

# ALAGENDRAN FINANCE LIMITED



**15th Annual Report 2003 - 2004**



## **ALAGENDRAN FINANCE LIMITED**

### **Board of Directors**

Sri. R. Alaghentren  
(Chairman and Managing Director)

Sri. A. Murugeson

Smt. M. Vasantha Kumari

Sri. R. Nagarajan

Sri. N. Nagarajan

Sri. S. Mohan Gandhi

### **Auditors**

M/s. K.C. Khanna & Co.,  
Chartered Accountants,  
Bangalore - 560 041.

### **Bankers**

City Union Bank Ltd.,  
Madurai - 625 001.

### **Regd. Office**

338 (Old No. 165), Lotus Court,  
II Floor,  
Thambu Chetty Steet,  
Chennai - 600 001.

### **Corporate Office**

178-A, North Veli Street,  
Madurai - 625 001.

### **Branches**

Madurai, Sivakasi  
Coimbatore and Chennai.



# ALAGENDRAN FINANCE LIMITED

1

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held at "Indra Sabha Hall" Hotel Palmgrove, No.5, Kodambakkam High Road, Chennai-600 034 on Friday, the 31st December 2004 at 10.00 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 2004 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. N.Nagarajan who retires by rotation and being eligible offers himself for re-appointment.  
  
b) To appoint a Director in the place of Smt. M. Vasantha Kumari 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. K.C. Khanna & Co., Chartered Accountants, Bangalore are eligible for re-appointment.

#### SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and other applicable laws, rules and regulations and subject to such other approvals, permissions, sanctions, as may be necessary, and subject to such conditions as may be prescribed by any authority while granting such approvals, sanctions, permissions which may be agreed to by the Board of Directors, consent of the Company be and is hereby accorded to voluntarily de-list the equity shares of the Company from Chennai Stock Exchange and Coimbatore Stock Exchange where the equity shares of the Company are presently listed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as it may, in its absolute discretion, deem necessary, desirable and appropriate to give effect to the above resolution".

By order the Board

Place : Chennai.  
Date : 25th November, 2004

**R. ALAGHENTREN**  
Chairman and Managing Director



## ALAGENDRAN FINANCE LIMITED

2

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

#### ITEM NO.4

Presently the equity shares of the Company are listed on the following stock exchanges.

1. The Stock Exchange, Mumbai (BSE)
2. The Stock Exchange, Coimbatore.
3. The Stock Exchange, Chennai.

Investors have access to dealings in the shares of the Company through BSE. Trading in the Company's shares has not taken place on Coimbatore and Chennai Stock Exchanges for last couple of years. It is therefore, proposed to de-list shares of the Company from Coimbatore Stock Exchange and Chennai Stock Exchange. As per Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003, members approval by a Special Resolution is required for voluntary de-listing of Equity Shares from Coimbatore and Chennai Stock Exchanges. Proposed de-listing will not adversely affect the investor as the Company's shares will continue to be listed on BSE. De-listing will take effect after all approvals, permissions and sanctions are received.

Directors recommend the resolution for approval of the members.

None of the Directors is 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 23rd December, 2004 to 31st December, 2004. (both days inclusive)
3. Members are requested to notify change of address, if any, to the Company immediately.
4. As per amendment to Section 205A of the Companies Act, 1956 the Unclaimed Dividend of the financial years 1995-96 and 1996-97 have been transferred to the Investor Education and Protection Fund.
5. As per amendment to Section 205A of the Companies Act, 1956 the unclaimed dividend for the financial year 1997-98 is due for transfer during September 2005 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.

By order the Board

Place : Chennai.  
Date : 25th November, 2004

**R. ALAGHENTREN**  
Chairman and Managing Director



# ALAGENDRAN FINANCE LIMITED

3

## DIRECTORS' REPORT

Your Directors have great pleasure in submitting the Fifteenth Annual Report with audited accounts for the year ended 31st March 2004.

### FINANCIAL RESULTS :

2003-04                      2002-03  
(Rs. in Lakhs)

Profit before Interest, Depreciation, Tax, Bad Debts & Provision for Non-Performing Assets.	43.69	184.73
Less : Interest	47.65	70.37
Depreciation	10.70	12.50
Profit before Tax, Bad Debts & Other Provisions	(14.66)	101.86
Less : Bad Debts Written Off	20.94	49.37
Diminution in Investments	30.72	—
Provision for Non-Performing Assets	2.74	47.24
Preliminary Expenses Written Off	20.36	2.26
Income Tax (Relating to Previous Year)	5.63	1.36
Profit / (Loss) after Tax	(95.05)	1.63

### APPROPRIATION

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

### DEPOSITS

Public Deposits decreased to Rs.19.11 lakhs from Rs.374.26 lakhs. All the outstanding Public Deposits as on 15th September 2004 alongwith their accrued interest upto 31st March 2004 were transferred to an Escrow Account with City Union Bank Limited, Madurai on 22nd September 2004.

### ADVANCES

The total disbursements under Hire Purchase and other business contracts stood at the level of Rs.217.35 lakhs as on 31st March 2004 as against Rs.240.95 lakhs showing a decrease of 10% over last year.

### MONEY CHANGING BUSINESS

During the year your Company has earned an income of Rs.6.14 lakhs from the money changing business at Madurai, Coimbatore, Sivakasi and Chennai.

### 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.



## ALAGENDRAN FINANCE LIMITED

4

### DIRECTORS

Your Directors Sri. N. Nagarajan and Smt. M. Vasantha Kumari retire by rotation, being eligible they offer themselves for re-appointment.

Sri R. Baskaran submitted his resignation from the Board and has been accepted in the Board Meeting held on 24.1.2004. Your Directors place on record the valuable services rendered by Sri R. Baskaran during his tenure of office as director.

Sri K. Natarajan vacated the office under Section 283(1)(g) of the Companies Act, 1956. Your directors place on record the valuable services rendered by Sri K. Natarajan during his tenure of office as director.

### RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the year ended March 31, 2004 applicable accounting standards have been followed with no material departure ;
- 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, 2004 and the profits for the year ended on that date ;
- 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
- the accounts for the year ended March 31, 2004 have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

A report is enclosed.

### AUDITORS

M/s. K.C. Khanna & Co., Chartered Accountants, Bangalore 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 : 25th November, 2004

**R. ALAGHENTREN**

Chairman

### ADDENDUM TO THE DIRECTORS' REPORT

#### *Management response to Auditor's observation.*

- Regarding the preparation of the financial statements on "going concern" basis, we are unable to comment upon at this stage, in the absence of a precise revival strategy.

**The Management is considering various options of business activities available to the Company at this juncture and the procedural compliances required therefore and soon will finalise its plan of action.**

- Regarding recognition as income by non-reversal/non provision.

**The Management is reasonably confident of receiving the amount in question.**

- Regarding reversal of revenue to the extent of Rs.23,49,315/-.

**The amount represents reversal of excess interest charged in one account.**



# ALAGENDRAN FINANCE LIMITED

5

## REPORT ON CORPORATE GOVERNANCE

### I. BOARD OF DIRECTORS

The Board comprises six members with Knowledge and experience in different fields like Finance, Banking and business management. The Board has an appropriate mix of executive and independent Directors to ensure proper governance and management. Sri. R. Alaghentren is the Chairman and the Managing Director. Sri. R. Alaghentren, Sri. A. Murugeson and Smt. M. Vasantha Kumari represent the promoter group. The remaining Directors Sri. R. Nagarajan, Sri. S. Mohan Gandhi and Sri. N. Nagarajan are independent non-executive directors of the Company.

### II. BOARD MEETING

The Board of Directors met nine times during the financial year 2003-04. The dates of the Board meetings were :

2003		2004
11th April	7th August	24th January
17th May	29th September	30th January
18th June	30th October	8th March

The attendance of each director at the Board Meetings, the last Annual General Meeting and number of other directorship held by them as on 31st March 2004 are as under :

Name of the Director	No. of Board Meetings attended	Directorship (other than M/s. Alagendran Finance Limited)	Attendance at last AGM held on 29.9.2003
		Chairman	Director
R. Alaghentren	9	7	6
A. Murugeson	7	-	9
M. Vasantha Kumari	8	-	8
R. Nagarajan	7	-	1
S. Mohan Gandhi	6	-	2
N. Nagarajan	7	-	1
			Present
			Present
			Present
			Present
			Present
			Present

### III. AUDIT COMMITTEE

Composition of the Audit Committee is as follows :

Sri. N. Nagarajan	- Chairman
Sri. S. Mohan Gandhi	- Member
Sri. R. Nagarajan	- Member

The Company has an independent Audit Committee consisting of three members all being Non-executive independent Directors. All the members of the Committee have excellent financial and accounting knowledge. The role of the Audit Committee in brief is to review financial statements, internal controls, accounting policies and internal audit.

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

During the financial year 2003-04, the Committee met 4 times on 26.7.2003, 1.8.2003, 25.10.2003 and 24.1.2004. All the members attended all the Committee Meetings.



## ALAGENDRAN FINANCE LIMITED

6

### IV. REMUNERATION OF DIRECTORS

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

### V. INVESTOR SERVICE

The Company promptly attends to investors queries (or) grievances. In order to provide timely service, the power to approve transfer of shares has been delegated by the Board to the Shareholders and Investors Grievance Committee. The composition of the Committee is as follows :

Sri. N. Nagarajan	- Chairman
Sri. R. Alaghentren	- Member
Smt. M. Vasantha Kumari	- Member

During the year 2003-04, the Committee met six times on 10.5.2003, 27.6.2003, 14.8.2003, 30.10.2003, 31.12.2003 and 31.3.2004. All the members attended all the Committee Meetings.

Sri. K. Narayanan, Finance Manager cum Company Secretary is the Compliance Officer. During the year under review, the company has received 62 correspondence / grievance from shareholders, which have been resolved to the satisfaction of the investors. There were no grievances remaining unresolved as on 31st March 2004.

### VI. GENERAL BODY MEETING

The date, time and venue of the last three Annual General Meetings are given below :

Year	Date	Time	Location
2003	29.09.2003	11.00 A.M	Srinivasaperumal Sri Raju Naidu Kalyana Mandapam, No.208, 100 Feet Road, Tatabad, Coimbatore - 12.
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.

On 8th March 2004, Special resolutions to approve the shifting of Registered Office and alteration of object clause was passed by Postal ballot. Mr. M.R.L. Narasimha, a practising Company Secretary conducted the postal ballot as per the procedures laid down in Section 192 A of the Companies Act 1956 read with the Companies (passing of Resolutions by Postal Ballot) Rules 2001.

On 27th September 2004, an Ordinary Resolution was passed to appoint M/s. K.C. Khanna & Co., Chartered Accountants, Bangalore as Statutory Auditors of the Company in the vacancy caused by the resignation of M/s. Ponraj & Co., Chartered Accountants, Chennai.





## ALAGENDRAN FINANCE LIMITED

7

### VII. GROUP DISCLOSURE

The Related Party Disclosures (except the Squared up accounts during the year) as per Accounting Standard 18 is given below :

Name of the Company	As on 31.3.2004	Nature of Transaction
M/s. Alagendra Textiles Ltd.,	23,49,315/-	Reversal of Excess finance Charges.
M/s. Alagendra Pharma P. Ltd.,	22,63,068/-	Refund of Excess received.
M/s. AMR Agencies P.Ltd.,	11,20,193/-	- do -
M/s. Sri Ponnalagu Corporation	1,00,000/-	Commission receivable on DPN Loan

### VII. MEANS OF COMMUNICATION

The quarterly / half yearly un-audited financial results and the annual audited financial results as published in Trinity Mirror and Makkal Kural.

### FINANCIAL CALENDAR

Financial Year	1st April 2004 to 31st March 2005.
Board Meeting for consideration of Accounts	25th November 2004.
Posting of Annual Reports along with notice of AGM	on or before 6th December 2004
Book closure dates	23.12.2004 to 31.12.2004
Last date for receipt of Proxy Forms	29th December 2004 (before 11.00 A.M)
Un-audited Results for the quarter ended June 30, 2004	30th July 2004
Un-audited Results for the half year ending September 30, 2004	31st October 2004
Un-audited Results for the quarter ending December 31, 2004	31st January 2005

The Company has paid the listing fees for the financial year 2003-04 to the all stock exchanges.i.e. Madras Stock Exchange, Mumbai Stock Exchange and Coimbatore Stock Exchange.

Share transfers were processed and share certificates despatched within 30 days from the date of lodgement in accordance with the stock exchange listing agreement.

Distribution of shareholding as on 31st March 2004:

	Total Shareholders	Total Shares	Total % to Capital
upto 250	6,069	8,07,280	16.15
251 - 500	1,543	6,61,700	13.23
501 - 1000	1,010	9,45,050	18.90
1001 - 5000	414	9,40,110	18.80
5001 - 10000	21	1,70,690	3.41
10001 - 50000	32	7,02,310	14.05
50001 - 100000	3	1,81,320	3.63
100001 and above	4	5,91,540	11.83
<b>T O T A L</b>	<b>9,096</b>	<b>50,00,000</b>	<b>100.00</b>



## ALAGENDRAN FINANCE LIMITED

8

### MANAGEMENT DISCUSSION AND ANALYSIS

In the face of continued problem of Non-Performing Assets haunting the industry need to comply with the stringent prescription of norms by the Regulatory Authorities shrinking opportunities due to competition from Banking and Non-Banking Companies, pressures on the margins for a variety of well known reasons, the need for exploring alternative, viable opportunities for sustenance and growth has become imperative and urgent.

The Management is leaving no stone unturned to restore the Company's financial health and improve its business reach for consolidating its core strength.

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Shareholders of Alagendran Finance Limited,

We have examined the compliance of conditions of Corporate Governance by Alagendran Finance Limited, for the year ended on March 31, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us,

1. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
2. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K.C. KHANNA & CO.,  
Chartered Accountants

Place : Chennai  
Date : 25th November, 2004

(K. BALASUBRAMANIAN)  
Partner  
Membership No.20082