

Shriram



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Shriram City Union Finance Limited
21st Annual Report 2006-07

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Corporate Information

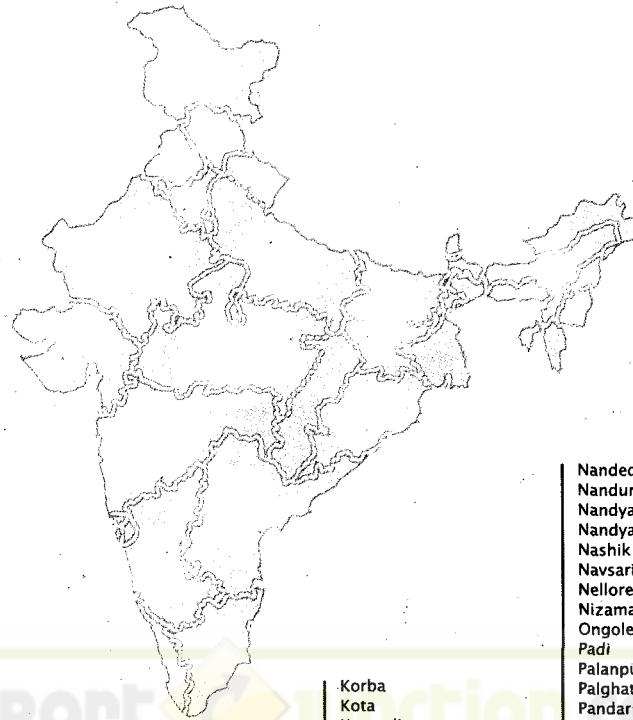
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CHAIRMAN Sri Arun Duggal	BOARD OF DIRECTORS	123, Angappa Naicken Street Chennai 600 001 Phone : 25341431	REGISTERED OFFICE
MANAGING DIRECTOR Sri R Kannan		4 th Floor, Mookambika Complex 4, Lady Desika Road, Mylapore Chennai 600 004 Phone : 24990356, 24990960 Fax : 24993272	
DIRECTORS Sri S Venkatakrishnan Sri S Krishnamurthy Sri V Parthasarathi Sri Mukund Govind Diwan Sri Vipen Kapur Dr T S Sethurathnam (Nominee of IREDA Ltd)		New No.221 (Old No.129) Royapettah High Road Mylapore, Chennai 600 004 Phone : 43915300 - 04 Fax : 43915351	SECRETARIAL OFFICE
Sri J Radhakrishnan		Bank of Maharashtra Bank of Rajasthan Ltd. City Union Bank Ltd.	
COMPANY SECRETARY Pijush Gupta & Co. Chartered Accountants	COMPANY SECRETARY	Dena Bank Industrial Development Bank of India Ltd. (IDBI)	ADMINISTRATIVE OFFICE
AUDITORS Integrated Enterprises (India) Ltd. II Floor, Kences Towers No.1, Ramakrishna Street Off: North Usman Road T. Nagar, Chennai 600 017 Ph : 2814 0801- 0803		ING Vysya Bank Ltd. Indian Overseas Bank Lord Krishna Bank Ltd. Oriental Bank of Commerce Punjab National Bank State Bank of Bikaner & Jaipur Standard Chartered Bank UCO Bank UTI Bank Ltd. Yes Bank Ltd.	BANKERS
SHARE TRANSFER AGENTS	AUDITORS		

Listed on the following Exchanges and the annual listing fees have been duly paid

- Madras Stock Exchange Ltd., Exchange Building, P.B.No.183, No.30 (Old No.11) Second Line Beach, Chennai 600 001.
- Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
- National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Our Presence in India



Adilabad
Adoni
Agra
Ahmedabad
Ahmednagar
Ajmer
Akola
Aligarh
Allahabad
Alwar
Amalapuram
Ambikapur
Amravati
Amritsar
Anand
Anantapur
Angamaly
Angul
Asansol
Attur
Aurangabad
Azadpur
Bachheli
Bagalkot
Balaghat
Bangalore
Bangalore Khar Road
Baramati
Bareilly
Barmer
Baroda
Basavakalayan
Bathinda
Begusarai
Belapur
Belgaum
Belgaum II
Bellary
Berhampur
Bhagalpur
Bharatpur
Bharuch
Bhatkal
Bhavaniapuram
Bhavnagar
Bhilai
Bhilwara
Bhimavaram
Bhopal
Bhubaneswar
Bhubaneswar II
Bhuj
Bicholim
Bidar
Bijapur
Bikaner
Bilaspur
Boisar
Bokaro
Burdwan
Burhanpur
Calicut
Chadikhole
Chamaraja Nagar
Chandigarh
Chandrapur
Channagiri
Channarayapatna
Chembur
Chikkodi

Chikmagalore
Chinchwad
Chindwara
Chiplun
Chitradurga
Chittorgarh
Cochin
Coimbatore
Cuddapah
Cuddapah II
Cuttack
Dahisar
Dahod
Dausa
Davangere
Dehradun
Dhanbad
Dhanbad I
Dharmapuri
Dharwad
Dhulia
Durgapur
Eluru
Ernakulam New
Erode
Faizabad
Faridabad
Farrukhabad
Gadag
Gadwal
Gajuwaka
Gandhidham
Ghaziabad
Goa/panjim
Godhara
Gondia
Gorakhpur
Gudiwada
Gudur
Gulbarga
Guna
Guntur
Gurgaon
Guwahati
Gwalior
Haldwani
Harappanahalli
Hassan
Haveri
Himmatnagar
Hindupur
Hissar
Honnalli
Hosadurga
Hospet
Hosur
Hubli
Humnabad
Hunsur
Ilkal

Indore
Itchapuram
J P Nagar
Jabalpur
Jagadamba
Jagdalpur
Jaipur
Jaipur Lajpat Road
Jaisalmer
Jalandhar
Jalgaon
Jamnagar
Jamshedpur
Janakpuri
Jhunjhunu
Jodhpur
Junagadh
Kaithal
Kakinada
Kanchipuram
Kankavalli
Kannur
Kanpur
Karaikudi
Karim Nagar
Karnal
Karolbagh
Karur
Kasargode
Katni
Kayamkulam
Khamgaon
Khammam
Khargapur
Khatedhan
Koilpatti
Kolar
Kolhapur
Kolkata 1
Kolkata South
Kompally
Koppal

Korba
Kota
Kotputli
Kottayam
Krishnagiri
Kukatpally
Kumbakonam
Kumta
Kundapur
Kunnamkulam
Kurnool I
Kurnool II
L B Nagar
Lakimpur Kheri
Latur
Lingsur
Lucknow
Ludhiana
Madanapalli
Madikeri
Madiwala
Madras Main Branch
Madurai
Madurai II
Malegaon
Mancheri
Mandapeta
Mangalore
Mangalore II
Manjeri
Margoa
Masjid
Matunga
Mehboob Nagar
Mehsana
Mettupalayam
Miryalaguda
Moga
Moradabad
Mudabidri
Mumbai
Mundka
Muzzaffarpur
Mysore
Nagaur
Nagercoil
Nagpur

Nanded
Nandurbar
Nandyal I
Nandyal II
Nashik
Navsari
Nellore
Nizamabad
Ongole
Padi
Palanpur
Palghat
Pandarpur
Panvel
Paramakudi
Parbhani
Parvathipuram
Pathanamthitta
Pathankot
Patna
Pavagada
Phusro
Pollachi
Pondicherry
Porbander
Proddatur
Pudukottai
Pune
Puttur
Quilon
Raibareilly
Raichur
Raigarh
Raipur
Rajahmundry I
Rajahmundry III
Rajkot
Rajnandgaon
Ranchi
Ratlam
Ratnagiri
Renukoot
Rewa
Roha
Rohtak
Rourkela
Sagar
Sagara
Sahibabad
Sakaleshpura
Salem
Salt Lake
Sambalpur
Sandur
Sangli
Saraipali
Satara
Satna

Sawai Madhopur
Secunderabad
Sedam
Sewree
Shadol
Shahapur
Shimla
Shimoga
Sholapur
Sikar
Siliguri
Sindhanur
Sirohi
Sivakasi
South Delhi
Sriganganagar
Srikakulam
Sultanpur
Sulthanbathery
Surat
Surendranagar
Tadipatri
Tambaram
Tdsarahalli
Thalassery
Thane
Thanjavur
Theni
Tiptur
Tirunelveli
Tirupathi
Tirur
Tiruvannamalai
Tiruvavur
Trichur
Trichy
Trivandrum
Tumkur
Tuticorin
Udaipur
Udupi
Ulhasnagar
Vapi
Varanasi
Vashi
Vellore
Vijaya Nagar
Vijayawada I
Vileparle
Villupuram
Visakhapatnam
Vizianagaram
Wada
Waidhan
Warangal
Wardhamannagar
Y.nagar
Yadgir
Yeshwanthpur

Business and Financial Highlights

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Asset under Management

with portfolio (including off balance sheet) of Rs.2500 crores

70% Growth in Income

Income from operations rose from Rs.204.75 Crores to Rs. 348.98 Crores

63% increase in Net Profit

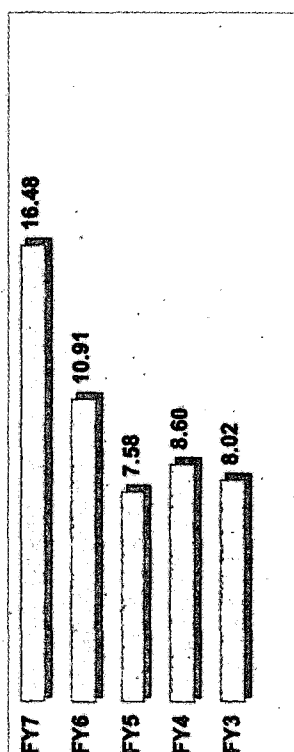
Net profit increased from 31.67 Crores to Rs.51.62 Crores

23.95% Capital Adequacy Ratio

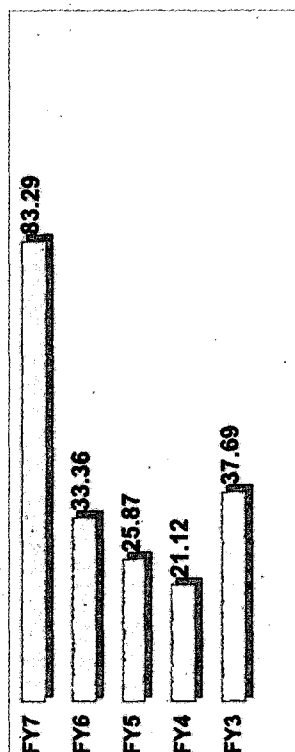
Compared to a regulatory minimum requirement of 12%

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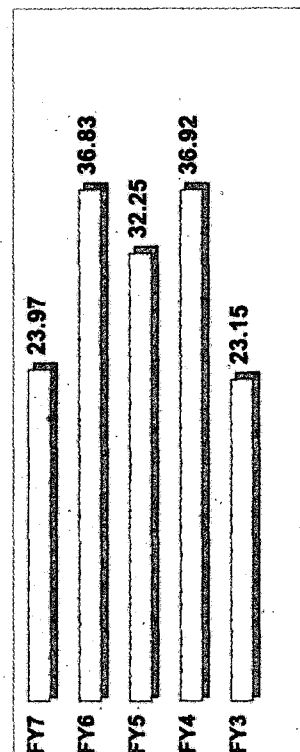
EARNING PER SHARE (EPS)



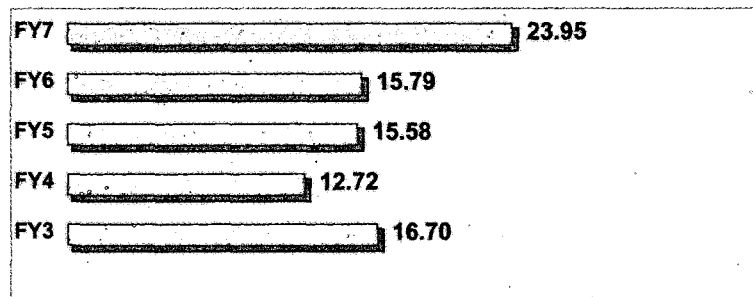
BOOK VALUE / SHARE (Rs)



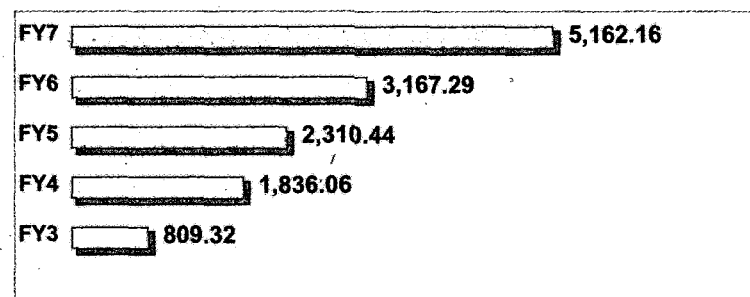
RETURN ON AVERAGE NETWORTH (%)



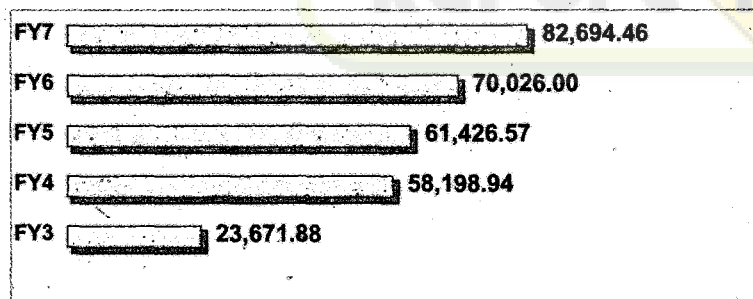
CAPITAL RATIO (%)



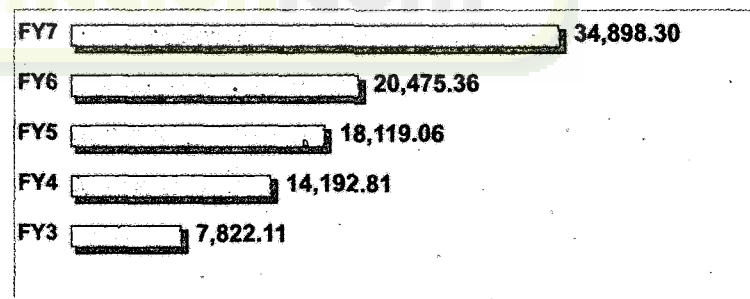
PROFIT AFTER TAX (Rs. in lacs)



RETAIL DEBT PORTFOLIO (Rs. in Crores)



TOTAL INCOME (Rs. in lacs)



Board of Directors

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Sri Arun Duggal
Chairman

Sri Arun Duggal is an International Business Advisor. He was with Bank of America for 26 years at various locations including New York, San Francisco, Tokyo, Hong Kong, London, Manila and New Delhi. He is on the Board of Directors of Jubilant Energy Limited, Canada, Patni Computers Systems Limited, Fidelity Fund Management Private Limited, Petronet LNG Limited, Manipal Acunova Private Limited, Shriram Properties Limited, Zuari Industries Limited, Mundra Port And Special Economic Zone Limited, International Asset Reconstruction Co Private Limited, Carzonrent (India) Private Limited, Info Edge (India) Private Limited, Shriram Transport Finance Company Limited, Dish TV India Private Limited. He is the Founder Director of The Bellwether Microfinance Fund Private Limited. Mr.Duggal was also on the Board of Governors of the National Institute of Bank Management and the erstwhile Chairman of the American Chamber of Commerce, India. He is a Senior Advisor to Transparency International and is on the Board of Centre for Civil Society.



Sri R Kannan
Managing Director

Sri Kannan is among the senior most Directors of the Shriram Group, under whose leadership Shriram Chits has become a Rs.3,000 crore Institution and the Number One in the Chit Funds industry. He has taken additional responsibility for building the Group's Consumer Durable Finance business, as the Managing Director of Shriram City Union Finance Limited, listed on the NSE, BSE and MSE.

Under his leadership the Chit Marketing Network has been turned into a multi-product vendor, helping promote and distribute various products and services of Group as well as Associate Companies. These include Insurance Products, IT & Web Enabled Services, Medical Transcription, Software Development, Hire Purchase, Property Development, Packaging, Education etc.

He is on the Board of Shriram Trade Finance Company Limited, Integrated IT Services Private Limited, Shriram Properties & Constructions (Chennai) Limited, Shriram Permanent Fund Limited, RJK Capital Limited and Shriram Non Conventional Energy Limited.



Sri S Venkatakrishnan
Director

Sri S Venkatakrishnan is an IA & AS retired. He has served at senior positions in the Finance, Audit & Accounts department of the government and other public undertakings. He has been serving in the Company as a advisor for over a decade.

He is on the Board of Shriram Transport Finance Company Ltd, Shriram Industrial Holdings Private Limited, Shriram Exports Private Limited, Hymavathi Enterprises Private Limited, Bhilahari Enterprises Private Limited, Charukesi Investments Private Limited, Galada Finance Limited, Rambal Properties Private Limited, Road Safety Club Private Limited and Ranjani Enterprises Private Limited.



Dr T S Sethurathnam
Director

Dr. T.S. Sethurathnam served for about 35 years in M.P. Electricity Board, largest State Power Utility in the country. After having held many senior positions he was elevated to the Board. He had the longest tenure as Member/Chairman for over 15 years which is unique record in the State Public Power Utility. He was also Chairman of the Western Regional Electricity comprising of Maharashtra, Gujarat, Madhya Pradesh, Goa and Diu & Daman. After his retirement he had held positions as Director/Chairman in BSES Ltd. for 3 years during which he was associated with the construction of 500MW Dhanu Thermal Power Station in Maharashtra. He was also consultant to Hoston Industries Ltd., Smith Co-generation Unlimited which are US based Companies and Power Finance Corporation, Ahmedabad Electricity Company and Arther Andresen. He was associated with the construction of liquid fuel based power station at Chennai and also Barge Mounted Power Plant at Mangalore which is the first of its kind so far in the country. He had also worked as Member of All India Council for Technical Education. He is also a Fellow Member of Indian Council of Arbitration, Member of Management Consultancy of Turin, Canada, The Institute of Management Consultants of India, Institute of Training and Development. He was in the past nominated by almost all financial Institutes as Nominee Director/Chairman to many Public Limited Companies and is also presently serving as Director/Chairman of a few Public Limited Companies. He has received several National Awards for his outstanding contribution to Power development in the country.



Sri S Krishnamurthy
Director

Sri Krishnamurthy has got professional / Banking experience in Reserve Bank of India and Commercial Banks for more than 40 years. He is a professional Banker with exposure both as Regulator and Commercial banker. Served as General Manager (Vigilance and Inspection/Audit) in the Indian Overseas Bank, Chennai for 5 years.

He also served Tamilnadu Mercantile Bank, Tuticorin as Chairman and Chief Executive Officer, for more than 5 years. He was Banking Ombudsman, Chennai for about two years. He is on the Board of Kerala Ayurveda Pharmacy Limited and Govt. Nominee for Royapettah Benefit Fund, Chennai.



Sri V Parthasarathi
Director

Sri Parthasarathi was previously Deputy Managing Director of State Bank of India and Managing Director of State Bank of Mysore. He has over 38 years of leadership and success in Commercial Banking, both in India and abroad. Sri Parthasarathi was also Executive Director of Export Credit Guarantee Corporation of India, managing Export Credit Financing, Export Credit Insurance, Investment Insurance and Project Exports.

Sri Parthasarathi is currently a Consultant advising a number of Companies in the areas of Strategy, Finance and Management.

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Sri Mukund Govind Diwan
Director

Sri Mukund Govind Diwan has got rich experience in Insurance industry. He has served Life Insurance Corporation of India at all levels including Managing Director and Chairman. He has experience in carrying out Management and Actuarial Consultant Assignments.

He is also on the Board of VLS Finance Limited, G M Breweries Limited, Dwarikesh Sugar Industries Limited, Marketing Research Corporation of India Limited, Shriram Chits (Maharashtra) Limited, GDA Trustee & Consultancy Limited, Deepajothi Insurance Consultancy Services Private Limited, Indian Institute of Public Opinion Private Limited, and DS Actuarial Education Services Private Limited.



Sri Viben Kapur
Director

Has rich experience in Banking sector. He has served in Grindlays Bank (now Standard Chartered Bank) in various departments with specialisation in Corporate Banking and Finance. He was also a Vice President and Head of the New Delhi Branch in Bank of America and gained experience in dealing with large Indian and multinational borrowers. He has served with 2 major Middle East banks including affiliate of Chase Manhattan Bank (now JP Morgan Chase) in Corporate Banking and Syndications. Served as COO at Al Rushaid Group, overseeing various joint ventures, real estate operations, trading activities and international investments. Served with Sinar Mas Group of Indonesia as Group Managing Director. Served as President and CEO of NewQuest Corporation Private Limited the parent company of the Ballarpur Group and responsible for business rationalization and new ventures. He is presently Executive Chairman of Maxima Global Executive Search which is headquartered in Singapore.

Chairman's Message

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Arun Duggal - Chairman

Dear Shareholders,

At the outset, I am very much delighted to be appointed as an Additional Director on the Board of Shriram City Union Finance Limited and thank the Board for designating me as the Chairman of Shriram City Union Finance Limited.

It gives me great sense of satisfaction and pleasure to see and share the growth of our Company in a highly competitive environment.

The business spectrum is undergoing a wave of change with the processes of liberalisation and globalisation of our economy. With this tide wiping out the old rules of business, management science is now witnessing a sudden renaissance. With the pace of technological growth reaching the skies, each day brings on new technology, new allies, new competitors, new ways of working and a host of new challenges. Handling these challenges effectively leads to success and sustained growth in business.

During the year ended 31st March 2007, Shriram City Union Finance Limited had the opportunity of obtaining equity participation from three Foreign Private Equity Funds belonging to Merrill Lynch & Co., Chrys-Capital and Cambridge Place Investment Management LLP of UK respectively. Each of them have subscribed to 10.23% of the share capital of the Company.

In the year 2006-07, the Company grew disbursements in its core business by 207.55%.

During the year, your Company registered:

- ▶ A 100.99% growth in loans advanced
- ▶ A 70.44% growth in income
- ▶ A 62.98% growth in Net Profit
- ▶ A 343.51% growth in Reserves
- ▶ A 80.73% growth in total assets (including managed assets)

The Company is concentrating on the high-potential areas of consumer finance, personal loans, jewel loans, vehicle financing and small business loans. The healthy growth of the economy, and the rise of the middle class as consumers and asset-acquirers, is expected to support high growth in the financial services sector. Moreover, this business will serve to broaden our Company's revenue streams.

Our vision for the Company is to reach a turnover target of 7500 crores by financial year 2009-10. I am sure that in this financial year, we will all put our heads and hearts together to ensure we overcome the challenges and post a robust growth performance on advances, collections and on all business areas.

I am confident that, your company, Shriram City Union Finance Limited will continue to create value for all stakeholders in the years ahead too.

Arun Duggal
Chairman

Directors' Report

Dear Members

Your Directors have pleasure in placing before you their Twenty First Annual Report and Accounts for the year ended 31st March, 2007.

FINANCIAL PERFORMANCE

Rs. in lacs

	Year ended 31 st March.	
	2007	2006
Profit before depreciation and taxation	8316.67	5227.82
Less : Depreciation	373.35	415.38
Profit before tax	7943.32	4812.44
Less: Provision for taxation (including Provision for Deferred Tax and Fringe Benefit Tax)	2781.16	1645.15
Profit after tax	5162.16	3167.29
Add: Balance brought forward from Previous Year	2264.35	1186.16
Profit available for appropriation	7426.51	4353.45

APPROPRIATIONS

General Reserve	522.27	316.73
Statutory Reserve	1032.43	633.46
Dividend on Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up at the stipulated rates	154.56	185.82
Dividend (Interim 10% and Final 20%) on Equity Shares of Rs.10/- each fully paid-up	1053.00	813.00
Tax on Dividend	192.87	140.09
Balance carried to Balance Sheet	4471.38	2264.35
	7426.51	4353.45