

ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED



TENTH ANNUAL REPORT 2002 - 2003

REGISTERED OFFICE
"CAPITAL PLACE"
50, SOUTH BOAG ROAD, T. NAGAR, CHENNAI



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**

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 Tenth Annual General Meeting of the Share holders of ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED will be held at 11.00 A.M. on Saturday, the 21st day of June, 2003 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 2003 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 Mr Teckchand Vaswani, who retires by rotation and being eligible, offers himself for re-appointment.
 - (b) To appoint a Director in the place of Mr AR Annamalai, who retires by rotation and being eligible, offers himself for re-appointment.
 - (c) To appoint a Director in the place of Mr P Sankaran, 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 EXECUTIVE DIRECTOR:**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **special resolution**:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of



Mr P Sankaran as **Executive Director** of the Company, for a period of One Year with effect from 19.06.2003 to 18.06.2004 on the following terms and conditions:

- 1 Salary - Rs. 10,000/- Per Month
- 2 Conveyance Allowance - Rs. 3,000/- Per Month

In addition to the above remuneration, Mr P Sankaran, shall also be entitled to the reimbursement of expenditure on one residential telephone as per the Company's rules."

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 June 19, 2003 to June 21, 2003 (Both days inclusive).
- 3 The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item No. 4 is annexed to this notice.
- 4 Unclaimed Dividend for the year 1996-97 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 : 15.05.2003

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 is a commerce graduate and qualified CAIIB (P1). He is 58 years and having 32 years of experience in Banking service in various capacities. The Management, after taking into consideration his qualification and experience etc., has identified him for appointment as Executive Director of the Company.

The Board of Directors at the Board Meeting held on 15.05.2003 inducted him as Executive Director of the Company for a period of one year effective from 19.06.2003.

In terms of Section 198, 269 and 309 of the Companies Act, 1956, special resolution has to be passed for said appointment.

The Board of Directors of your company recommend the resolution for approval.

None of the Directors is interested or in concerned with the resolution, except Mr P Sankaran to the extent of his appointment.

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By Order of the Board

Place : Chennai

Date : 15.05.2003

D SRINIVASALU

Company Secretary



DIRECTORS' REPORT:

Your Directors have pleasure in presenting the Tenth Annual Report of your Company with Audited Accounts for the year ended 31st March, 2003.

PERFORMANCE:

The Performance of the Company for the period ended 31st March, 2003 is briefly set out below:

	Rs. in Lakhs
INCOME FOR THE YEAR	77.97
LESS : EXPENDITURE FOR THE YEAR	33.17
PROFIT BEFORE DEPRECIATION & TAX	44.80
LESS: DEPRECIATION	34.54
PROVISION FOR TAX INCLUDING DEFERRED TAX	7.00
PROFIT AVAILABLE FOR APPROPRIATION	3.26
ADD : OPENING BALANCE IN P&L ACCOUNT	0.05
LESS : PROVISION FOR NPA	1.00
TRANSFER TO STATUTORY RESERVES	1.00
TRANSFER TO GENERAL RESERVES	0.10
BALANCE C/F TO P&L ACCOUNT	1.21

DIVIDEND:

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



MANAGEMENT DISCUSSION & ANALYSIS:

REVIEW OF OPERATIONS:

Your Company generated a total income of Rs.77.97 Lakhs. Your Company's Stock on Hire as at 31.3.03 under Hire Purchase Finance stood at Rs.74.61 Lakhs as against Rs.137.92 Lakhs and Advance Against Hypothecation of Assets was at Rs.20.05 Lakhs as against Rs.16.41 Lakhs respectively as at the end of the previous year.

Your Directors consider the overall performance of the Company as Satisfactory viewed in the background of sluggish market conditions.

FUTURE PROSPECTS:

Your Company has designed its strategy according to the needs of the current Business climate. During the year substantial disbursements were to the existing good clients and it plans to expand its client base progressively.

Your Company has entered Insurance Sector as Agent without Risk Participation.

OPPORTUNITIES:

The Indian Economy provides several attractive growth opportunities. Particularly service sector is expected to contribute significantly 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 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.14.56 Lakhs as against Rs.62.87 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 31st March, 2003.

DIRECTORS:

Mr Teckchand Vaswani, Mr AR Annamalai and Mr P Sankaran, Directors, retiring by rotation, being eligible, have offered themselves for re-appointment.

Mr S Jayaraman was relieved on 13.05.2003 on expiry of his contractual period of employment and the Company wishes to place on record his valuable services rendered during his tenure as Executive Director.

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.