

ANNUAL REPORT 2004 - 2005



आलबैंक फाइनेन्स लिमिटेड

AllBank FINANCE Ltd.

BOARD OF DIRECTORS

SHRI O. N. SINGH
CHAIRMAN

SHRI K. K. RAI (UPTO 30.6.2004)

SHRI S. K. GOEL

DR. SURINDER P. S. PRUTHI

SHRI RAGHU MODY

SHRI VINOD KOTHARI

SHRI R. S. TRIPATHI (UPTO 28.5.2004)

SHRI S. K. CHAKRABORTY

Banker :

Allahabad Bank

Auditor :

D. K. DE SARKAR & CO.

Chartered Accountants

Registered Office :

15, India Exchange Place

4 th Floor

Kolkata - 700 001

Mumbai Branch :

C/o, Allahabad Bank

Manish Commercial Centre

216-A, Dr. Annie Besant Road

Worli, Mumbai - 400 025

New Delhi Branch :

Allahabad Bank Building

17, Parliament Street

New Delhi - 110 001

DIRECTORS' REPORT

To the Members,

The Directors hereby present the Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2005.

FINANCIAL RESULTS

Financial results are summarised as under:

	31.03.2005 Rs.	31.03.2004 Rs.
Profit after depreciation	2,31,91,869	36,21,92,187
Less: Provision	15,47,812	80,23,358
Net Profit before Tax	2,16,44,057	35,41,68,829
Provision for Tax (Net of write back)	11,45,320	-75,00,000
Net Profit after Tax	2,27,89,377	34,66,68,829

During the year under review, the Company has shown a net profit of Rs. 227.89 lakh as against net profit of Rs. 3466.69 lakh earned during the previous year. The substantial net profit for the year ended 31.3.04 was on account of the following:

- i. Written back of provision no longer required in a Broker Account Rs.1728.18 lakh
- ii. Net income from sale of Long Term Investment/Dividend received Rs.1768.75 lakh

During the year under review, provision for Non-Performing Assets has been made for Rs. 44.25 lakh, as against Rs.64.17 lakh in the previous year. This year the provision for NPA has been shown after netting off with provision no longer required, amounting to Rs.108.23 lakh. The net result thereof viz. Rs. 63.98 lakh has been shown in other income. For Investment, diminution in the value of shares has been provided for Rs. 15.48 lakh as against Rs. 16.06 lakh in the previous year.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March 2005.

CHANGE IN NATURE OF BUSINESS

The company has surrendered its NBFC licence to the Reserve Bank of India and has been deregistered as NBFC. It has also applied to the SEBI for Merchant Banking and Underwriting licences.

LEASING

No fresh lease proposal was sanctioned during the year ended 31.03.2005. The position of net leased assets after lease adjustment as on 31.03.2005 stood at Rs 222.79 lakh, against 236.62 lakh in the previous year, recording a decline of 5.84%.

SHORT TERM FINANCING

No income has been generated from short term financing during the year.

HIRE PURCHASE

During the year, the company has earned an income of Rs. 19.99 lakh as against Rs. 54.41 lakh during the previous year, from this segment of business showing a decline of 63.26%. This is on account of not undertaking any fresh business during the year.

TRANSACTION IN SECURITIES

During the period under review company has not made any sale / purchase transaction in shares / Securities.

PERSONNEL

No employee of the Company is drawing remuneration in excess of the limits prescribed by the Companies Act. Therefore, the statement under section 217(2A) of the Companies Act, 1956, read with the rules framed there under, is not being annexed.

COMPANIES (DISCLOSURE OF PARTICULARS IN

THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

The Company has nothing to report under this head.

FIXED DEPOSIT

The Company did not accept any public deposit under the Public Deposit Rules applicable to NBFCs issued by the Reserve Bank of India.

PRUDENTIAL NORMS APPLICABLE TO NON-BANKING FINANCE COMPANIES

Various guidelines/directives issued by Reserve Bank of India on prudential norms for income recognition, accounting standards, asset classification, provisioning for bad and doubtful debts, capital adequacy and concentration of credit/investments are being fully adhered to by the Company. The Company has, accordingly, made provisions against current assets as per norms of R.B.I. The provision for NPA has been shown after netting off with provision no longer required.

DIRECTORS

During the year Shri K.K. Rai Director / Executive Director of Allahabad Bank retired on 30.06.2004 on attaining the age of superannuation. The Board of Directors records its deep appreciation for the exemplary services rendered by Shri K.K. Rai during his tenure as Director of the company. Shri S.K. Goel, Executive Director of Allahabad Bank joined the Board as Director in his place. Independent Directors on the Board of the Company namely, Dr. Surinder P. S. Pruthi, Shri Vinod Kothari and Shri Raghu Mody continued on the Board and made available their rich experience to the Company. Shri Vinod Kothari retires by rotation and is eligible for re-appointment.

No Director of the Company has been disqualified during the year for becoming Director or continuing as Director of another Company, u/s 274 (1)(g) of the Companies Act. 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having followed, in the preparation of the Annual Accounts, the applicable accounting standards, with proper explanation relating to material departures, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that

year; taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and prepared the Annual Accounts on a going concern basis.

AUDIT COMMITTEE

During the year, Audit Committee consisting of Shri K. K. Rai / Shri S. K. Goel, Dr. Surinder P. S. Pruthi and Shri Vinod Kothari met twice and supervised the activities referred u/s 292A of the Companies Act, 1956.

AUDITORS

M/s D. K. De Sarkar & Co. Chartered Accountants, were appointed Auditors for the year 2004-2005 u/s 619(2) of the Companies Act. 1956 by the office of the Comptroller and Auditor General of India, New Delhi.

MANAGEMENT'S REPLY TO THE AUDITOR'S REPORT

No specific qualification was raised by the Auditors during the course of their audit. It was stated that:- "For this year provision for non-performing assets Rs. 44,25,343/- has been adjusted with other income. However, it has no effect on the profitability of the Company".

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India is yet to commence audit.

ACKNOWLEDGEMENTS

The Board of Directors places on record its deep appreciation for the help and support received from the Company's stakeholders and also from the staff who, undaunted by difficult times, have shown enthusiastic commitment towards the Company.

For and on behalf of the Board of Directors

S. K. Chakraborty
Managing Director

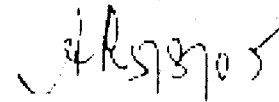
O.N. Singh
Chairman

Place: Kolkata
Date: 16.05.2005

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON
THE ACCOUNTS OF ALL BANK FINANCE LIMITED KOLKATA FOR
THE YEAR ENDED 31MARCH 2005**

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619 (4) of the Companies Act 1956 on the accounts of AllBank Finance Limited Kolkata for the year ended 31 March 2005

Dated : Kolkata
The 5 August 2005



(A. Roychoudhury)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - I

KOLKATA



AUDITORS' REPORT

TO THE MEMBERS,
ALLBANK FINANCE LTD.
15, INDIA EXCHANGE PLACE, 4TH FLOOR,
KOLKATA - 700 001.

We have audited the attached Balance Sheet of AllBank Finance Limited as at 31st March, 2005 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the 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.

- A. As required by the Companies (Auditor's Report) Order, 2003 issued by the Ministry of Finance (Department of Company Affairs) in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement in Annexure 'A' on the matters specified in paragraphs 4 & 5 of the said Order.
- B. As required by "Non Banking Financial Companies Auditors Report (RBI) Directions, 2000", issued by the Reserve Bank of India, we annex hereto our Report in Annexure 'B'.
- C. Further to our comments in the Annexures referred to in paragraphs 'A' & 'B' above :
 1. 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;
 2. In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books;
 3. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts;
 4. In our opinion, the Balance Sheet and Profit and Loss Account are in compliance with the Accounting Standards referred to in Section

- 211(3C) of the Companies Act, 1956;
5. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed in terms of Section 274(1)(g) of the Companies Act, 1956.
6. (i) On 22.02.2005, the company applied to the Security & Exchange Board of India for Merchant Banking Licence.
(ii) On 24.02.2005, the company applied to the Security & Exchange Board of India for Registration as Underwriters.
(iii) On 26.03.2005, the company surrendered its NBFC licence to the Reserve Bank of India for doing the business of Merchant Banker and act as Underwriters.
As the outcome of the above applications are yet to receive, we cannot comment on whether it has effected the going concern.
(iv) On 01.10.2004, the company shifted its Registered office from 15A, Hemanta Basu Sarani, 2nd floor, Continental Chambers, Kolkata - 700001, to 15, India Exchange Place, 4th floor, Kolkata - 700001.
(v) For this year, Provision for Non-Performing Assets for Rs. 44,25,343/- has been adjusted with Other Income. However it has no effect on the profitability of the company.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with Schedules and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For D. K. De Sarkar & Co.

Chartered Accountants

B. C. Sasmal
(Partner)

167/4, Lenin Sarani
Kolkata - 700072
8th May, 2005

(Membership No. 050541)

ANNEXED TO THE AUDITOR'S REPORT

Annexure 'A' referred to in paragraph 'A' of the Auditor's Report :

1. (a) The Company has maintained proper records to show full particulars, including quantitative details, and situation of fixed assets.
- (b) It has been explained that all the assets have not been physically verified by the management, during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were observed on such verification.
- (c) During the year, some items of Furniture and Fixtures and office equipments were disposed off. According to the information and explanations given to us, we are of the opinion that the disposal of the said part of the Furniture and Fixtures has not affected the going concern status of the Company.
2. The nature of business of the Company does not warrant holding of inventory.
3. (a) The Company has not granted or taken any loans, secured or unsecured, to Companies, firms or parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) In cases where the Company has made advances under Hire Purchase or Lease Agreements, the rate of interest and other terms and conditions are, *prima facie*, not prejudicial to the interests of the Company.
- (c) Payments of the principal amount and interest are being recovered by the Company. In cases of default, adequate provisions have been made by the Company, in accordance with norms laid down by

the Reserve Bank of India, in the matter of non performing assets.

- (d) In cases where the overdue amount is more than Rupees one lakh, reasonable steps have been taken by the Company for the recovery of the principal and interest.
4. In our opinion and according to 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 leased and other assets. During the course of our audit, we have not observed cases of continuing failure to correct major weaknesses in internal controls.
5. The Company has not entered in to transactions which require to be recorded in a register in pursuance of section 301 of the Companies Act.
6. The Company has not accepted deposits within the meaning of Section 58A and 58AA of the Companies Act, during the year under report.
7. The Company has an internal audit system which is commensurate with the size and nature of its business.
8. The Company is not required to maintain cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act.
9. (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty / cess and any other material statutory dues applicable to it, with the appropriate authorities.

However, the company has the following disputed outstanding demand of Income-Tax and Interest Tax.

Disputed Income-Tax Liability

Assessment Year	Income-Tax 31.03.2005	Income-Tax 31.03.2004	Appeal pending before	Remark
1993-94	1062.42	1062.42	I.T.A.T. Kolkata Bench	The company is Expecting full relief.
1994-95	—	157.84	—	—
1996-97	—	125.94	—	—
1997-98	7.58	305.44	CIT (A) - VI, Kolkata	The Company is expecting full relief.
1998-99	444.59	444.59	CIT (A) - VII, Kolkata	Do
1999-00	74.40	139.55	I.T.A.T. Kolkata Bench	Do
2000-01	113.39	11.04	Do	Do
2001-02	51.52	51.52	Do	Do
2002-03	378.85	—	Do	Do
Total	2152.75	2292.34		

Disputed Interest-Tax Liability

Assessment Year	Income-Tax	Income-Tax 31.03.2005	Appeal pending before 31.03.2004	Remark
1994-95	29.05	29.05	I.T.A.T. Kolkata Bench	The company is expecting full relief
1996-97	37.14	37.14	Do	Do
1999-00	24.52	24.52	Do	Do
2000-01	24.18	24.18	Do	Do
Total	114.89	114.89		

10. The Company has no accumulated losses as at the end of the financial year under report.
11. In our opinion and according to the information and explanations given to us, the Company has no dues towards financial institutions, banks or debenture holders.
12. The Company has maintained adequate records and documents where advances have been made under hire purchase and lease agreements.
13. In our opinion, the Company is not a chit fund or a *nidhi* / mutual benefit fund / society. As such, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. The Company has acquired shares on account of underwriting share issue and also in settlement of a claim under directions of The Special Court, Mumbai in the previous year. The Company has maintained proper records of such transactions and the shares are held by the Company in its own name.
15. In our opinion and according to information and explanations given to us, the Company has not given any guarantee for loans taken by others. As such, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
16. According to information and explanations given to us, the Company has not applied for any term loan. As such, the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. According to information and explanations given to us, the Company has not raised funds on short term or long term basis. As such, the provisions of clause 4 (xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
18. According to information and explanations given to us, the Company has not made any preferential allotment
- of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act. As such, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. According to information and explanations given to us, the Company has not issued Debentures during the period covered by our report. As such, no securities have been created in respect of such issue.
20. According to information and explanations given to us, the Company has not raised money by public issues during the period covered by our report. As such, reporting on the end use of such public issue does not arise.
21. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period covered by our report

For D. K. De Sarkar & Co.

Chartered Accountants

167/4, Lenin Sarani
Kolkata – 700 072
8th May, 2005B. C. Sasmal
(Partner)

(Membership No. 050541)

ANNEXED TO THE AUDITOR'S REPORT

Annexure 'B' referred to in paragraph 'B' of the Auditor's Report

As referred in Para 'B' above and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that :

1. The Company is having a valid certificate of Registration No. 0502792 dated 21.08.1998 issued by the Reserve Bank of India, to carry on the business of non banking financial institution under section 45-A of the Reserve Bank of India Act, 1934.
2. The Company has not accepted any deposits from the public.
3. The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning of bad and doubtful debts as applicable.

For D. K. De Sarkar & Co.
Chartered Accountants

167/4, Lenin Sarani
Kolkata – 700 072
8th May, 200

B. C. Sasmal
(Partner)
(Membership No. 050541)



ALLBANK FINANCE LIMITED
BALANCE SHEET AS AT 31st March, 2005

(Rs.)

Particulars	Schedule No.	As at 31.03.2005	As at 31.03.2004
I SOURCES OF FUNDS			
1 Share Holders' Funds			
(a) Capital	A	600,000,000	600,000,000
(b) Reserves & Surplus	B	41,524,367	18,734,990
Total		<u>641,524,367</u>	<u>618,734,990</u>
II APPLICATION OF FUNDS			
1 Fixed Assets			
Gross Block	C	147,680,407	149,295,460
Less : Depreciation		<u>(66,019,347)</u>	<u>(66,012,466)</u>
		81,661,060	83,282,993
Less : Lease Adjustments A/c		<u>(58,737,887)</u>	<u>(58,358,161)</u>
Net Block		22,923,173	24,924,832
2 Investment			
Long Term Investment	D	80,515,989	80,515,989
Less : Provision for Diminution in Investment		<u>(68,603,191)</u>	<u>(67,055,378)</u>
		11,912,798	13,460,611
ii. Current Investment		22,331,040	22,331,040
Less : Provision for Diminution in Investment		<u>(21,620,030)</u>	<u>(21,620,030)</u>
		711,010	711,010
Net Investments		12,623,808	14,171,621
3 Current Assets, Loans & Advances			
(a) Current Assets	E	616,707,378	598,688,753
(b) Loans & Advances	F	57,739,872	66,637,366
		<u>674,447,250</u>	<u>665,326,119</u>
Less : Current Liabilities & Provisions			
Current Liabilities	G	5,291,830	10,644,546
Provisions		63,178,034	75,043,036
		<u>68,469,864</u>	<u>85,687,582</u>
Net Current Assets		605,977,386	579,638,537
Profit & Loss A/c		NIL	NIL
Total		<u>641,524,367</u>	<u>618,734,990</u>
Significant Accounting Policies	Q		
Notes on Accounts	R		

(The Schedules referred to above form an integral part of Balance Sheet)
Vide our Report of even date
For D. K. De Sarkar & Co.
Chartered Accountant
B. C. Sasmal
Partner

O. N. Singh
Chairman
Dr. S. P. S. Pruthi
Director

For and on Behalf of the Board
S. K. Goel
Director
Vinod Kothari
Director

S. K. Chakraborty
Addl. Managing Director
N. K. Sharma
President

Place : Kolkata
Dated : 08.05.2005