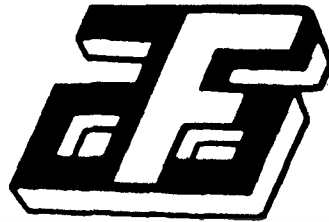


ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED



TWELFTH ANNUAL REPORT 2004 - 2005

TRUE COPY CERTIFIED

For ABIRAMI FINANCIAL SERVICES INDIA LTD.

Executive Director

REGISTERED OFFICE

"CAPITAL PLACE"

**NEW No. 16 (OLD No. 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. Arogiasamy Dominic - *Director*
Mr. L. V. Anantram - *Director*
Mr. R. Varadarajan - *Director*
Mr. P. Sankaran - *Executive Director*

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.
M/s Canara Bank
T. Nagar Branch, Chennai.

REGISTERED OFFICE : *"CAPITAL PLACE"*
New No. 16 (Old No. 50), South Boag Road
T Nagar, Chennai 600 017.



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**NOTICE TO SHARE HOLDERS:**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Share holders of ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED will be held at 11.00 A.M. on Saturday, the 9th day of July, 2005 at the Registered Office of the Company at "Capital Place", New No. 16 (Old No. 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 2005 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. AR. Annamalai, who retires by rotation and being eligible, offers himself for re-appointment.
 - (b) To appoint a Director in the place of Mr. Teckchand Vaswani, 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 **Reappointment of Mr P Sankaran as Executive Director :**
To consider and, if thought fit, to pass with or without modification, the following 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 re-appointment of Mr P Sankaran as **Executive Director** of the Company, for a period of Two years with effect from 19.06.2005 on the following terms and conditions:

- 1 Salary - Rs. 15,500/- Per Month
- 2 Conveyance Allowance - Rs. 3,500/- Per Month

In addition to the above remuneration, Mr P Sankaran, shall also be entitled to other benefits and 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 July 6th, 2005 to July 9th, 2005 (Both days inclusive).
- 3 The Explanatory statement annexed to Notice 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 1998-99 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 : 09.05.2005

P. SANKARAN
Executive Director



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

Item No. 4

Mr P Sankaran was appointed as Executive Director for one year with effect from 19.06.2004 and his term of appointment expires on 18.06.2005. The Board has recommended his re-appointment as Executive Director for a further period of two years with effect from 19.06.2005.

The Special Resolution as set out in the Notice is placed before the Shareholders for their approval.

Memorandum of Interest

Mr P Sankaran is interested in this Resolution since it relates to the terms of his appointment.

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By Order of the Board

Place : Chennai
Date : 09.05.2005

P. SANKARAN
Executive Director



DIRECTORS' REPORT:

Your Directors have pleasure in presenting the Twelfth Annual Report of your Company with Audited Accounts for the year ended 31st March, 2005.

PERFORMANCE:

The Performance of the Company for the period ended 31st March, 2005 is briefly set out below:

	Rs. in Lakhs
INCOME FOR THE YEAR	83.83
LESS : EXPENDITURE FOR THE YEAR	23.79
PROFIT BEFORE DEPRECIATION & TAX	60.04
LESS: DEPRECIATION & PRELIMINARY EXPENSES	46.36
PROVISION FOR TAX INCLUDING DEFERRED TAX	9.00
OTHER PROVISION	1.50
PROFIT AVAILABLE FOR APPROPRIATION	3.18
ADD : OPENING BALANCE IN P&L ACCOUNT	2.31
LESS : TRANSFER TO STATUTORY RESERVES	0.85
BALANCE C/F TO P&L ACCOUNT	4.64

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.83.83 Lakhs. Your Company's Stock on Hire as at 31.3.05 under Hire Purchase Finance stood at Rs.22.50 Lakhs as against Rs.50.97 Lakhs and Advance Against Hypothecation of Assets was at Rs.13.80 Lakhs as against Rs.6.55 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. This year also disbursements were restricted to the existing good clients. It plans to expand with caution its client base.

Your Company continues in Insurance Sector as Agent without Risk Participation.

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.

ECONOMY MEASURES:

The Company has put into effect economy measures consistent with the need to continue the operations on a moderate scale with efficiency and promptness.

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:

The Company holds a deposit from one of the Directors. As the company does not hold any deposits from the public or others as at 31 March, 2005 the company does not have any unpaid deposit or interest.

DIRECTORS:

Mr. AR. Annamalai and Mr. Teckchand Vaswani, Directors, retiring by rotation, being eligible, have offered themselves for re-appointment. Mr. Arogiasamy Dominic who had been in the Board for a long time has resigned with effect from 09.05.2005 and the Board places on record the valuable services rendered by him during his tenure.

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:

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956, (Act) your Directors confirm that :

- 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 outflow.

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 are thankful to your Company's Clients, Bankers, Reserve