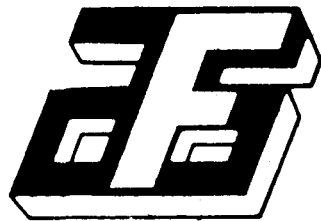


ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED



NINETH ANNUAL REPORT 2001 - 2002

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REGISTERED OFFICE

**“CAPITAL PLACE”,
50, SOUTH BOAG ROAD, T.NAGAR, CHENNAI - 600 017**



ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED

BOARD OF DIRECTORS : *Mr K V Aiyappan* - *Chairman*
Mrs Abiraami Arunachalam - *Director*
Mr Teckchand Vaswani - *Director*
Mr AR Annamalai - *Director*
Mr Arogiaswamy Dominic - *Director*
Mr L V Anantram - *Director*
Mr P Sankaran - *Director*
Mr R Varadarajan - *Director*
Mr S Jayaraman - *Executive Director*

COMPANY SECRETARY : *Mr D Srinivasalu*

VICE PRESIDENT : *Mr S Madhava Rao*

AUDITOR : *Mr K C Sthalasayanam*
Chartered Accountant
87, Kutchery Road
Mylapore, Chennai 600 004

BANKERS : *M/s Lakshmi Vilas Bank Ltd.,*
Cathedral Road Branch, Chennai.

M/s Bharat Overseas Bank Ltd.,
Cathedral Road Branch, Chennai.

REGISTERED OFFICE : *"CAPITAL PLACE"*
50, South Boag Road
T Nagar, Chennai 600 017.



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NOTICE TO SHARE HOLDERS:

NOTICE is hereby given that the Ninth Annual General Meeting of the Share holders of ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED will be held at 11.00 A.M. on Saturday, the 24th day of August, 2002 at the Registered Office of the Company at "Capital Place", 50, South Boag Road, T Nagar, Chennai 600 017 to transact the following Business:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2 To elect directors:
 - (a) To appoint a Director in the place of Mrs Abiraami Arunachalam, who retires by rotation and being eligible, offers herself for re-appointment.
 - (b) To appoint a Director in the place of Mr Arogiaswamy Dominic, who retires by rotation and being eligible, offers himself for re-appointment.
 - (c) To appoint a Director in the place of Mr L V Anantram, who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution** :

"RESOLVED THAT Mr K C Sthalasayanam, Chartered Accountant 87, Kutchery Road, Mylapore, Chennai - 600 004 be and is hereby appointed as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be determined by the Board of Directors."

SPECIAL BUSINESS:

4 APPOINTMENT OF MR P SANKARAN AS DIRECTOR:

To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:



“RESOLVED THAT Mr P Sankaran, who was co-opted as an Additional Director of the company on the Board and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5 APPOINTMENT OF MR R VARADARAJAN AS DIRECTOR:

To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr R Varadarajan, who was co-opted as an Additional Director of the company on the Board and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

NOTES :

- 1 A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself / herself and such a Proxy need not be a Member of the Company.
- 2 The Register of Members and Share Transfer Books of the Company will remain closed from August 19, 2002 to August 24, 2002 (Both days inclusive)
- 3 All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours.
- 4 Unclaimed Dividend for the year 1995-96 will be transferred to Investor Education and Protection Fund as per Section 205A of the Companies Act, 1956. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company immediately.

By Order of the Board

Place : Chennai
Date : 01.06.2002

D SRINIVASALU
Company Secretary



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

Item No. 4:

Mr P Sankaran was co-opted as an Additional Director of the Company with effect from March 6, 2002 pursuant to Section 260 of the Companies Act, 1956. Mr P Sankaran holds office of director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member alongwith a deposit of Rs.500/- proposing the candidature of Mr P Sankaran for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors other than Mr P Sanakran is interested in this resolution.

Item No. 5:

Mr R Varadarajan was co-opted as an Additional Director of the Company with effect from March 6, 2002 pursuant to Section 260 of the Companies Act, 1956. Mr R Varadarajan holds office of director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member alongwith a deposit of Rs.500/- proposing the candidature of Mr R Varadarajan for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors other than Mr R Varadarajan is interested in this resolution.

By Order of the Board

Place : Chennai
Date : 01.06.2002

D SRINIVASALU
Company Secretary



DIRECTORS' REPORT:

Your Directors have pleasure in presenting the Ninth Annual Report of your Company with Audited Accounts for the year ended 31 March, 2002.

PERFORMANCE:

The Performance of the Company for the period ended 31 March, 2002 is briefly set out below::

| | Rs. in Lakhs |
|---|--------------|
| INCOME FOR THE YEAR | 96.06 |
| LESS : EXPENDITURE FOR THE YEAR | 37.96 |
| PROFIT BEFORE DEPRECIATION & TAX | 58.10 |
| LESS: DEPRECIATION | 50.29 |
| PROVISION FOR TAX | 5.00 |
| TRANSFER TO RESERVES & LEASE EQUALISATION FUND | 2.79 |

DIVIDEND:

Your Company has not recommended any Dividend due to insufficient profits.

MANAGEMENT DISCUSSION & ANALYSIS:

REVIEW OF OPERATIONS:

During the year satisfactory growth has been registered by your Company. Your Company generated a total income of Rs.96.06 Lakhs. Your Company's Stock on Hire as at 31.3.02 under Hire Purchase Finance stood at Rs.137.92 Lakhs as against Rs.109.18 Lakhs and Advance Against Hypothecation of Assets was at Rs.16.41 Lakhs as against Rs.27.07 Lakhs respectively as at the end of the previous year.

During the year to comply with new accounting standards and to adopt a conservative policy the Company has written off substantial Leased Assets by utilising free reserves and other provisions. With these prudent measures, the Company hopes to have significant reduction in Depreciation in the years to come thereby securing the Company better profits.

Your Directors consider the overall performance of the Company as Satisfactory.

**FUTURE PROSPECTS:**

Your Company has tuned its strategy according to the current business climate thereby retaining its own client base of prompt re-payers. During the year 90% of the disbursements were to the existing good clients and it plans to expand its client base slowly and steadily.

Your Company is also planning to enter into Insurance Sector as Agents without Risk Participation.

OPPORTUNITIES:

The Indian Economy provides several attractive growth opportunities. Particularly service sector is expected to contribute substantially to the overall growth of the Economy. This is likely to create a positive environment for the financial services industry. Your Company is geared up to take advantage of emerging positive business environment.

CHALLENGES:

Being a medium size NBFC your Company faces greater challenge from the National players. However your company is confident of facing the challenges as it has got good client base.

OUTLOOK:

The Company has a Lending policy of "Security and Liquidity". The clients are chosen based on this "Security and Liquidity" policy and hence it foresees safe, slow and steady growth in the client base.

RISKS AND CONCERNS:

Your Company is exposed to normal industry risk factor like Interest rate volatility, economic cycle and credit risk. Your Company manages these risks by adopting prudent business and risk management policies.

ADEQUACY OF INTERNAL CONTROL:

Your Company has got adequate system of Internal controls and the management ensures adherence to all internal control practices and procedures. The Audit Committee of the Board of Directors reviews periodically the adequacy of internal controls.

**FIXED DEPOSITS:**

Your Company's Fixed Deposits stood at the end of the year at Rs.62.87 Lakhs as against Rs.135.86 Lakhs last year. The Company does not hold any deposits from the public.

Your Company does not have any unpaid deposits or interest thereon nor any unclaimed deposits as at 31 March, 2002.

DIRECTORS:

Mrs Abiraami Arunachalam, Mr Arogiaswamy Dominic and Mr L V Anantram, Directors, retiring by rotation, being eligible, have offered themselves for reappointment.

To broadbase the Board of Directors your Company has inducted Mr P Sankaran and Mr R Varadarajan as Additional Directors of the Company and recommends your approval for their appointment as Directors of the Company.

CORPORATE GOVERNANCE 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 attached to this Report.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS:

- 1 In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2 Directors had 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 profit of the company for that period.
- 3 Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4 Directors had prepared the annual accounts on a going concern basis.



STATUTORY DISCLOSURES:

- (i) Since none of the employees are in receipt of such remuneration for being included in the statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the information in this regard is nil.
- (ii) The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 requiring disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the Rules do not apply to your Company, as it does not carry on manufacturing activities.
- (iii) The Company had no foreign exchange inflow and outgo.

AUDITOR :

Your Company's Auditor Mr K C Sthalasayanam, Chartered Accountant holds office till the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommend his re-appointment.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude to you as shareholders for your continued support. They express their thankfulness to your Company's Clients, Depositors, Bankers, Reserve Bank of India and other Government Agencies for their valuable assistance.

They also wish to convey their appreciation to the employees whose dedicated service has enabled your Company to function satisfactorily in a difficult business climate.

On behalf of Board

K V Aiyappan

Chairman

S Jayaraman

Executive Director

Abiraami Arunachalam

Arogiaswamy Dominic

L V Anantram

R Varadarajan

Teckchand Vaswani

AR Annamalai

P Sankaran

DIRECTORS

Place : Chennai

Date: 01.06.2002