director manages the Company's business in consultation with the Board of Directors. The Board functions by itself and through Committees. The Board and Committees meet at regular intervals. Policy formulation, setting up of objectives and performance evaluation and control over functions vest with the Board while the Committees oversee day-to-day operational matters. This structure has enhanced Board's role in guiding the Company and contributed to the Company's objective of attaining shareholders' satisfaction.

The Board has constituted - Business Development Committee, Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee.

6 meetings of the Board of Directors were held during the year ending 31st March 2002 on 26th June 2001, 28th July 2001, 3rd September 2001, 31st October 2001, 29th November 2001 and 30th January 2002.

The names of members of Board of Directors, their attendance and number of their other directorship are given below :

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM held on 3rd September, 2001	Membership / Chairmanship as on 31.03.2002 in	
			Other Boards (excluding this Company)	Other Board Committees (excl. this Co.)
Sri G V Raman (N I)	6	Yes	5	7
Sri Akilesh Kumar Singh (MD - E)	5	Yes	3	NIL
Sri T Jayaraman (N)	5	Yes	12	NIL
Sri S M Bafna(N I)	3	Yes	7	NIL
Sri Y D Patil(N I)	4	Yes	3	1



Name of the Director	No. of Board Meetings attended	Whether attended the last AGM held on 3rd September, 2001	Membership/ Chairmanship as on 31.03.2002 in	
			Other Boards (excluding this Company)	Other Board Committees (excl. this Co.)
Sri S Venkatakrishnan (N I)	6	Yes	13	3
Sri J S Gujral * (N I)	2	N A	NIL	NIL
Dr T S Sethurathnam (ND)	5	Yes	7	3

\* Sri J.S. Gujral was appointed as Additional Director on 31st October 2001.

N A - Not Applicable.

N I - Non executive, Independent Director ; MD - Managing Director ; ND - Nominee Director - IREDA as lender ; N - Non executive ; E - Executive

#### BUSINESS DEVELOPMENT COMMITTEE OF DIRECTORS :

##### Terms of Reference :

The Committee is formed to achieve efficient performance; quicker decision on matters relating to general business of the Company. The Committee appraises the Board of its decisions at subsequent meetings.

##### Composition :

Chairman	Sri G.V. Raman
Members	Sri T. Jayaraman Sri S. Venkatakrishnan

##### Meetings and attendance :

The Committee met 17 times during the year .

Name of the Director	No of meetings attended
Sri G V Raman	15
Sri T Jayaraman	17
Sri S Venkatakrishnan*	2

\* Inducted on 30th January 2002



**AUDIT COMMITTEE :***Terms of Reference :*

The authority of the Committee shall include the following :

To have full access to information contained in the records of the Company and external professional advice, if necessary.

To conduct discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors for follow-up and adequacy of internal audit function.

To oversee the Company's financial reporting process and disclosure of its financial information, major accounting policies and practices, compliance with accounting standards and with Stock Exchange and legal requirements concerning financial statements.

To review Company's fiscal and risk management policies .

To review quarterly, half-yearly and annual financial statements before submission to Board of Directors.

To advise and guide operating management on specific issues/transactions in co-ordination with Statutory Auditors.

*Composition:*

Chairman	Sri G V Raman
Members	Sri S M Bafna Sri Y D Patil Sri S Venkatakrishnan

*Meetings and attendance:*

The Committee met 3 times during the period under consideration on 26th June 2001, 30th October 2001 and 27th March 2002.

Name of the Director	No of meetings attended
Sri G V Raman	2
Sri Y D Patil	2
Sri S M Bafna	2
Sri S Venkatakrishnan*	1

\* Inducted on 30th January 2002

**REMUNERATION COMMITTEE :***Terms of Reference:*

The Remuneration Committee is mandated to determine the commission payable to the Managing Director, as and when applicable. The recommendations are based on overall performance and financial results of the Company during the relevant financial year.

*Composition :*

Chairman	Sri G V Raman
Members	Sri S M Bafna Sri Y D Patil Sri S Venkatakrishnan

Remuneration policy of the Company is :

*Managing Director :*

The total remuneration consists of :

- a fixed component - consisting of salary, allowances and perquisites
- a variable component - linked to performance of Company - consisting of Commission as may be determined by the Remuneration Committee

within the overall limits specified under the Companies Act and as approved by the Shareholders.

*Non executive - Independent Directors*

Sitting fees as permitted under the Companies Act, 1956 (Rs. 2500/- per meeting of the Board/any committee/General meeting) and/or re-imbursement of actual travel 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. 12.

The Committee did not meet during the period under consideration.

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :***Terms of Reference :*

Initially the Board, at its meeting, was reviewing the status of shareholder grievances. Later, the Investor Grievance Committee was constituted for the said purpose. The findings/recommendations of the Committee are reported to the Board periodically. The letters/complaints received from the shareholders/investors, Stock Exchanges/SEBI are reviewed by the Company and the Share Transfer Agents, M/s. Integrated Enterprises (India) Limited. These letters/complaints are replied immediately/redressed to the satisfaction of the complainant. The Committee reviews periodically, the action taken by the Company and the Share Transfer Agents in this regard. The pendency report, if any, and the time taken to redress the complaints are also reviewed by the Committee.



**Composition :**

Chairman	Sri G V Raman
Members	Sri S M Bafna Sri Y D Patil Sri S Venkatakrishnan

The Company has designated Smt Brinda Kesavan, Company Secretary as the Compliance Officer.

The Board met 6 times to review the Investor Grievance and the Committee met once during the year for the said purpose.

**SUMMARY OF TRANSFERS/TRANSMISSIONS, etc.,  
INVESTOR GRIEVANCE - RECEIVED - REDRESSED FOR THE YEAR ENDING 31.03.2002**

Sl. No.	Nature of references/ complaints received	No. of references/ complaints received	Status
1.	Non-receipt of certificate	3	Redressed
2.	Non-receipt of Annual report	1	Redressed
3.	Non-receipt of Dividend warrant/ Cheque/Demand Draft	64	Redressed
4.	Issue of Duplicate Share Certificates	5	4 redressed*
5.	Issue of Duplicate Dividend Warrant/Cheque/Demand Draft	21	19 redressed *
6.	Correction in Certificates/Master	2	Redressed
7.	Nomination	1	Redressed
8.	Transfers, transmissions, split, etc	244	Redressed
9.	Name change	2	Redressed

\* 3 cases pending for compliance by investor of indemnity and other related formalities for issue of duplicate certificate(s)/Warrant (s)

**GENERAL BODY MEETINGS :**

Details of location and time of holding the last three AGMs

Year	Location	Date & Time
13th AGM - 1999	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	30th March, 2000 at 2.30 PM
14th AGM - 2000	Satguru Gnanananda Hall, No.314, (Old No.254), T T K Road, Alwarpet, Chennai - 600 018.	30th October 2000 at 3.00 PM
15th AGM - 2001	Satguru Gnanananda Hall, No.314, (Old No.254), T T K Road, Alwarpet, Chennai - 600 018.	3rd September 2001 at 2.00 PM



No special resolution has been put through postal ballot so far. At the ensuing Annual General Meeting necessary resolutions will be put through Postal Ballot as required under Section 192A of the Companies Act, 1956, read with Rule 4 of Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

#### DISCLOSURES :

There are no materially significant related party transactions with the Company's promoters, directors, the management, the subsidiaries or relatives which may have potential conflict with the interest of the company at large.

There are no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

#### MEANS OF COMMUNICATION :

The quarterly/half yearly and annual results are published in Makkal Kural (Tamil version) and Trinity Mirror (English version). The Company is also organising to display the same on the Company's web-site shortly.

A detailed Management Discussion and Analysis is forming part of this report.

#### GENERAL SHAREHOLDER INFORMATION :

<i>Sixteenth Annual General Meeting</i>	
Date and Time	23rd September 2002 at 3.00 PM
Venue	Narada Gana Sabha (Mini Hall), No. 314, (Old No. 254), T T K Road, Alwarpet, Chennai - 600 018.
Book Closure Date	17th September to 23rd September, 2002
Final Dividend payment date, subject to approval of shareholders at the ensuing Annual General Meeting	by 1 <sup>st</sup> week of October 2002
Financial Calendar	2002-2003
- Annual General Meeting	September 2003
- Unaudited results for the quarter ending June 2002	4th week of July 2002
- Unaudited results for the quarter/half year ending September 2002	4th week of October 2002
- Unaudited results for the quarter ending December 2002	4th week of January 2003
- Audited results for the year ending March 2003	June 2003
Listing of Equity shares	Madras, Coimbatore