



BOARD OF DIRECTORS

(As on 31.3.2007)

SHRI A.C MAHAJAN, CHAIRMAN

SHRI S.K. GOEL, DIRECTOR

SHRI S.K. CHAKRABORTY, DIRECTOR

SHRI A.B.BHATTACHARJEE, DIRECTOR

SHRI A.R.NAGAPPAN, DIRECTOR

SHRI D.PKHULLAR, DIRECTOR

SHRI S.C.BHARGAVA, DIRECTOR

DR. SATYADEV SINGH, DIRECTOR

SHRI PRASAAD AKOLKAR, MANAGING DIRECTOR & CEO

BANKER

Allahabad Bank

AUDITORS

D.K.De Sarkar & CO., Kolkata

REGISTERED OFFICE

4th floor
15, Maharana Pratap Sarani,
(Erstwhile India Exchange Place)
KOLKATA - 700 001

CORPORATE OFFICE

Allahabad Building (2nd floor)
37, Mumbai Samachar Marg,
Fort, MUMBAI - 400 023

Website: www.allbankfinance.com



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, 2007.

FINANCIAL RESULTS

Financial results are summarized as under:

	31.03.2007 Rs.	31.03.2006 Rs.
Profit after depreciation	3,23,60,870	2,39,53,600
Less: Provision	-	-
Net Profit before Tax	3,23,60,870	2,39,53,600
Provision for Tax	34,22,458	37,37,042
Net Profit after Tax	2,89,38,412	2,02,16,558

During the year under review, the Company has shown a net profit of Rs. 289.38 lakh as against net profit of Rs. 202.16 lakh earned during the previous year.

During the year under review, provision for Non-Performing Assets no longer required has been written back to the tune of Rs. 140.51 lakh, as against Rs. 92.99 lakh in the previous year. For Investment, no diminution in the value of shares has been provided as the same was not considered necessary in view of good market condition.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March, 2007.

LEASING

No fresh lease proposal was sanctioned during the year ended 31.03.2007. The position of net leased assets after lease adjustment as on 31.03.2007 stood at Rs. 168.48 lakh, as against 173.97 lakh in the previous year. Since the Company is Registered as a Category I Merchant Banker with SEBI it is not undertaking any new leasing business.

HIRE PURCHASE

There has been no income for Hire Purchase activity during the year as against Rs. 1.17 lakh during the previous year since the Company is not undertaking any fresh HP business. The Company is registered as a Category I Merchant Banker with SEBI.

TRANSACTION IN SECURITIES

The Company has invested a total sum of Rs. 10.35 crore as on 31.03.2007 in various Mutual Funds scheme. The shares having a total book value of Rs. 21.22 lakh were sold during the year.

MERCHANT BANKING

The Company surrendered its NBFC licence to R.B.I. and was deregistered as NBFC by R.B.I. on 11th May 2005. The Company obtained Merchant Banking and Underwriting registration from SEBI on 25th July 2005. The Company earned Rs. 40 lakh as fees under Merchant Banking activities during the year.

CAPITAL REDUCTION

In view of less Capital requirement for Merchant Banking activities (Minimum stipulated net worth for Category-I Merchant Banker Rs. 5 Crores) Company had applied to the Department of Company Affairs (DCA) for permission to reduce paid up Capital from Rs. 60 Crores to Rs. 15 Crores. The DCA has been pleased to grant permission. The excess Capital of Rs. 45 Crores have been returned to Allahabad Bank on 27.06.2006.



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 thereunder, 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. Moreover, the Company has de-registered itself as an NBFC and has obtained registration as Category I Merchant Banker.

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.

COMPLIANCE OF SEBI GUIDELINES

Various guidelines/ directives issued by SEBI for the Merchant Bankers are being complied with.

DIRECTORS

During the year Shri O. N. Singh, Chairman retired on 31.07.2006 on attaining superannuation from Allahabad Bank. Shri R. S. Tripathi, Director retired on 31.07.2006 on obtaining voluntary retirement from Allahabad Bank. Shri Raghu Mody, Independent Director on the Board of the Company ceased to be a Director on 29.07.2006 as he was not reappointed. The Board of Directors records its deep appreciation for the exemplary services rendered by Shri O. N. Singh, Shri R. S. Tripathi and Shri Raghu Mody during their tenure as Director of the company

Shri A. C. Mahajan, Chairman and Managing Director, Allahabad Bank has taken over as Chairman of the Company with effect from 01.08.2006. The Board welcomed him. Shri AR. Nagappan, Shri D. P. Khullar, Shri S. C. Bhargava and Dr. Satya Dev Singh were appointed independent Director in the Annual General Meeting held on 29.07.2006. Shri A. B. Bhattacharjee, General Manager Allahabad Bank was inducted in the Board on 29.07.2006. Shri Prasaad Akolkar, Chief Executive Officer was inducted in the Board as Managing Director of the Company in the Board meeting held on 24.11.2006. Shri S. K. Chakraborty who was Managing Director of the Company will continue as a Director after joining of Shri Prasaad Akolkar as Managing Director & CEO of the Company. The Board accorded a warm welcome to the new Directors.

Shri S. K. Widhani, General Manager, Allahabad Bank was inducted in the Board as alternate Director (alternate to Shri S. K. Chakraborty) in the Board meeting held on 24.11.2006.

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 S. K. Goel, Shri R. S. Tripathi and Shri Raghu Mody met twice and reconstituted audit committee consisting of Shri S. K. Goel Shri D. P. Khullar and Shri A. B. Bhattacharjee met once and supervised the activities referred U/s. 292A of the Companies Act, 1956. Shri R. S. Tripathi sought voluntary retirement from Allahabad Bank on 31.07.2006. Shri Raghu Mody was not reappointed in the Annual General Meeting held on 29.07.2006.

AUDITORS

M/s D. K. De Sarkar & Co. Chartered Accountants, were appointed Auditors for the year 2006-2007 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.

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.

(Prasaad Akolkar)
Managing Director & CEO

(A.C. Mahajan)
Chairman

Place: Kolkata
Date : 03.05.2007



AllBank FINANCE Limited

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA. UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ALLBANK FINANCE LIMITED ,KOLKATA FOR THE YEAR ENDED 31 MARCH 2007

The preparation of financial statements of Allbank Finance Limited, Kolkata for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03.05.2007

I on behalf of the Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditors' On the accounts of AllBank Finance Limited, Kolkata for the year ended 31 March 2007 and as such have no comments to make under Section 619(4) of the Companies Act 1956

Place: Kolkata
Date : 24.05.2007

For and on the behalf of
The Comptroller & Auditor General of India

Sd/- B. Mazumdar

Principal. Director of Commercial Audit &
Ex - Officio Member Audit Board-1,
Kolkata





AUDITORS' REPORT

To

The Members of AllBank Finance Limited,

We have audited the attached Balance Sheet of AllBank Finance Limited as at 31st March, 2007 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 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.

- A. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the 'Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the attached Annexure "A" a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- B. As required by "Non Banking Financial Companies Auditors Report (Reserve Bank) Directions, 2000", issued by the Reserve Bank of India, no report is made as the Company become Merchant Banking Company on and from 25.07.2005.
- 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 account, 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, 2007 from being appointed in terms of section 274(1)(g) of the Companies Act, 1956.
 6. (i) The Company has got certificate of registration for Underwriter and Merchant Banker from Securities and Exchange Board of India effective from 25.7.2005 for three years subject to renewal against payment of required fees. Earlier to this, the company was registered with Reserve Bank of India as Non Banking Finance Company upto 11.05.2005.
 - (ii) So far as it appears from the verification of records and as per information & explanations given to us, on termination of lease either in terms of agreement or one time settlement, a partial action has been taken by Mumbai Branch to write-off Written Down Value of Lease Assets worth Rs. 5,49,478.75 by debiting Profit & Loss Account. Similar steps should have been taken in respect of Lease Assets appearing in the books of Kolkata and New Delhi Branch. In absence of detailed information, we are not in a position to quantify the amount.

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