

MD	✓		BKC	✓
CS	✓		DPY	✓
R●	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

ALAGENDRAN FINANCE LTD.



8th Annual Report 1996 - 97



**ALAGENDRAN FINANCE LTD.**

1

BOARD OF DIRECTORS

Sri. R. Alagendran
(Managing Director)
Sri. R. Baskaran
Sri. R. Deivendran
Sri. R. Durairaj
Sri. P. Sivashunmugam
Sri. S. Balachander
Sri. K. Natarajan

AUDITORS

M/s Ponraj & Co.,
Chartered Accountants
Chennai - 600 002.

BANKERS

Karur Vysya Bank Ltd.
Bank of Madura Ltd.
City Union Bank Ltd.

REGD. OFFICE

64A, Dr. Nanjappa Road
Coimbatore - 641 018

CORPORATE OFFICE

182-D, North Veli Street
Madurai - 625 001

BRANCHES

Madurai, Coimbatore, Karaikudi, Sivakasi,
Chennai, Salem, Trichy and Ernakulam.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the members of the company will be held at Sri Seshadri Swarnigal Mahal, 100 Feet Road, Tatabad, Coimbatore-641 012 on 27th September, 1997 at 2-30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the company as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To declare dividend for the year 1996-97
3. (a) To appoint a Director in the place of Sri. R. Baskaran who retires by rotation and who being eligible, offers himself for reappointment.
(b) To appoint a Director in the place of Sri. S. Balachander who retires by rotation and who being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration. The retiring auditors M/s. Ponraj & Co. Chartered Accountants, Chennai are eligible for reappointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION.
"RESOLVED that Sri. K. Natarajan be and is hereby appointed as a Director liable to retire by rotation of the company."

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

ITEM 5 : Mr. K. Natarajan was appointed on 23rd December 1996 as an Additional Director of the Company. In terms of Article 9(i) of the Articles of Association of the Company and in accordance with provisions of Sec. 260 of the Companies Act, 1956 he will hold office only upto the ensuing Annual General meeting of the company. A notice in writing along with a deposit of Rs. 500 has been received from a member as per Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. K. Natarajan as a candidate for the office of Director. Mr. K. Natarajan is a well experienced business adviser. His continuance on the Board will be in the best interest of the company.

Place : Madurai
Date : July 22, 1997

By Order of the Board

Managing Director

**Note :**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy form duly completed and signed should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting. Proxies once issued will hold good for any adjournment of this Annual General Meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 16th September, 1997 to 27th September, 1997 (both days inclusive).
3. Any dividend that may be approved at the Annual General Meeting will be payable to those shareholders whose name appear as members in the Register of members of the company on 27th September, 1997.
4. Members are requested to notify change of address, if any to the company immediately.
5. Unclaimed Dividend for the financial year 1991-92 and 1992-93 have been transferred to the General Revenue Account of the Central Government as required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Share holders who have not encashed the dividend warrants for the said period are requested to make an application to the Registrar of companies, Bank of Baroda Building, 5th Floor (Eastern Wing), 82, Bank Road, Coimbatore - 641 018 in Form II prescribed under the aforesaid rules.
6. Dividend declared for the year 1993-94 is due for transfer to the General Revenue Account of the Central Government on 7-11-97. The share holders who have not encashed their dividend warrants may approach the company for revalidating the warrants or for obtaining duplicate warrants.
7. If you are attending the Annual General Meeting in person, please bring the printed attendance slip sent to you along with the Balance Sheet.
8. Members / proxies are requested to bring their copies of the annual report to the meeting.

**DIRECTORS' REPORT**

Your Directors have great pleasure in submitting the Eighth Annual Report with audited accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97	1995-96
	(Rs. in lakhs)	
Profit before interest, depreciation and tax	451.68	415.77
LESS: Interest	180.95	157.13
Profit before depreciation and tax	270.73	258.64
LESS: Depreciation	122.97	91.13
Profit before tax	147.76	167.51
LESS: Provision for Interest Tax	2.41	2.60
Provision for Income Tax	20.00	--
Profit after tax	125.35	164.91
ADD: Balance brought Forward from previous year	45.80	12.89
PROFIT AVAILABLE FOR APPROPRIATION	171.15	177.80

APPROPRIATION

Transfer to General Reserve	7.00	17.00
Transfer to Special Reserve Fund		
(As per RBI Act)	26.00	--
Proposed Dividend	75.00	115.00
Corporate Dividend Tax	7.50	--
Balance Carried to Balance Sheet	55.65	45.80
TOTAL	171.15	177.80

DIVIDEND

Your Directors are glad to recommend the dividend of 15% for the year ended March 31, 1997.

Consequent to the transfer of Rs. 7 lakhs from the profit for this year the General Reserve is Rs. 63 lakhs as against Rs. 56 lakhs last year.

The Company has created a Special Reserve fund as per Section 45-1C(1) of the Reserve Bank of India (Amendment) Act, 1997 and transferred a sum of Rs.26 lakhs from the current year profit.

**DEPOSITS**

Public deposits increased by 16% from Rs.847.94 lakhs to Rs. 980.12 lakhs. As on March 31, 1997, 975 deposits totalling to Rs. 29.31 lakhs matured for payment and were due to be claimed or renewed. Of these 149 deposits amounting to Rs. 19.12 lakhs are still unclaimed as on date. Unhealthy practice and sudden collapse of unincorporated bodies affected very much in achieving a better net accretion.

CREDIT RATING

The Credit Rating Information Services of India Limited has reaffirmed FA rating to the Fixed Deposit Programme of the Company.

ADVANCES

The total disbursements under Hire purchase, Lease and other business contracts stood at the level of Rs. 1187 lakhs as on March 31, 1997, as against Rs. 1509 lakhs last year showing a decrease of 21% over last year.

Inadequate funds during the first three quarters of the year affected drastically the disbursements. However credit policy announced by the Reserve Bank of India in the month of March, 1997 improved the situation beneficially. But then adverse market conditions affected the operations very much.

The recovery performance continued to be satisfactory despite the adverse market conditions prevailing during the year as well as at present.

EXPANSION

During the year, your Company has opened a branch at Ernakulam, raising the total number of branches to Eight.

MONEY CHANGING BUSINESS

During the year your Company has earned an income of Rs.37.15 lakhs from the money changing business at Chennai and Madurai. Your Company has also applied for a licence to conduct money changer business at Coimbatore.

MANAGING DIRECTOR'S REMUNERATION

The Managing Director has not received any remuneration during the current year.

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

None of the employees fall within the purview of the above Section and the Rules framed thereunder.



COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Parts A,B and C of the above rules do not apply to this Company.

DIRECTORS

During the year 1996-97, Dr. (Mrs). N. Anusha Kumari, Mrs. M. Malarvizhi and Mr. P. Maheswaran resigned from the Board. Mr. Kishanlal Miglani vacated the office under Section 283(1) (g) of the Companies Act, 1956. Your Directors wish to place on record the valuable advice and guidance rendered by all the above Directors to the Company during their respective tenure of office as Directors.

Mr. K. Natarajan was appointed on 23rd December 1996 as an Additional Director of the Company. In terms of Article 9(i) of the Articles of Association of the company and in accordance with Provisions of Sec. 260 of the Companies Act, 1956, he will hold office only upto the ensuing Annual General meeting of the company. A notice in writing along with a deposit of Rs. 500/- has been received from a member as per Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. K. Natarajan as a candidate for the office of Director.

Your Directors Messrs. R. Baskaran and S. Balachander retire by rotation. Being eligible, they offer themselves for reappointment.

AUDITORS

M/s. Ponraj & Co., Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

Your Directors thank the bankers, shareholders and Customers for their continued support and co-operation to the company. Your Directors also appreciate the employees of the company for their good work.

Place : Madurai

Date : June 26, 1997

On behalf of the Board of Directors

Chairman

**REPORT OF THE AUDITORS' TO THE MEMBERS**

We have audited the attached Balance Sheet of ALAGENDRAN FINANCE LTD. as at March 31, 1997 and the Profit and Loss account for the year ended on that date annexed hereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government under Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of such books.
 - c. The Balance Sheet and Profit and Loss account referred to in this report are in agreement with the books of accounts.
 - d. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 1997.

and

- ii) In so far as it relates to the Profit and Loss account, of the profit of the Company for the year ended on that date.

Place : Madurai
Date : June 26, 1997

For **PONRAJ & CO.**
Chartered Accountants

S.PONRAJ
Partner

**ANNEXURE TO AUDITORS' REPORT**

Annexure referred to in para 1 of the report of even date of the Auditors to the members of Alagendran Finance Ltd. on the accounts for the year ended March 31, 1997.

1. The Company has maintained a fixed assets register showing full particulars including quantitative details and situation of fixed assets. As per the explanations given to us the Company has conducted a physical verification of fixed assets during the year and no material discrepancies were noticed on verification.
2. The Company has not revalued the fixed assets during the year.
3. Physical verification of finished goods etc. does not arise.
4. The Company has not taken any loans from Companies, firm or other parties listed in the registers maintained under section 301 which are prima facie prejudicial to the interest of the Company.
5. The company has not granted any loans to the companies, firm or other parties listed in the registers maintained under section 301 which are prima facie prejudicial to the interest of the Company.
6. In respect of advances in the nature of loans given by the Company the amounts are generally being repaid as stipulated except in a few cases.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipment and other assets and with regard to the lease of such goods.
8. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods and materials have been made with other parties.
9. The determination of unserviceable or damaged stores does not arise.
10. The Company has accepted deposits from the public under Section 58A of the Companies Act, 1956 and as per the explanations given to us the Company has complied with the provisions of section 58A of the Companies Act and the rules framed thereunder, and the directions of the Reserve Bank of India.
11. The Company does not generate any scrap or by product.
12. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
13. Section 209(1) (d) of the Companies Act regarding cost records are not applicable to this Company.
14. As per the records of the Company, Employees Provident Funds and ESI dues for the year under review have been deposited regularly.
15. According to the information and explanations given to us, no undisputed amounts payable in respect of the Income Tax and Sales Tax were outstanding as at March 31, 1997 for a period of more than six months from the time they become payable.
16. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
17. The Company is not a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
18. In our opinion adequate documents and records are maintained by the Company for loans and advances granted on the basis of security by way of pledge of shares and debentures and other similar securities.
19. The company is dealing in shares, securities, debentures and other investments and have maintained proper records. Such shares and securities are held in the name of the Company.

Place : Madurai

Date : June 26, 1997

For **PONRAJ & CO.**
Chartered Accountants

S.PONRAJ
Partner