

ALAGENDRAN FINANCE LTD.



14th Annual Report 2002 - 2003



ALAGENDRAN FINANCE LTD.

Board of Directors

Sri. R. Alaghentren
(Chairman and Managing Director)

Sri. R. Baskaran

Sri. K. Natarajan

Sri. A. Murugeson

Smt. M. Vasantha Kumari

Sri. R. Nagarajan

Sri. N. Nagarajan

Sri. S. Mohan Gandhi

Auditors

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

Report Junction.com

Bankers

City Union Bank Ltd.,

Regd. Office

439-C, Lawrence Complex,
Cross Cut Road,
Gandhipuram,
Coimbatore - 641 012.

Corporate Office

32-A, I Floor, North Usman Road,
T. Nagar,
Chennai - 600 017.

Branches

Madurai, Coimbatore,
Sivakasi and Chennai.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of the Company will be held at Srinivasaperumal Sri Raju Naidu Kalyana Mandapam at No. 208, 100 Feet Road, Tatabad, Coimbatore-641 012 on Monday, the 29th September 2003 at 11.00 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, 2003 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. A. Murugeson 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. N. Nagarajan 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 an ORDINARY RESOLUTION.
"RESOLVED THAT Smt. M. Vasantha Kumari be and is hereby appointed as a Director liable to retire by rotation of the Company."
6. To consider and thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION.
"RESOLVED THAT Sri. R. Nagarajan be and is hereby appointed as a Director liable to retire by rotation of the Company."
7. To consider and thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION.
"RESOLVED THAT Sri. S. Mohan Gandhi be and is hereby appointed as a Director liable to retire by rotation of the Company."
8. To consider and thought fit, to pass, with or without modification, the following resolution as SPECIAL RESOLUTION.
"RESOLVED THAT in terms of Sec. 372A of the Companies Act, 1956 to ratify the decision of the Board of Directors of the Company to subscribe the secured debentures to the extent of Rs.350 lakhs towards securitisation of the receivables of the Company."
"RESOLVED FURTHER THAT Sri. R. Alaghentren, Chairman and Managing Director of the company be and is hereby authorised to do all acts in connection with such securitisation."

By Order of the Board

Place : Chennai
Date : 7th August, 2003

R. ALAGHENTREN
Chairman & Managing Director

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

Sri. N. Nagarajan was appointed on 01.01.2003 as an Additional Director of the Company. He holds office upto the ensuing Annual General Meeting. Accordingly the resolution to appoint him as director liable to retire by rotation.

Sri. N. Nagarajan, aged about 62 years, is a retired Additional Commissioner of Income Tax.

None of the directors other than Mr. N. Nagarajan are concerned or interested in the resolution.

ITEM NO 5

Smt. M. Vasantha Kumari was appointed on 30.01.2003 as an Additional Director of the Company. She holds office upto the ensuing Annual General Meeting. Accordingly the resolution to appoint her as a director liable to retire by rotation.

Smt. M. Vasantha Kumari, aged about 34 years, is an Associate Member of the Institute of Company Secretaries of India. None of the directors except Sri. A. Murugeson and Sri. R. Alaghentren are concerned or interested in the resolution.

ITEM NO 6

Sri. R. Nagarajan was appointed on 26.02.2003 as an Additional Director of the Company. He holds office upto the ensuing Annual General Meeting. Accordingly the resolution to appoint him as a director liable to retire by rotation.

Sri. R. Nagarajan, aged about 65 years, is a retired General Manager and Officiating Executive Director of Bank of India.

None of the directors other than Mr. R. Nagarajan are concerned or interested in the resolution.

ITEM NO 7

Sri. S. Mohan Gandhi was appointed on 26.02.2003 as an Additional Director of the Company. He holds office upto the ensuing Annual General Meeting. Accordingly the resolution to appoint him as a director liable to retire by rotation.

Sri. S. Mohan Gandhi, aged about 70 years, is a retired Joint Commissioner of Income Tax and Advocate. None of the directors other than Sri. S. Mohan Gandhi are concerned or interested in the resolution.

ITEM NO 8

The Company is beset with the problem of Non-Performing Asset. In order to expedite the process of realisation, the Company has securitised its receivables to the extent of Rs.350 lakhs in lieu of Secured Debentures.

None of the directors are concerned or interested in the 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 22nd September, 2003 to 29th September, 2003. (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 26.09.2003 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.

**DIRECTORS' REPORT**

Your Directors have great pleasure in submitting the Fourteenth Annual Report with audited accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS :

	2002-2003	2001-2002
	(Rs. in lakhs)	
Profit before Interest, Depreciation, Tax, Bad Debts & Provision for Non-Performing Assets	164.97	184.98
LESS : Interest	70.36	92.96
LESS : Depreciation	12.50	19.65
Profit before Tax, Bad Debts & Provision for Non-Performing Assets	82.11	72.37
LESS : Provision for Deferred Tax	—	2.31
Income Tax (Relating to Previous Year)	1.36	—
Bad Debts Written Off	29.62	40.14
Provision for Non-Performing Assets	47.24	25.95
Preliminary Expenses Written off	2.26	—
Profit/(Loss) after tax	1.63	3.97

APPROPRIATION :

Transfer to Special Reserve Fund (As per RBI Act)	0.60	1.26
Balance carried to Balance Sheet	1.03	2.71
	1.63	3.97

DEPOSITS :

Public deposits decreased to Rs.374.26 lakhs from Rs.516.95 lakhs. 309 Deposits totalling to Rs.13.16 lakhs matured for payment and were due to be claimed. Of these 265 deposits amounting to Rs.6.93 lakhs are still unclaimed as on date.

ADVANCES :

The total disbursements under Hire purchase and other business contracts stood at the level of Rs.240.95 lakhs as on March 31, 2003 as against Rs.590.47 lakhs showing a decrease of 59 % over last year.

MONEY CHANGING BUSINESS :

During the year your Company has earned an income of Rs.8.83 lakhs from the Money changing business at Chennai, Madurai, Coimbatore and Sivakasi.

SECURITISATION

The Company has securitised its receivables to the extent of Rs.350 lakhs in lieu of Secured Debentures.

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.

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DIRECTORS :

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

Sri. R. Deivendran submitted his resignation from the Board and has been accepted in the Board meeting held on 02.08.2002. Your Directors place on record the valuable services rendered by Sri. R. Deivendran to the Company during his tenure of office as Director.

Sri. R. Durairaj submitted his resignation from the Board and has been accepted in the Board meeting held on 02.09.2002. Your Directors place on record the valuable services rendered by Sri. R. Durairaj to the Company during his tenure of office as Director.

Sri. Rathina Asohan submitted his resignation from the Board and has been accepted in the Board meeting held on 26.12.2002. Your Directors place on record the valuable services rendered by Sri. Rathina Asohan to the Company during his tenure of office as Director.

Sri. N. Nagarajan was appointed on 01st January, 2003 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. N. Nagarajan as a candidate for the office of Director.

Smt. M. Vasantha Kumari was appointed on 30th January, 2003 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 She 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 Smt. M. Vasantha Kumari as a candidate for the office of Director.

Sri. R. Nagarajan was appointed on 26th February, 2003 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. R. Nagarajan as a candidate for the office of Director.

Sri. S. Mohan Gandhi was appointed on 26th February, 2003 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. S. Mohan Gandhi 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, 2003, 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, 2003 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, 2003 have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A report is enclosed.

AUDITORS

M/s.Ponraj & Co., Chartered Accountants, retires at this Annual General Meeting and are eligible for re-appointment. During the year under review, the Auditors qualifications given in their report are self-explanatory warranting no special explanation from the management.

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 : Chennai
Date : 7th August, 2003.

R. Alaghentren
Chairman



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REPORT ON CORPORATE GOVERNANCE

I. BOARD OF DIRECTORS

Presently the Board consists of eight Directors. The Board is headed by the Chairman Sri. R. Alaghentren, who is also the Managing Director of the Company. Out of the seven, four of them are non-executive Independent Directors namely Shri. N. Nagarajan, Shri. R. Nagarajan, Shri. S. Mohan Gandhi and Shri. K. Natarajan.

II. BOARD MEETING

During the year under review, 11 meeting of the Board of Directors were held.

2002		2003	
28th June	30th September	01st January	26th February
29th July	30th October	30th January	
02nd August	27th November	19th February	
02nd September			

The details of attendance at Board Meeting and details of other directorships held by the Directors during the period from April 1, 2002 to March 31, 2003 are given below :

Name of the Directors	Total Board Meeting	Attendance	Directorships (other than M/s. Alagendran Finance Limited)	
			Chairman	Director
R. Alaghentren	11	11	7	6
A. Murugeson	11	10	-	9
Rathina Asohan	7	7	-	-
N. Nagarajan	4	4	-	1
R. Nagarajan	1	1	-	1
S. Mohan Gandhi	1	1	-	2
M. Vasantha Kumari	3	3	-	8
K. Natarajan	11	5	-	1
R. Baskaran	11	1	-	3

All the Directors except Sri. K. Natarajan and Sri. R. Baskaran attended the 13th Annual General Meeting held on 30th September 2002.

III. AUDIT COMMITTEE

Composition of the Audit committee is as follows :

Sri. N. Nagarajan, Non-executive independent	Chairman
Sri. S. Mohan Gandhi, Non-executive independent	Member
Sri. R. Nagarajan, Non-executive independent	Member

The Audit committee reviews the financial accounts / policies, adequacy of internal control systems and interacts with the Statutory Auditor. The Committee invites other members/executives whereas necessary.

Besides, the Committee reviews the audit plans, audited and un-audited financial results, observations of the internal and external auditors and follow-up reports of the management.

During the year the Committee was reconstituted and met 3 times on 28.09.2002, 26th February 2003 and 31st March 2003. All the members attended all the committee meetings.

**IV. REMUNERATION OF DIRECTORS**

The Managing Director does not receive any Remuneration from the Company. The Non-executive Directors are being paid sitting fees and they are being reimbursed travelling and conveyance expenses for attending the Board Meeting and Committee Meeting.

V. SHARE HOLDERS AND INVESTOR GRIEVANCE COMMITTEE

Composition of the committee is as follows :

Name of the director

N. Nagarajan Chairman

M. Vasantha Kumari Member

R. Alaghentren Member

The shareholders and Investor Grievance Committee formed under clause VI C of Clause 49 of the Listing Agreement approves and monitors transfers, transmission splits and consolidation of the Company. The committee reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of dividends and other grievances. The committee also reviews the compliances with various statutory and regulatory requirements.

During 2002-2003 the committee met three times on 12th August 2002, 26th November, 2002 and 20th March 2003. All the members attended all the committee meeting.

Mr. K. Narayanan, Finance Manager Cum Company Secretary is the Compliance officer. During the year under review, the company has received 35 correspondence from shareholders, which have been attended to and there were no grievances remaining unresolved as on 31st March 2003.

DIRECTORS :

Mr. N. Nagarajan was appointed as an Additional Director on 01st January 2003. He is 62 years old and he is a retired Additional Commissioner of Income Tax. He is a Director in M/s. Alagendran Benefit Fund Ltd.

Smt. M. Vasantha Kumari was appointed as an Additional Director on 30th January, 2003. She is 34 years old and she is an Associate member of Institute of Company Secretaries of India. She is a director in the following Companies.

1. Alagendra Pharma P. Ltd.,
2. AMR Agencies P. Ltd.,
3. Alagendra Polymers P. Ltd.,
4. Alagendran Export P. Ltd.,
5. Alagendran & Sons International P. Ltd.,
6. Alagendran Property Developers Ltd.,
7. Alagendra Textiles Ltd.,
8. Alagendran Benefit Fund Ltd.,

Mr. R. Nagarajan was appointed as an Additional Director on 26th February 2003. He is 65 years old and he is a retired General Manager and Officiating Executive Director of Bank of India. He is a Director in M/s. Alagendran Benefit Fund Ltd.,

Mr. S. Mohan Gandhi was appointed as an Additional Director on 26th February 2003. He is 70 years old and he is a retired Joint Commissioner of Income Tax and Advocate. He is a Director in the following Companies.

1. Alagendran Benefit Fund Ltd.,
2. Alagendran Property Developers Ltd.,

Sri. A. Murugeson was re-appointed as Director liable to retire by rotation. He is 39 years old and is having experience in Automobile parts trading for about 19 years. He is the Managing Director of Alagendran Automobiles P. Ltd., and he is a director in the following Companies.

1. Alagendra Pharma P. Ltd.,
2. AMR Agencies P. Ltd.,
3. Alagendra Polymers P. Ltd.,



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4. Alagendran Export P. Ltd.,
5. Alagendran & Sons International P. Ltd.,
6. Alagendran Property Developers Ltd.,
7. Alagendra Textiles Ltd.,
8. Alagendran Auto Agencies Ltd.,

VI. GENERAL BODY MEETING

Time and location of last three AGM

Year	Date	Time	Location
2002	30.09.2002	9.00 A.M.	Srinivasaperumal Sri Raju Naidu Kalyana Mandapam, No.208, 100 Feet Road, Tatabad, Coimbatore - 12.
2001	28.09.2001	9.00 A.M.	Srinivasaperumal Sri Raju Naidu Kalyana Mandapam, No.208, 100 Feet Road, Tatabad, Coimbatore - 12.
2000	29.09.2000	9.00 A.M.	Manipriya Kalyana Mandapam, No. 21-C, Periyar Ramasamy Street, P.N. Pudur, Coimbatore - 41.

No special resolution were put through postal ballot last year.

VII. DISCLOSURES :

The Related Party Disclosures as per Accounting Standard 18 is given below :

Name of the Company	As on 31.03.2003	Nature of Transaction
M/s. Alagendra Textiles Ltd.,	Rs.45,15,138/- (Since received)	Interest on Hire Purchase
M/s. AMR Agency P. Ltd.,	Rs.28,79,807/-	Interest on
M/s. Alagendran Property Developers Ltd.,	Rs.2,78,576/- (Since received)	Inter-Corporate Deposits

VIII. MEANS OF COMMUNICATION

The Company corresponds with many members on the business prospects wherever necessary.

General Shareholder information

Annual General Meeting	Srinivasaperumal Sri Raju Naidu Kalyana Mandapam,
29.09.2003 11.00 A.M.	No.208, 100 Feet Road, Tatabad, Coimbatore - 12.

FINANCIAL CALENDAR

Financial year - 1st April 2003 to 31st March 2004

Board meeting for consideration of accounts	07th August 2003
Posting of Annual Reports along with notice of AGM	on or before 4th September, 2003
Book closure dates	22.09.2003 to 29.09.2003
Last date for receipt of proxy forms	27th September 2003 (before 11.00 A.M.)
Un-audited Results for the quarter ended June 30, 2003	11th August 2003
Audited Results for the half year ending September, 2003	30th November 2003
Unaudited financial results for the quarter ending 31.12.2003	31st January 2004