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DIRECTORS

S. Goenka (Chairman)
 D. Khaitan
 E.A. Kshirsagar
 N.N. Kampani
 A.D. Cooper
 E.B. Desai
 A. Sen
 R.K. Kaul
 S.S. Thakur
 S.K. Bajoria
 H.V. Goenka (Alternate to Mr. S.K. Bajoria)

PRESIDENT

S.A. Krishnan

COMPANY SECRETARY

B.D. Cardmaster

SOLICITORS

M/s Mulla & Mulla and Craigie, Blunt & Caroe

AUDITORS

Tarmaster & Co.
 Chartered Accountants

BANKERS

Bank of Baroda
 Bank of Rajasthan
 Dena Bank
 Deutsche Bank
 Dhanalakshmi Bank Ltd.
 Federal Bank Ltd.
 Indian Bank
 The Indusind Bank Ltd.
 Oriental Bank Of Commerce
 State Bank of India
 State Bank of Travancore
 The Catholic Syrian Bank Ltd.
 The South Indian Bank Ltd.
 UTI Bank Ltd.
 Vijaya Bank

REGISTERED OFFICE

31, Netaji Subhas Road
 Calcutta-700 001.

CORPORATE OFFICE

102 Maker Chambers III,
 Nariman Point, Mumbai 400 021.

CEAT FINANCIAL SERVICES LTD.**NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of **CEAT FINANCIAL SERVICES LIMITED** will be held at 'KALAKUNJ' (KALAMANDIR BASEMENT), 48, SHAKESPEARE SARANI, CALCUTTA-700 017 on **Friday the 29th day of August, 1997 at 12.00 NOON** to transact with or without modifications, as may be permissible the following business.

Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 1997, the Balance Sheet as at that date and the reports of the Auditors and the Directors.
2. To sanction the declaration and payment of Dividend on Preference and Equity Shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Mr. A.D. Cooper who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. E.B. Desai who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. Sen who retires from office by rotation and, being eligible, offers himself for re-appointment.
6. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass the following resolution which will be proposed as an **ORDINARY RESOLUTION**.

"RESOLVED THAT in modification of the resolution passed by the shareholders at the Eleventh Annual General Meeting of the Company held on 7th September, 1995 and pursuant to the provisions of Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company borrowing such sum or sums of money in any manner from time to time with or without security and upon such terms and conditions as the Board may deem fit and expedient, for the purposes of business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the aggregate of amounts so borrowed and outstanding at any time (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed Rs.1,200 crores (Rupees One Thousand Two Hundred Crores Only) over and above paid-up capital of the Company and its free reserves."

By Order of the Board of Directors

Mumbai, dated 17th June, 1997

S.A. KRISHNAN
President

Registered Office : 31, Netaji Subhas Road, Calcutta 700 001



NOTES

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.
2. Proxies in order to be valid and effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 26th August, 1997, to Friday, the 29th August, 1997 (both days inclusive).
4. All requests for transfer of shares and allied matters alongwith the relevant transfer deeds and/or share certificates should be sent to the Company's Investor Service Centre at 1, Allenby Road, Calcutta 700 020.
5. Members are requested to notify immediately any change in their address to the Company quoting their Folio Number, to ensure prompt receipt of dividend warrants, etc.
6. Shareholders desiring any information as regards the Accounts are requested to write to the Company at least seven days in advance of the date of Annual General Meeting so as to enable the information to be kept ready.
7. Dividend, if declared, will be paid, on or before the 10th day of October, 1997 to those members whose names appear on the Register of Members at the close of working hours of the Company on 29th August, 1997. Dividend, if declared, will be payable pro-rata for the period which they were made fully paid up.
8. Due to the prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report with them for the meeting.
9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends and including dividends paid upto the Financial Year ended 31.3.1993 have been transferred to the General Revenue Account of the Central Government. Concerned shareholders are requested to claim the amount from the Registrar of Companies, West Bengal, Calcutta.

**ANNEXURE
TO THE
NOTICE****Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.****Item 7**

By an Ordinary Resolution passed at the Eleventh Annual General Meeting of the Company held on 7th September 1995, the Board of Directors is presently authorised to borrow monies up to Rs. Six Hundred Crores, in excess of the paid-up capital of the Company and its free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business).

However, with the increase in the Company's business and consequent financial commitments, it is felt desirable that the limit be revised so as to accommodate the growing needs of finance for the purpose of business. Therefore, pursuant to Section 293(1) (d) of the Companies Act, 1956, the Board recommends the passing of the resolution appearing at Item No. 9 of the Notice for fixing the fresh limit for the purpose.

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DIRECTORS' REPORT

To the Shareholders,

The Directors are pleased to present the Thirteenth Annual Report and Audited Statement of Accounts for the year ended 31st March, 1997.

Financial Results

(Rs. in crores)

	<u>1996-97</u>	<u>1995-96</u>
Profit before Depreciation	58.91	47.07
Depreciation	37.61	26.93
Profit before Tax	21.30	20.14
Tax for the year	2.75	NIL
Profit after Taxes and prior period adjustments	18.56	20.14
Balance brought forward from previous year	3.76	3.09
<u>APPROPRIATIONS</u>	22.32	23.09
Towards:		
Dividend	8.59	8.32
Tax on Dividend	0.85	—
Reserves	6.25	11.02
Leaving to be carried forward a balance of	6.63	3.75

Dividend

The Directors recommend dividend (subject to deduction of tax at source) at the rate of:
11% on Preference Shares (Previous Year 11%) and;
31% on Equity Shares (Previous year 30%).

Operations

In the year under review, the Company's turnover increased to Rs.156.32 crores from Rs.107.98 crores. The company's performance in the areas of hire purchase, lease and bills discounting showed a marked improvement over the previous year, despite the tight liquidity conditions prevailing for most of the year. The disbursements during the year showed a rise in the areas of leasing, hire purchase as well as bill discounting areas. Considering that for most part of the year the capital markets were extremely depressed and the liquidity situation in the economy at a low level, your Company's performance could be considered satisfactory.

Container Leasing Operations have commenced in full swing and the division is expected to contribute significantly to the current year's operations.

A new division, the money market division, was started in the year under review. Keeping in mind the changing times, this division was started to service the increased demand for debt instruments in the economy. During the year, the company was accorded a "Satellite Dealer" status by the Reserve Bank of India to further its debt market activities.

The investor confidence in your Company continues to increase as evinced by the mobilisation of Rs.147.01 crores of deposits during the year. The aggregate deposits held by the Company at the end of the year are Rs.345.57 crores.

The Company has commenced the management of Mustafa & Jawad Consultancy & Financial Services LLC, a licensed finance company in Dubai, (UAE). In keeping with its plans for growth outside India, the company's relations with this Company is expected to make a significant thrust for the Company's globalisation plans and to commence its financial services activities outside India.

Looking Ahead

In the last year's report, the Board mentioned that the company had plans to enter the field of cross border leasing. With the opening up of the financial sector and the prospect of full convertibility of the rupee becoming imminent, this activity is expected to become a new thrust area of operation and inquiries for this business have already started.

The Company's focus on Container Leasing continues to keep this division as a thrust area and makes this as one of the areas identified as a niche business. In this regard, a team has been put into place and considerable business development has been done in the year under review.

The Company has also identified retail finance in the office equipment sector as the other niche business segment. In keeping with its plans for this sector of operations, the Company has launched "CEAT Office Credit" as a branded product, the first ever in this line of business.

Directors

Mr. A.D. Cooper, Mr. E.B. Desai and Mr. A. Sen retire by rotation, and being eligible, offer themselves for re-appointment.

Particulars of Employees

Information as per Section 217 (2-A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and under Section 217 (1) (e) of the said Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, form a part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

The Company has no activities relating to conservation of energy and technology absorption.

There was an outgo of Rs.3.37 crores in foreign exchange during the year under review. Rs.2.44 crores was towards value of assets given on lease, Rs.0.84 crores towards commitment fees and Rs.0.09 crores towards advertisement, seminar and travelling expenses.

**Fixed deposits**

At the close of the year, 3480 deposits for an amount of Rs.5.47 crores had matured but were not claimed.

Auditors

Messrs. Tarmaster & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Acknowledgements

The Directors would like to acknowledge here the contribution that the Company's Investors, Bankers, Financial Institutions, shareholders and clients have extended to it. The Directors also sincerely appreciate the dedicated efforts put in by the employees at all levels.

For and on behalf of the Board

Calcutta: 17th June, 1997

S. GOENKA
Chairman

Registered Office: 31 Netaji Subhas Road, Calcutta 700 001.

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CEAT FINANCIAL SERVICES LTD.**AUDITOR'S
REPORT**

We have audited the attached Balance Sheet of **CEAT FINANCIAL SERVICES LIMITED** as at 31st March, 1997 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

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 account.
4. In our opinion and to the best of our information and according to the explanations given to us the accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1997, and
 - (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, issued by the Central Government and on the basis of such checks as we consider appropriate, we further report that:

- (i) The Company has maintained proper records to show full particulars, including quantitative details and situation of the said assets. The fixed assets of the Company excluding those leased out have been physically verified by the Management during the year. In respect of fixed assets leased out, these have been physically verified/confirmation obtained by the Management during the year. No discrepancies between book records and physical verification were noticed.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) The Stock of Shares and Securities of the Company have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (iv) In our opinion and according to the information and explanations, given to us, the procedures of physical verification of stock of shares followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

Discrepancies noticed on physical verification have been adequately dealt with by the Management.
- (v) In our opinion and on the basis of our examination, the valuation of stock of shares is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
- (vi) The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
- (vii) The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.