

ANNUAL REPORT

2007-08



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आलबैंक फाइनेन्स लिमिटेड
AllBank Finance Ltd.

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, 2008.

FINANCIAL RESULTS

Financial results are summarized as under:

	31.03.2008	31.03.2007
	Rs.	Rs.
Profit after depreciation	49,248,106	3,23,60,870
Net Profit before Tax	49,248,106	3,23,60,870
Provision for Tax	97,00,000	34,22,458
Net Profit after Tax	39,548,106	2,89,38,412

During the year under review, the Company has earned a net profit of Rs. 395.48 lakh as against net profit of Rs. 289.38 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. 32.73 lakh. This was due to the fact of recovery of dues. As on 31st March funds are deployed in various Mutual Fund schemes showing appreciation in portfolio except marginal diminution of Rs. 0.44 lacs in two schemes.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March 2008.

TREASURY OPERATIONS

In view of the favorable market conditions, profit booking was resorted to by disposing off investments made in the past and profit on sale of these investments were to the tune of Rs. 86.31 lacs. Proceeds so generated were redeployed in debt oriented Mutual fund schemes in order earn steady returns.

MERCHANT BANKING

Consequent upon surrender of NBFC license, the Company obtained fresh Merchant Banking and underwriting registration from SEBI on 25th July

2005, which will be valid for three years. The Company earned Rs. 109.25 lakh by way of fees by way of Merchant Banking and other fee based activities during the year as against Rs. 40 lakh for the previous year.

DISTRIBUTION OF MF SCHEMES

Company, during the year under review, obtained AMFI registration. Company earned brokerage income of Rs. 222.62 lacs, majority of which was contributed by treasury investments of Allahabad bank. Company has started earning brokerage from other institutional investors as well and will endeavor to expand its client base during the current year.

COMPLIANCE OF SEBI GUIDELINES

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

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, except a sum of Rs. 77,793/- payable as incentive to Managing Director & CEO of the Company for the Financial Year 2007-08, as per the terms of his appointment.

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.

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 so on

DIRECTORS

Shri S. K. Goel, ex-Executive Director of Allahabad Bank vacated his office on his joining UCO Bank as Chairman Cum Managing Director. Shri S. C. Bhargava, independent Director resigned during the year on 02.09.2007. The Board of Directors records its deep appreciation for the services rendered by Shri

AllBank FINANCE Limited

S. K Goel and Shri S.C. Bhargava during their tenure as a Director of the Company.

Shri K.K. Agarwal newly appointed Executive Director of Allahabad bank was inducted on the Board of the company w.e.f. 30th November 2007. Company will surely benefit from the rich experience of Shri Agarwal in the field of banking & finance.

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, the Audit Committee was reconstituted with Shri K. K. Agarwal, Executive Director of Allahabad Bank in place of Shri S. K. Goel, ex-Executive Director of Allahabad Bank. The other members of the Audit Committee viz. Shri D. P. Khullar and Shri A. B. Bhattacharjee Directors of the company continued. The Audit Committee 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 2007-2008 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 AUDITORS' REPORT

The Auditors made no specific qualification during the course of their audit.


COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

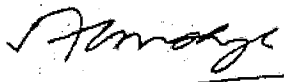
The Comptroller and Auditor General of India are yet to commence audit.

ACKNOWLEDGEMENTS

The Board of Directors places on record its deep appreciation for the help and support received from the Company's stakeholders, bankers and the members of staff for their devotion and commitment towards the growth of the Company.

For and on behalf of the Board of Directors.


 (Prasad Akolkar)
 Managing Director & CEO


 (A.C. Mahajan)
 Chairman

Place: Kolkata
 Date: 26.04.2008

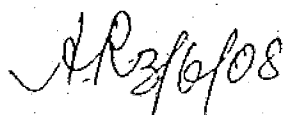
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ALLBANK FINANCE LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of AllBank Finance Limited, Kolkata for the year ended 31 March 2008 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 26-04-2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of AllBank Finance Limited, Kolkata for the year ended 31 March 2008. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

Place: Kolkata
Date: 3rd June 2008


(A. Roychoudhury)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I,
Kolkata

D. K. DE SARKAR & CO.
 CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To The Members of AllBank Finance Limited,

We have audited the attached Balance Sheet of AllBank Finance Limited as at 31st March, 2008 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;

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D.K. De. Sarkar & Co.

Chartered Accountants

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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, 2008 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 25.07.2005 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. Though the activities under Non Banking Finance Companies had been discontinued, but some accounts of past activities are still continuing.
- (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, an action has been taken by Kolkata Branch to write-off Written Down Value of Lease Assets worth Rs. 2,40,593.96 by debiting Profit & Loss Account. Mumbai Branch also written off some furniture & fixture, office equipments which have totally been damage or unusable in course of shifting of office, the written down value of which, as per records, was Rs. 45,920.10.
- (iii) There was a Provision for Expenses – Others Rs. 18,76,759.87 in the books of Kolkata Branch for more than five years having no details for provision. During this year, the Company had written off the aforesaid amount by crediting Provision No Longer Required.
- (iv) As per Resolution past by Board of Director on 24.11.2006, during the year, the company has discontinued the activities of Delhi Branch by transferring all Assets and Liabilities as per record to the Kolkata Branch. The procedural formalities are yet to complete
- (v) As per Depository Participant Statement of Holdings, Allahabad Bank – IN 300853 dated 15.04.2008, the AllBank Finance Limited is holding on 31.03.2008 the following shares out of the records of the Company.

Nahar Capital	AN- EQ	70
Tata Motors	EQ	3408

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D.K. De. Sarkar & Co.

Chartered Accountants

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As verbally explained to us, this shares are originally belong to Allahabad Bank as their Security Deposit against loan which virtually transfer to this Company through its erstwhile predecessor Allahabad Bank Nominees Ltd. as Allahabad Bank is not authorized to hold these shares.

Under this situation, a separate Depository Participant Account with proper nomenclature should be opened to transfer the above shares.


- (vi) As per practice consistently followed, Provision for Non Performing Assets and Bad & Doubtful Debts under Schedule – J Rs. 3,37,36,345/- includes Rs. 62,06,896/- toward Provision for Bad Doubtful Debts instead of deducting this amount from Sundry Debtors under Schedule – E.

Total impact on Profitability – NIL.

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, 2008.
- 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.



(Bhim Charan Sasmal)

Partner

(Membership No. 050541)

Place : Kolkata
Date : 26.04.2008



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D.K. De. Sarkar & Co.

Chartered Accountants

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ANNEXED TO THE AUDITORS' REPORT**Annexure 'A' referred to in paragraph 'A' of the Auditors' 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 program 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, the Company has not disposed off any of its Fixed Assets. However the Company has written off Written Down Value of Leased Assets and own Assets worth Rs. 2,86,514/- (Please refer 6 (ii) of our main report).
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, Lease Agreements or Inter Corporate Deposit, 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. During the course of our audit, we have not observed cases of continuing failure to correct major weaknesses in internal controls.

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