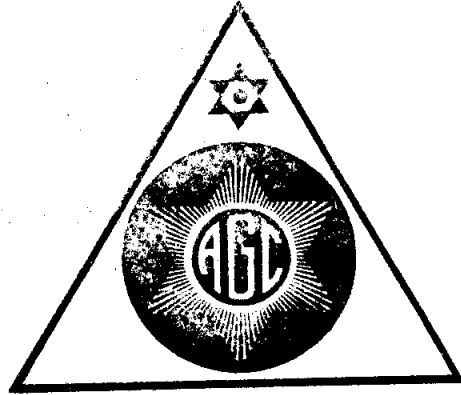


ALAGENDRAN FINANCE LTD.



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13th Annual Report 2001 - 2002



ALAGENDRAN FINANCE LTD.

Board of Directors

Sri. R.Alagendran
(Chairman and Managing Director)
Sri. R.Baskaran
Sri. R.Deivendran
Sri. R.Durairaj
Sri. P.Sivashunmugam (upto 5.6.2002)
Sri. Rathina Asohan
Sri. K.Natarajan
Sri. A.Murugeson

Auditors

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

Bankers

City Union Bank Ltd.,
ICICI Bank Ltd.,

Regd.Office

439-C, Lawrence Complex,
Cross Cut Road,
Gandhipuram,
Coimbatore - 641 012.
Telefax : 0422-230643

Corporate Office

186, North Veli Street,
Madurai - 625 001.
Tel : 0452-350330, 342100, 347901
Fax : 0452-350391
e-mail : aflmdu@eth.net

Branches

Madurai, Coimbatore,
Sivakasi and Chennai.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirteenth 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 30th September 2002 at 9.00 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, 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. a) To appoint a Director in the Place of Sri.R.Baskaran who retires by rotation and being eligible offers himself for re-appointment.
b) To appoint a Director in the Place of Sri.K.Natarajan who retires by rotation and being eligible offers himself for re-appointment.
3. 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

4. To consider and thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT Sri.A.Murugeson be and is hereby appointed as a Director liable to retire by rotation of the Company."

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

"RESOLVED THAT pursuant to the Provisions of Section 17A of the Companies Act, 1956 and subject to the confirmation from the Regional Director, the Registered Office of the Company be shifted from 439-C Cross Cut Road, Gandhipuram, Coimbatore-641 012 which falls under the jurisdiction of the Registrar of Companies, Coimbatore to I Floor, 32A, North Usman Road, T.Nagar, Chennai-600 017 which falls under the jurisdiction of the Registrar of Companies, Chennai."

By Order of the Board

Place : Madurai
Date : 31st July, 2002

R. ALAGENDRAN
Chairman & Managing Director

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.**ITEM NO.4**

Sri.A.Murugeson was appointed on 15th November, 2001 as an Additional Director of the Company. In terms of Article 9(ii) of the Articles of Association of the Company and in accordance with the Provisions of Section 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 Sri.A.Murugeson as a candidate for the office of Director.



ALAGENDRAN FINANCE LTD.

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Sri.A.Murugeson, aged about 38 years, is having experience in Automobile parts trading for about 18 years. He is an Executive Committee Member in the Tamilnadu Chamber of Commerce and Industry. He is a Managing Director of Alagendran Automobiles Private Limited and he holds Directorship/Partnership in the following Concerns.

- i. Alagendra Textiles Limited, Director
- ii. Alagendran Auto Agencies Limited, Director
- iii. Alagendran Benefit Fund Limited, Director
- iv. Alagendran Exports Private Limited, Director
- v. Alagendra Pharma Priyate Limited, Director
- vi. Alagendra Polymers Private Limited, Director
- vii. Alagendran Bros. International Private Limited, Director
- viii. Hema Auto Agencies, Partner

None of the Directors except Sri.A.Murugeson and Sri.R.Alagendran are concerned or interested in the proposed resolution.

ITEM NO 5

Functionally all the NBFCs are reporting to the Reserve Bank of India. Your Company is under the jurisdiction of the Regional Office of the Reserve Bank of India situated at Chennai. So, situation of your Company's Registered Office at Chennai may help the Company to improve the functions in new areas which ultimately results in good earnings. In this circumstances, the resolution as in the item of the Notice is recommended for your acceptance.

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

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 20th September, 2002 to 30th September, 2002 (both days inclusive)
3. Members are requested to notify change of address, if any, to the Company immediately.
4. 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, Stock Exchange Building, Trichy Road, Coimbatore - 641 005 in Form II prescribed under the aforesaid rules.
5. As per amendment to Section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year 1995-96 is due for transfer on 9.11.2003 to the Investor Education and Protection Fund established by the Central Government. The shareholders who have not encashed their dividend warrants may approach the Company for revalidating the warrants or for obtaining duplicate warrants.
6. If you are attending the Annual General Meeting in person, please bring the printed attendance slip sent to you along with the Balance Sheet.
7. 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

**DIRECTORS' REPORT**

Your Directors have great pleasure in submitting the Thirteenth Annual Report with audited accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS :

	2001-2002	2000-2001
	(Rs. in lakhs)	
Profit before Interest, Depreciation, Tax, Bad Debts & Provision for Non-Performing Assets	184.98	180.74
LESS : Interest	92.96	118.52
LESS : Depreciation	19.65	20.36
Profit before Tax, Bad Debts & Provision for Non-Performing Assets	72.37	41.86
LESS : Provision for Deferred Tax	2.31	—
Bad Debts Written Off	40.14	10.12
Provision for Non-Performing Assets	25.95	131.04
Profit/(Loss) after tax	3.97	(99.30)

APPROPRIATION :

Transfer to Special Reserve Fund (As per RBI Act)	1.26	—
Balance carried to Balance Sheet	2.71	—
Total	3.97	—

DEPOSITS :

Public deposits decreased to Rs.516.95 lakhs from Rs.704.93 lakhs. Deposits totalling to Rs.27.26 lakhs matured for payment and were due to be claimed or renewed. Of these 99 deposits amounting to Rs.8.20 lakhs are still unclaimed as on date.

ADVANCES :

The total disbursements under Hire purchase and other business contracts stood at the level of Rs.590.47 lakhs as on March, 31, 2002 as against Rs.645.21 lakhs showing a decrease of 9 % over last year.

MONEY CHANGING BUSINESS :

During the year your Company has earned an income of Rs.11.67 lakhs from the Money changing business at Chennai, Madurai, Coimbatore, Sivakasi and Salem.

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 there under.

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

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

**DIRECTORS :**

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

Sri.P.Sivashunmugam submitted his resignation from the Board and has been accepted in the Board meeting held on 28.06.2002. Your Directors place on record the valuable services rendered by Sri.P.Sivashunmugam to the Company during his tenure of office as Director.

Sri.A.Murugeson was appointed on 15th November, 2001 as an Additional Director of the Company. In terms of Article 9(ii) of the Articles of Association of the Company and in accordance with the provisions of Section 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 Sri.A.Murugeson as a candidate for the office of Director.

RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirmed that:

- a) in the preparation of the annual accounts for the year ended March 31, 2002, applicable accounting standards have been followed with no material departure;
- b) your Directors have 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 as at March 31, 2002 and the profits for the year ended on that date;
- c) your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) the accounts for the year ended March 31, 2002 have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Since the implementation of Corporate Governance as per Clause 49 of the listing agreement of Stock Exchanges is due during the year 2002-2003, the company is taking steps to adhere the same. However, the Audit Committee consisting of Messrs.R.Alagendran, R.Durairaj and Rathina Asohan have been constituted under Section 292A of the Companies Act, 1956. The role of the Audit Committee covers the areas given under the provisions of the Companies Act. The Committee met four times during the financial year on 29th June, 2001, 30th July, 2001, 30th October, 2001 and 30th January, 2002.

AUDITORS

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

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 : 28th June, 2002

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, 2002 and the Profit and Loss account for the year ended on that date annexed hereto and report that:

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. 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.
3. Further to our comments in the Annexure referred to in paragraph 2 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. Based on representations made by all the Directors of the Company and the information and explanations given to us, none of the Directors are disqualified from being appointed as Directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - e. 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.8 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 as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2002.
 - 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 : 28th June, 2002

S. PONRAJ
Partner

**ANNEXURE TO AUDITORS REPORT**

Annexure referred to in para 2 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, 2002.

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, firms 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, firms 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 bye 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, 2002 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.

For **PONRAJ & CO**
Chartered Accountants

Place : **Madurai**
Date : 28th June, 2002

S. PONRAJ
Partner

**ALAGENDRAN FINANCE LTD.**

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BALANCE SHEET AS AT 31st MARCH 2002.

	Schedule No.	As At 31-03-2002 Rs.	As At 31-03-2001 Rs.
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS			
Capital	1	5,00,00,000	5,00,00,000
Reserves & Surplus	2	40,90,920	39,65,220
LOAN FUNDS			
Secured Loans	3	86,01,124	24,33,276
Unsecured Loans	4	5,16,95,214	7,04,93,234
Total		<u>11,43,87,258</u>	<u>12,68,91,730</u>
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	4,18,05,438	5,54,90,759
LESS: Depreciation		<u>1,83,38,111</u>	<u>2,26,36,610</u>
Net Block		2,34,67,327	3,28,54,149
LESS: Lease Adjustment Account		<u>1,39,12,824</u>	<u>1,89,47,171</u>
		95,54,503	1,39,06,978
INVESTMENTS	6	1,66,64,705	1,87,53,705
CURRENT ASSETS, LOANS & ADVANCES	7	11,54,51,124	12,49,96,754
LESS: Current Liabilities & Provisions	8	3,59,13,236	3,96,67,524
Net Current Assets		<u>7,95,37,888</u>	<u>8,53,29,230</u>
MISCELLANEOUS EXPENDITURE			
[to the extent not written off]			
Public Issue Expenses		22,62,611	22,62,611
Profit & Loss Account	2	63,67,551	66,39,206
Total		<u>11,43,87,258</u>	<u>12,68,91,730</u>

As per our Report of even date annexed

for **PONRAJ & CO.**
Chartered Accountants**RATHINA ASOHAN**
Director**R. ALAGENDRAN**
Chairman & Managing Director**S. PONRAJ**
PartnerPlace : Madurai
Date : 28th June, 2002**K. RAMASUBBU**
Finance Manager Cum
Company Secretary