

# **ALAGENDRAN FINANCE LIMITED**



**19th Annual Report 2007 - 2008**



# ALAGENDRAN FINANCE LIMITED

## BOARD OF DIRECTORS

Sri. R. Alaghentren  
(Chairman and Managing Director)  
Sri. R.G. Sen  
Smt. B.S. Vidya Parvathy

## AUDITORS

M/s. P.T. Ponnaiah & Co.,  
Chartered Accountants,  
Chennai - 600 010.

## BANKERS

M/s. City Union Bank Limited,  
Madurai - 625 001.

## REGISTERED OFFICE

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

## CORPORATE OFFICE

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

## BRANCHES

Madurai and Chennai.



# ALAGENDRAN FINANCE LIMITED

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## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held on Saturday, the 26th July 2008 at 3.00 p.m. at the "Indra Sabha Hall", Hotel Palmgrove, No.5, Kodambakkam High Road, Chennai-600 034 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company for the year ended 31st March 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration. M/s. P.T. Ponnaiah & Co., Chartered Accountants, Chennai retire and are eligible for re-appointment.

### SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. R.G. Sen who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 22, 2007 and who holds office up to the date of forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, be and is hereby appointed as a Director of the Company."

4. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mrs. B.S. Vidya Parvathy who was appointed by the Board of Directors as an Additional Director of the Company with effect from June 20, 2008 and who holds office up to the date of forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, be and is hereby appointed as a Director of the Company."

For and on behalf of the Board of Directors

Place : Chennai.

Date : 27th June, 2008

**R. ALAGHENTREN**

Chairman and Managing Director

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A 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.
2. The Register of Members and share transfer books of the Company will remain closed from 29th July, 2008 to 30th July, 2008 under section 154 of the Companies Act, 1956
3. Members are requested to notify change of address, if any, to the Company immediately.
4. If you are attending the Annual General Meeting in person, please bring the printed attendance slip sent to you along with the Balance Sheet.
5. Members / Proxies are requested to bring their copies of the Annual Report to the meeting.



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## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

As required by Section 173 of the Companies Act, 1956, the following explanatory statements sets out all material facts relating to the items of Special Business mentioned under item Nos. 3 and 4 of the accompanying Notice dated June 27, 2008.

#### ITEM NO. : 3

Mr. R.G. Sen was appointed as Additional Director of the Company on September 22, 2007. As per the provisions of Section 260 of the Companies Act, 1956 Mr. R.G. Sen holds office up to the date of forthcoming Annual General Meeting of the Company, and is eligible for appointment. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 in respect of Mr. R.G. Sen, proposing his appointment as a Director of the Company, along with the requisite deposit.

No other Director is concerned or interested in the said resolution except Mr. R.G. Sen in so far as it relates to his own appointment.

#### ITEM NO.: 4

Mrs. B.S. Vidya Parvathy was appointed as Additional Director of the Company on June 20, 2008. As per the provisions of Section 260 of the Companies Act, 1956 Mrs. B.S. Vidya Parvathy holds office up to the date of forthcoming Annual General Meeting of the Company, and is eligible for appointment. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 in respect of Mrs. B.S. Vidya Parvathy, proposing her appointment as a Director of the Company, along with the requisite deposit.

No other Director is concerned or interested in the said resolution except Mrs. B.S. Vidya Parvathy in so far as it relates to her own appointment.

For and on behalf of the Board of Directors

Place : Chennai.  
Date : 27th June, 2008

**R. ALAGHENTREN**  
Chairman and Managing Director



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## DIRECTORS' REPORT

Your Directors have great pleasure in submitting the Nineteenth Annual Report with Audited Accounts for the year ended 31st March 2008.

### FINANCIAL RESULTS :

	2007-08	2006-07
	(Rs. in Lakhs)	
Profit / (Loss) before Interest, Depreciation, Tax, Bad Debts and Provision for Non-Performing Assets	(0.34)	19.93
Less : Depreciation	5.24	6.28
Profit / (Loss) before Tax, Bad Debts & Other Provisions	(5.58)	13.65
Less : Bad Debts Written Off	94.63	2.95
Provision for Diminution in value of Investments	2.10	57.51
Provision for Non-Performing Assets	51.20	55.14
Profit / (Loss) after Tax	<u>(149.31)</u>	<u>(101.95)</u>

### APPROPRIATION

Transfer to Special Reserve Fund (As per RBI Act)

Balance carried to Balance Sheet

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### BUSINESS OUTLOOK

Your Company's strategy, as in the past will be to focus on profitable growth, leveraging its intimate knowledge of the market and customer relationships that have been built on a strong foundation of personalized service.

### DEPOSITS

All the outstanding Public Deposits as on 15th September 2004 Rs.10.25 Lakhs and their accrued interest upto 31st March 2004, Rs.20.47 Lakhs was transferred to an Escrow Account on 22nd September, 2004 with M/s.City Union Bank Limited, Madurai. As on 31st March 2008, balance outstanding in the Escrow Account was Rs.18.84 Lakhs.

### ADVANCES

Total disbursements during the year under Demand Promissory Note Loan was Rs.1.50 Lakhs.

### MONEY CHANGING BUSINESS

During the year, your Company has earned an income of Rs.2.24 Lakhs from the money changing business at Madurai, Coimbatore, Sivakasi and Chennai.

### INVESTMENTS

Due to non-redemption, 100% provided for the investments in Secured Debentures of Rs.54,23,438/- with M/s.Micro Stretch Elastomers Private Limited, Pondicherry.

### 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.



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## 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

Sri. A. Murugeson submitted his resignation from the Board and has been accepted in the Board meeting held on 20.06.2008. Your Directors place on record the valuable services rendered by Sri.A. Murugeson.

Smt. M.Vasanth Kumari submitted her resignation from the Board and has been accepted in the Board meeting held on 20.06.2008. Your Directors place on record the valuable services rendered by Smt.M.Vasanth Kumari.

Sri.R.G.Sen was appointed as an Additional Director on 22.09.2007.

Smt.B.S.Vidya Parvathy was appointed as an Additional Director on 20.06.2008.

### 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 31st March 2008 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 31st March 2008 and the loss 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 31st March 2008 have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

A detailed report on corporate governance together with a certificate from the Statutory Auditors, in compliance with clause 49 of the Listing Agreement, is attached as part of this report.

### AUDITORS

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

### ADDENDUM TO AUDITOR'S REPORT

The qualification in the Auditor's Report are considered and the directors are taking effective steps to improve the same by starting new avenues for developing the company.

### 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.

For and on behalf of the Board of Directors

Place : Chennai.  
Date : 27th June, 2008

**R. ALAGHENTREN**  
Chairman and Managing Director



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## REPORT ON CORPORATE GOVERNANCE

### I. BOARD OF DIRECTORS

#### COMPOSITION OF THE BOARD OF DIRECTORS :

The Company has complied with the Corporate Governance norms in terms of constitution of the Board with a good combination of Independent Directors. The Board comprises of three members out of which two are Independent Directors. Sri R. Alaghentren is the Chairman and Managing Director.

### II. BOARD MEETING

During the financial year ended 31.03.2008, 7 Board Meetings were held on the following dates.

Sl.No	Date of meeting
1	30.05.2007
2	27.06.2007
3	07.07.2007
4	10.08.2007
5	31.10.2007
6	19.11.2007
7	29.01.2008

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, 2008 are as under :

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether Last Annual General Meeting Attended	Directorship (other than AFL)	Member of Committee in other Companies
R. Alaghentren	7	7	Yes	7	—
*A. Murugeson	7	-	No	4	—
*M. Vasantha Kumari	7	-	No	4	—
*R.G. Sen	7	5	Yes	1	—
*R. Nagarajan	7	2	No	-	—
*N. Nagarajan	7	2	No	-	—
*S. Mohan Gandhi	7	2	No	-	—
*B.S.Vidya Parvathy	7	0	No	-	—

\* Mr.A.Murugeson and Mrs.M.Vasantha Kumari have resigned on the Board on 20.06.2008.

\* Mr. R. Nagarajan, Mr.N. Nagarajan and Mr. S. Mohan Gandhi have resigned on 30.06.2007

\* Mrs. B.S.Vidya Parvathy has been appointed as an additional director on 20.06.2008.

\* Mr.R.G. Sen has been appointed as an additional director on 07.07.2007 and retired on 22.09.2007. Subsequently, he has been appointed as an additional director on 22.09.2007.



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## III. AUDIT COMMITTEE

As per the requirement of Part II of Clause 49 of the Listing Agreement the Company has formed an Audit Committee. Sri.R.G. Sen was appointed as Chairman of the Audit Committee during the year under review.

### ❖ Brief description of terms of reference

The Committee reviews the quarterly, half-yearly and annual financial statements before they are submitted to the Board.

Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.

### Composition of committee:

R.G. Sen – Chairman

B.S.Vidya Parvathy – Member

R.Alaghentren - Member

### ❖ Meetings and attendance of members during the year

Director	Held	Attended
R. G. Sen	4	3
B.S.Vidhya Parvathy	4	0
R.Alaghentren	4	4
A. Murugeson	4	0
M. Vasantha Kumari	4	0
R. Nagarajan	4	0
N. Nagarajan	4	0

\* Mr. Murugeson and Mrs. M. Vasantha Kumari, have resigned on the Board on 20.06.2008.

\* Mr.R.Nagarajan, Mr. N.Nagarajan and Mr. S. Mohan Gandhi have resigned on 30.06.2007.

\* Mrs. B.S.Vidya Parvathy has been appointed as an additional director on 20.06.2008.

\* Mr.R.G. Sen has been appointed as an additional director on 07.07.2007 and retired on 22.09.2007. Subsequently, he has been appointed as an additional director on 22.09.2007.

## 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.