

# Shriram



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

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# Corporate Information

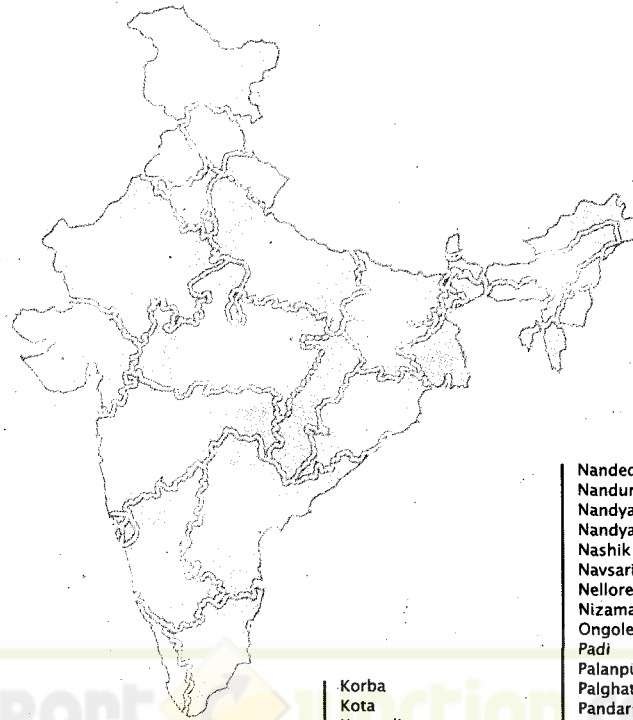
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<b>CHAIRMAN</b> Sri Arun Duggal	<b>BOARD OF DIRECTORS</b>	123, Angappa Naicken Street Chennai 600 001 Phone : 25341431	<b>REGISTERED OFFICE</b>
<b>MANAGING DIRECTOR</b> Sri R Kannan		4 <sup>th</sup> Floor, Mookambika Complex 4, Lady Desika Road, Mylapore Chennai 600 004 Phone : 24990356, 24990960 Fax : 24993272	
<b>DIRECTORS</b> 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	<b>SECRETARIAL OFFICE</b>
Sri J Radhakrishnan		Bank of Maharashtra Bank of Rajasthan Ltd. City Union Bank Ltd.	
<b>COMPANY SECRETARY</b> Pijush Gupta & Co. Chartered Accountants	<b>COMPANY SECRETARY</b>	Dena Bank Industrial Development Bank of India Ltd. (IDBI) ING Vysya Bank Ltd.	<b>ADMINISTRATIVE OFFICE</b>
<b>AUDITORS</b> 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		<b>BANKERS</b> 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.	
<b>SHARE TRANSFER AGENTS</b>	<b>AUDITORS</b>	<b>COMPANY SECRETARY</b>	<b>BOARD OF DIRECTORS</b>

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

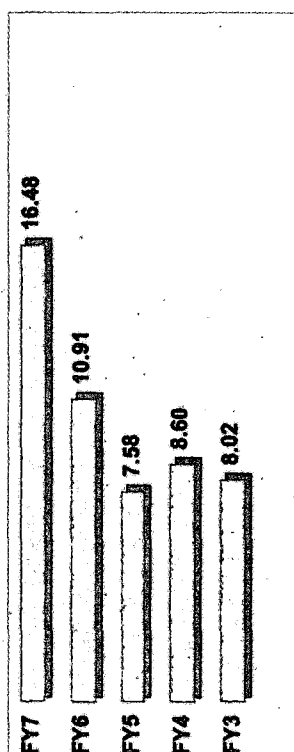
Net profit increased from 31.67 Crores to Rs.51.62 Crores

### 23.95% Capital Adequacy Ratio

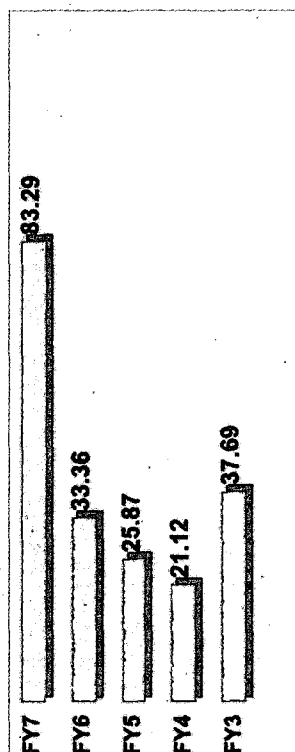
Compared to a regulatory minimum requirement of 12%

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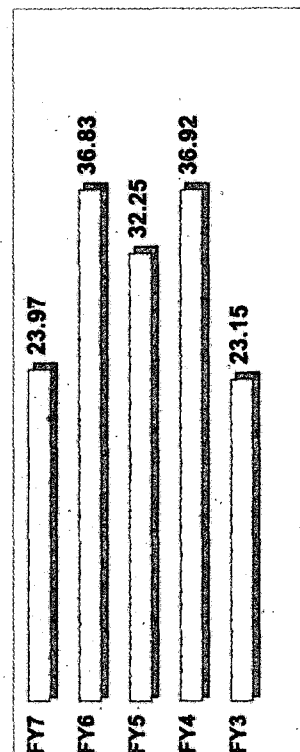
EARNING PER SHARE (EPS)



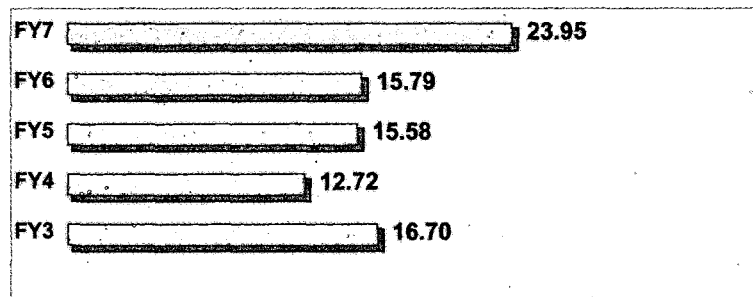
BOOK VALUE / SHARE (Rs)



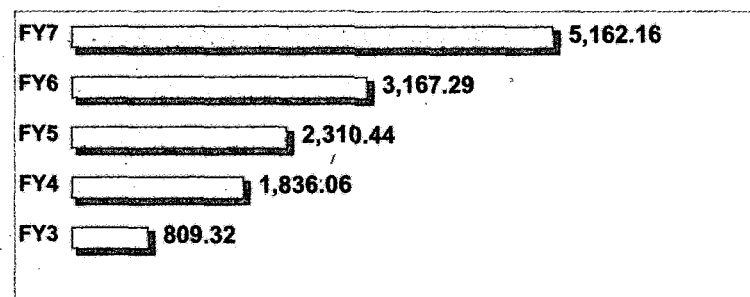
RETURN ON AVERAGE NETWORTH (%)



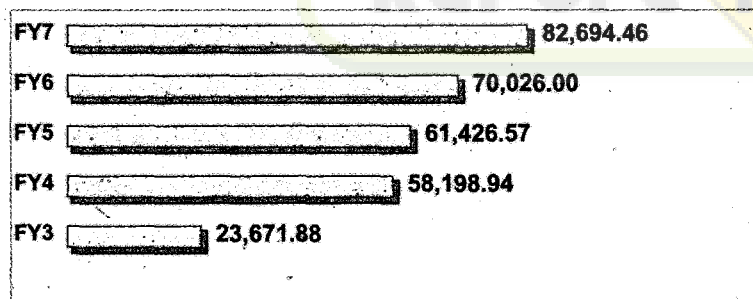
### CAPITAL RATIO (%)



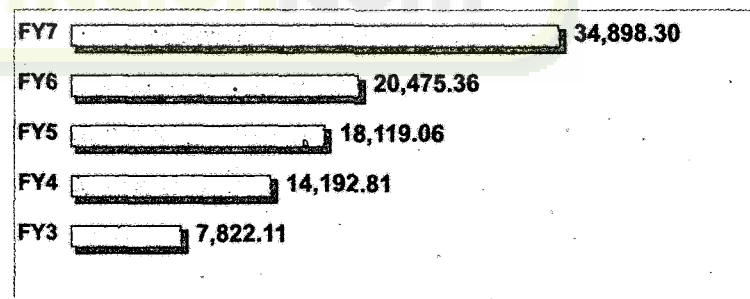
### PROFIT AFTER TAX (Rs. in lacs)



### 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 to 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2007.

## FINANCIAL PERFORMANCE

Rs. in lacs

	Year ended 31 <sup>st</sup> 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