

FIRST FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS	Mr.P.Natarajan	Managing Director
	Mr.R.Subramanian	Director
	Ms.N.Jayanthi	Director

AUDITORS	M/s.V.A.S.Mani & Co 574/119,Anna Salai Kamaraj Bhavan Chennai - 600 006
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BANKERS	The Lord Krishna Bank Ltd Canara Bank
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REGISTERED OFFICE	Shop No.1,2&3,Kasiarcade 116,Thiyagaraya Road T.Nagar Chennai 600 017
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For FIRST FINANCIAL SERVICES LTD

  
AUTHORISED SIGNATORY,

NOTICE TO THE SHAREHOLDERS  
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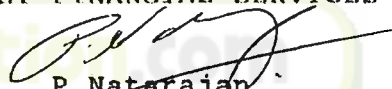
Notice is hereby given that the 21st Annual General Meeting of the Shareholders of First Financial Services Ltd., will be held on Saturday the 30th December 2006 at 4.00.P.M. at Shop No.1,2,& 3,Kasiarcade, 116,Thiyagaraya Road, T.Nagar, Chennai 600 017 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st August 2006.
- 2.To appoint a Director in the place of Mr R Subramanian, who retires 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.

By the order of the Board

for FIRST FINANCIAL SERVICES LTD

  
P. Natarajan  
Managing Director

Place: Chennai

Date : 29th November 2006

## DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting to you the 21st Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st August 2006.

## WORKING RESULTS AND REVIEW OF OPERATIONS

	31-08-2006 Rs.	31-08-05 Rs.
Profit/(loss) before depn and tax	(2,544,891)	215,383
Depreciation & Lease Equalisation	2,278,321	2,278,321
Profit/(loss) before tax	(4,823,211)	(2,062,938)
Provision for taxation	-	-
Brought forward from previous year	(28,403,753)	(26,340,815)
Balance carried forward	(33,226,965)	(28,403,754)

## DIVIDEND

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## A. Industry Structure &amp; Developments

The Company is an NBFC operating engaged in hire purchase and financial service activity. However due to cancellation of the registration by RESERVE BANK OF INDIA, the company is in the process of repaying all the loans and deposits.

## b. Performance

The income from operations for the period ended 31st August 2006 was Rs.(2.367) lakhs as against Rs.2.56 lakhs for the previous year.

Your Company has made a net loss of Rs.(48.23)lakhs during the year as against a net loss of Rs.20.63 lakhs made during the previous year.

## C. Segment-wise performance

Not applicable since the Company operates in a single segment.

**D.Concerns**

The Company's operations are only pay the liabilities both secured and unsecured loan and deposits. Your company is earnestly making all efforts upto speed to recoveries. Outlook of the Company will improve only after it repays the debts for which the Management of the company is actively working.

**F.Internal control systems**

Your company has a proper and adequate system of internal controls to ensure that all the assets are safeguarded and protected against loss from unauthorised use or disposition.

**G.Human resources and industrial relations**

At present Only the Managing director of the company is taking care of the operations . No other paid staff is employed.

**FIXED DEPOSITS**

The Company Law Board had passed an order on 27th January 1999 fixing the scheme of repayment of deposit by the company. The fixed deposits outstanding at the time of the order Rs 440.01 lacs and outstanding on the Balance Sheet was Rs 70.77 lacs.

**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 EARNING AND OUTGO**

There has been no Foreign Exchange earning or outgo

**STATEMENT UNDER SEC 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.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

As required by sub-section(2AA) of Section 217 of the Companies Act, 1956 directors state:-

That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

That the directors have 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 the company and for preventing and detecting fraud and other irregularities.

That the annual accounts have been prepared on a going concern basis.

**DIRECTORS**

The Director Mr R.Subramanian retires by rotation at the ensuing Annual General Meeting and being eligible is offering himself for reappointment.

Directors are hereby declare that none of the Directors disqualified u/s 274 of the Companies Act, 1956 from acting as Directors of this Company.

**CORPORATE GOVERNANCE**

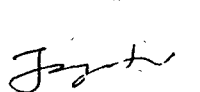
Your Company is in the process of complying with the requirements of the Corporate Governance Code prescribed by SEBI. A report on Corporate Governance, to the extent the same is implement, is annexed.


**ACKNOWLEDGEMENT**

Your Directors thankfully acknowledge the co-operation and assistance extended by the Bankers, Depositors and Government Departments and agencies.

for and on behalf of the Board

Place: Chennai  
Date : 29th November 2006

  
Director

  
Managing Director

### AUDITORS' REPORT

#### To The Members of M/s. First Financial Services Limited

1. We have audited the attached Balance Sheet of M/s. First Financial Services Limited, Chennai (the company) as at 31st August 2006, the Profit and Loss Account and the Cash Flow Statement 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act 1956 (the Act), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) 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 those books.
  - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
  - v) on the basis of written representations received from the Directors, as on 31<sup>st</sup> August 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st August 2006 from being appointed as a



director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

- vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 August 2006;
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the Cash flow for the year ended on that date.

For V.A.S.MANI & CO.,  
Chartered Accountants



V.A.S.MANI  
Proprietor  
Membership No.19395

Place: Chennai  
Date: 29<sup>th</sup> November 2006

**Annexure To The Auditors' Report Referred to in Paragraph 3  
of our Report of Even Date**

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b) The company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.  
  
c) Fixed assets disposed off during the year were not substantial and therefore does not affect the going concern assumption.
2. a) In our opinion and according to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.  
  
b) i) The company has not granted unsecured loans to companies covered in the register maintained under section 301 of the Act.  
  
ii) The rate of interest and other terms and conditions of the loan are, prima facie, not applicable since no outstanding loans as mentioned under section 301 of the Companies Act, 1956  
  
iii) The payment of interest and the repayment of principal does not apply  
  
iv) There is no amount overdue on the loans.
3. In our opinion and according to the 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 purchases of fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the above controls and therefore the reporting of the same does not arise.
4. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act.