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12th
ANNUAL REPORT
1996-97



- TRUE COPY -

FIRST FINANCIAL SERVICES LTD.

P. V. Srinivasan
Managing Director

FIRST FINANCIAL SERVICES LIMITED

CHENNAI - 600 018

Report  Junction.com

First Financial Services Limited

FIRST FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

Mr. P. Natarajan	<i>Managing Director</i>
Mr. R. Subramanian	<i>Director</i>
Ms. N. Jayanthi	<i>Director</i>
Mr. N.S.L. Narasimhan	<i>Director</i>

AUDITORS

M/s. V.A.S. Mani & Co.
574/119, Anna Salai
Kamaraj Bhavan
Chennai - 600 006.

BANKERS

The Federal Bank Ltd.
Indian Bank
Bank of Madura Ltd.
The Karur Vysya Bank Ltd.

REGISTERED OFFICE

4-C, Century Plaza
560-562, Mount Road
Chennai - 600 018

BRANCH OFFICES

- | | |
|-------------|-------------|
| • Calcutta | • Mumbai |
| • Hyderabad | • New Delhi |
| • Madurai | |

*First Financial Services Limited***NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of First Financial Services Ltd. will be held on FRIDAY the 7th NOVEMBER 1997 at 9.00 A.M. at Vardhaman Hall, Hotel Ashoka, Pantheon Road, Egmore, Chennai - 600 008 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the 17 months period ended 31st August 1997.
2. To appoint a Director in the place of Mr.R.Subramanian, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if deemed fit, to pass the following resolution as an ordinary resolution with or without modifications:

"RESOLVED THAT Mr.N.S.L.Narasimhan be and is hereby appointed as a Director u/s 255 of the Companies Act, 1956, liable for retirement by rotation."

By the order of the Board
for FIRST FINANCIAL SERVICES LTD.

P.NATARAJAN
Managing Director

Place : Chennai

Date : 1st October 1997

NOTES

1. The Register of Members will be closed from the 4th November 1997 to 7th November 1997 (both days inclusive), for the purpose of Annual General Meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a Member of the company. Proxy Forms in order to be effective must be received at 4-C, Century Plaza, 560 - 562 Mount Road, Teynampet, Chennai - 18 forty eight hours before this Annual General Meeting.
3. Members are requested to bring their copies of the Report and Accounts to the meeting.
4. The relevant explanatory statement pursuant to Sec.173 of the Companies Act, 1956, in respect of the Special Business proposed to be transacted at the meeting is annexed hereto.
5. The members are requested to intimate the Company regarding any change, of their address immediately to 4-C, Century Plaza, 560 -562 Mount Road, Teynampet, Chennai -18 quoting their folio numbers.

First Financial Services Limited

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

Item No.5

Your Directors have appointed Mr.N.S.L.Narasimhan as an Additional Director on the Board of the Company in terms of the provisions of section 260 of the Companies Act, 1956 and he will be holding office only upto the ensuing Annual General Meeting. A notice has been received from a member u/s 257 of the Companies Act, 1956, proposing the appointment of Mr.N S.L.Narasimhan as a Director u/s 255 of the Companies Act 1956 on the Board of the Company liable for retirement by rotation.

None of the Directors other than Mr.N.S.L.Narasimhan are deemed to be interested in the resolution

for FIRST FINANCIAL SERVICES LTD.

Place : Chennai

Date : 1st October 1997

P.NATARAJAN
Managing Director



*First Financial Services Limited***DIRECTORS' REPORT**

TO
THE MEMBERS

Your Directors have pleasure in presenting to you the 12th Annual Report together with the Audited Statement of Accounts of the Company for the seventeen month period from 1st April 1996 to 31st August 1997.

CHANGE IN THE ACCOUNTING PERIOD

The company has during the period under review implemented certain reorganisational plan and consolidation plan to effectively manage the adversely changing business environment. As a result the Board of Directors of the Company has considered it necessary to change the accounting period to end on 31st August 1997.

The accounts of the Company has been presented for the period from 1st April 1996 to 31st August 1997 for the current financial year.

WORKING RESULTS AND REVIEW OF OPERATIONS

	31.08.97	31.03.96
	Rs.	Rs.
Profit before depreciation and tax	(-) 581,661	11,701,441
Depreciation & Lease equalisation	7,764,413	3,420,004
Profit before tax	(-) 8,346,074	8,281,437
Provision for taxation	—	—
Brought forward from Profit & Loss a/c.	10,050,304	4,766,947
Amount available for appropriation	1,704,230	13,048,384
Appropriation		
Tax relating to earlier years	—	—
Transfer to General Reserve	—	—
Interim Dividend (declared)	—	—
Dividend (subject to tax) - proposed	—	2,998,080
Balance carried forward	1,704,230	10,050,304

REVIEW OF OPERATIONS

The year 1996-97 was a difficult year for the financial services sector. The capital issue market was adversely affected by poor investor sentiments. The confidence of the depositors was badly shaken with the result that there had been a virtual run on the deposits. Recoveries of the dues on the amount financed has become difficult due to the unprecedented cash crunch faced by the company's clients. All these adverse factors affected the performance of the company. As a result your company posted a net loss of Rs.83.46 lakhs during the financial period under report.

The credit rating assigned to the company's fixed deposit programme by ICRA has been downgraded from MA- to MD.

OUTLOOK FOR THE CURRENT YEAR

The credit crunch continues to haunt the financial sector. The Contours of the Government Fiscal Policy also appear unclear. The banking sector is still reluctant to extend a helping hand to the Non-Banking Finance Companies (NBFCs). Consequently, the NBFCs are going through a transition.

DIVIDEND

Due to inadequacy of profits, your Directors do not recommend payment of any dividend for the financial period under report.

First Financial Services Limited**FIXED DEPOSITS**

Your Company saw an unprecedented run on its public deposits, which stand reduced from Rs.778 lakhs as on 31st March,1996 to Rs.578 lakhs as on 31st August 1997. The SLR ratio has also dropped below the levels stipulated which has been used principally for repayment of deposits. This explains the remarks made by the Auditors vide. Point 12 of the Auditors Report dated 1st October 1997.

Your company has stopped accepting public deposits from July 1997, as it has become uncompetitive due to fall in the interest rates.

Unclaimed deposits at the end of the financial year ending 31st August 1997 is Rs.19.01 lakhs, and Overdue deposits as on that date is Rs. 47.47 lakhs.

DIRECTORS

Mrs.P.Rajammal has resigned due to her other preoccupation. Your Directors wish to place on record the valuable services rendered by her during her tenure on the Board of the Company as Director.

Mr.N.S.L.Narasimhan has been appointed as Additional Director u/s 260 of the Companies Act, 1956 and he will be holding office only upto the ensuing Annual General Meeting. A notice has been received from a member u/s 257 of the Companies Act, 1956, proposing the appointment of Mr.N.S.L.Narasimhan as a Director u/s 255 of the Companies Act 1956 on the Board of the Company liable for retirement by rotation.

Mr.R.Subramanian shall be retiring by rotation at the ensuing Annual General Meeting and being eligible is offering himself for reappointment.

AUDITORS

The present Auditors, M/s.V.A.S.Mani & Co., retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY PURSUANT TO SECTION 217(1-E)

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

DETAILS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been no Foreign Exchange earning or outgo.

STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

There are no particulars to be furnished under Section 217 (2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENTS

Your Directors thankfully acknowledge the co-operation and assistance extended by the Bankers, Financial Institutions, Merchant Bankers and all other Government departments and agencies Your Directors are thankful to all their valued clients for their continued patronage and the employees of the company for their efforts in bringing up the Company to its present level.

Place : Chennai
Date : 1st October 1997

R. SUBRAMANIAN
Director

For and on behalf of the Board
P.NATARAJAN
Managing Director