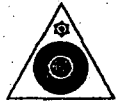


ALAGENDRAN FINANCE LTD.



10th Annual Report 1998-99

**ALAGENDRAN FINANCE LTD.**

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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

No.15, I Floor Kamaraj Nagar,
Third Street, Tallakulam
Madurai - 625 002.

Branches

Madurai, Coimbatore,
Sivakasi, Chennai, Salem, Trichy.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Tenth Annual General Meeting of the members of the Company will be held at Srinivasaperumal Sri Raju Naidu Kalyana Mandapam, 208, 100 Feet Road, Tatabad, Coimbatore - 641 012 on Monday, the 27th September 1999 at 9.30 A.M. to transact the following business:

AGENDA**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 1998-99.
3.
 - a) To appoint a Director in the place of Shri.P.Sivashunmugam who retires by rotation and being eligible offers himself for re-appointment.
 - b) To appoint a Director in the place of Shri. K. Natarajan who retires by rotation and being eligible offers himself for re-appointment.
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 re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to Sections 198, 269, 309 read with 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 Sri. R. Alagendran, as Managing Director for a period of five years with effect from 22nd August, 1998 on the following terms:

1. Use of telephone at residence. Personal long distance calls on telephone shall be billed by the company.
 2. Use of Company car for official purposes.
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956, ("the Act") the Articles of Association



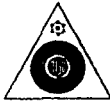
ALAGENDRAN FINANCE LTD.

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of the Company be and are hereby altered in the manner and to the extent set out below

The following new articles be inserted as Articles 5A and 5B after Article 5.

- 5A (i) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.,
- (ii) Where the shares or debentures of the Company are held by more than one person jointly, jointholders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.,
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.,
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his death, during the minority.
- 5B (i) A nominee, on the death of the shareholder, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either
- (a) to register himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (ii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death Certificate of the deceased shareholder or debenture holder, as the case may be.
- (iii) A nominee shall be entitled to the share of dividend and other advantages to which he would be entitled if he were the registered holder of the share or



ALAGENDRAN FINANCE LTD.

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debenture, provided that he shall not, before registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO - 5

The Board of Directors at their meeting held on 22.08.1998 re-appointed Sri.R.Alagendran, as Managing Director of the Company for a period of five years with effect from 22.08.1998.

The said term of appointment is with in the guidelines laid down in Schedule XIII to the Companies Act, 1956 and require your approval. Accordingly, resolution No.5 is submitted for your consideration.

None of the Directors except Sri.R.Alagendran, Sri.R.Deivendran, Sri. R.Baskaran and Sri.R.Durairaj are concerned or interested in the said appointment.

ITEM NO - 6

By the Companies (Amendment) Act, 1999 the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company will vest in the event of his death. It would be beneficial if such a nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of your Company as proposed in the resolution set out in item no.6.

Under Section 31 of the Companies Act, 1956, alteration of Articles of Association can be done only by passing a Special Resolution; and accordingly, the resolution set out in item no.6 has been proposed as a Special Resolution.

None of the Directors are concerned or interested in the resolution.

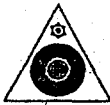
By order of the Board

Place : Madurai

Date : 19.07.1999

R. Alagendran

Managing Director.

**ALAGENDRAN FINANCE LTD.**

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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 meeting.
2. The Register of members and share transfer books of the company, will remain closed from 16th September, 1999 to 27th September, 1999 (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 the Members of the Company on 27th September, 1999.
4. Members are requested to notify change of address, if any, to the Company immediately.
5. Unclaimed Dividend upto the financial year 1994-95 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, Shareholders 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. As per amendment to Section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year 1995-96 is due for transfer to the Investor Education and Protection Fund established by the Central Government on 09.11.2003. The shareholders 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.

MEMBERS MAY PLEASE EXCUSE OUR INABILITY TO OFFER ANY GIFT



ALAGENDRAN FINANCE LTD.

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DIRECTORS' REPORT

Your Directors have great pleasure in submitting the Tenth Annual Report with audited accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	<u>1998-99</u>	<u>1997-98</u>
	(Rs. in lakhs)	
Profit before interest, depreciation and tax	290.30	405.50
LESS : Interest	159.54	203.48
Profit before depreciation and tax	130.76	202.02
LESS : Depreciation	109.38	154.29
Profit before tax	21.38	47.73
LESS : Provision for Interest Tax	2.78	1.51
Provision for Income Tax	4.58	10.60
Profit after tax	14.02	35.62
ADD : Balance brought forward from previous year	56.77	55.66
Profit available for appropriation	70.79	91.28

APPROPRIATION

Transfer to Special Reserve Fund (As per RBI Act)	3.00	7.00
Proposed Dividend	25.00	25.00
Corporate Dividend Tax	2.50	2.50
Balance carried to Balance Sheet	40.29	56.78
TOTAL	70.79	91.28

**DIVIDEND**

Your Directors are glad to recommend dividend of 5% for the year ended March 31, 1999.

The Company has transferred Rs.3 lakhs to a Special Reserve Fund created as per Section 45-1C(1) of the Reserve Bank of India (Amendment) Act, 1998 from the current year profit and the total reserves under this head increased from Rs.33 lakhs to Rs. 36 lakhs.

DEPOSITS

Since the Company stopped accepting deposits as per Directions issued by the Reserve Bank of India on 02.01.1998, for a period of more than ten months, the total deposits decreased to Rs.701.49 lakhs as on 31st March, 1999 from Rs.965.66 lakhs as on 31st March, 1998. Subsequently the Reserve Bank of India issued new directions for acceptance of deposits on 18.12.1998 and the company started accepting deposits according to the new directions. As on March 31, 1999, 1031 deposits totalling to Rs.28.91 lakhs matured for payment and were due to be claimed or renewed. Of these, 967 deposits amounting to Rs.10.61 lakhs are still unclaimed as on date.

CREDIT RATING

The Credit Rating Information Services of India Limited has assigned FB - rating to the Fixed Deposit programme of the Company. However the Company filed a suit against the rating agency objecting their decision of downgrading the rating from FA - to FB -. This matter is pending before the Honourable High Court.

ADVANCES

The total disbursement under Hire purchase, Lease and other business contracts stood at the level of Rs.781 lakhs as on March 31, 1999, as against Rs.1032 lakhs last year showing a decrease of 24% over last year.

MONEY CHANGING BUSINESS:

During the year your Company has earned an income of Rs.14.02 lakhs from the money changing business at Chennai, Madurai and Coimbatore.

Y2K COMPLIANCE

The Company has computer system in operations in all areas. The software was developed inhouse by competent employees of the Company. While designing itself this problem was anticipated and provided for. Our present software is in compliance with Y2K.

ARTICLES OF ASSOCIATION

The Companies Act, 1956 was amended on various aspects. It is proposed to introduce enabling clauses in the Articles of Association with regard to nomination of shares.

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

Your Directors Messrs.P.Sivashunmugam and K. Natarajan retire by rotation. Being eligible, they offer themselves for re-appointment.

The term of office of Sri.R. Alagendran as a Managing Director expired on 21.08.1999. The Board of Directors in their meeting held on 22.08.1999 approved the re-appointment of Sri. R. Alagendran as a Managing Director subject to the approval of shareholders in the ensuing Annual General Meeting.

AUDITORS

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

With reference to the observation of Auditors regarding provisions under Prudential Norms required under Reserve Bank Directions, 1998, the note No.9 of Notes on accounts is self explanatory.

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.

On behalf of the Board of Directors.

Place : Madurai
Date : 30th May 1999.

R. Alagendran
Chairman.

**REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the attached Balance Sheet of ALAGENDRAN FINANCE LTD. as at March 31, 1999 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 (Auditor's 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 and complies with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act to the extent applicable thereon.
 - 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 and subject to Note No.9 regarding provisions as per Prudential Norms issued by the Reserve Bank of India, 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 it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 1999.
 - 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.

For **PONRAJ & CO**
Chartered Accountants

Place : Madurai
Date : 30th May 1999.

S. PONRAJ
Partner