

**Annual Report**  
**2010 - 2011**



**FIRST FINANCIAL SERVICES LIMITED**

# First Financial Services Ltd.

## BOARD OF DIRECTORS

Mr Natarajan P	:	Director
Mr S Krishna Rao	:	Director
Mr S G F Melkha Singh	:	Director
Mr Sambasivan Swaminathan	:	Director
Mr Sundaram Sankaranarayanan	:	Director
Mr Nirmal Singh Mertia	:	Executive Director

### AUDITORS:

#### **M/s. Shabbir & Associates**

Chartered Accountants,  
Broad Way,  
Chennai - 600108

Company CIN : L74210TN1984PLC011231

### REGISTRAR AND SHARE TRANSFER AGENT:

#### **Bigshare Services Pvt. Ltd.**

E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (East), Mumbai -400 072.  
Tel : 91-22-40430200  
Fax :91-22-28475207  
Website : [www.bigshareonline.com](http://www.bigshareonline.com)

### BANKERS:

HDFC Bank Ltd, Egmore, Chennai 600 008.  
Vijaya Bank, Egmore, Chennai 600 008.  
Axis Bank Ltd., Malad (W), Mumbai 400 064

### REGISTERED OFFICE:

2 C, Ram Mansion, 2nd Floor  
367 Pantheon Road, Egmore,  
Chennai 600 008.  
Email.: [ffsl@in.com](mailto:ffsl@in.com) / [info@ffslonline.com](mailto:info@ffslonline.com)  
Website: [www.ffslonline.com](http://www.ffslonline.com)

### COMPLIANCE OFFICER:

#### **Mr S Krishna Rao**

First Financial Services Ltd.  
2 C, Ram Mansion, 2nd Floor  
367 Pantheon Road, Egmore  
Chennai 600 008  
Phone No. 044-43555227 / 29  
Fax No. 044-28194595

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of First Financial Services Limited will be held on Friday, 30th September 2011 at 4.00 P.M. at 2 C, Ram Mansion, 367 Pantheon Road, Egmore, Chennai 600 008 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 31st March 2011 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S Krishna Rao, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S G F Melkha Singh, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.  
To Consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT M/s. Shabbir & Associates,** Chartered Accountants be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and that the Board of Directors be and is hereby authorized to fix their remuneration.”

### SPECIAL BUSINESS:

5. Appointment of Mr Sambasivan Swaminathan, as a Director of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-  
**“RESOLVED THAT** Mr Sambasivan Swaminthan, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 31st August 2010 as per the provisions of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds Office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”  
**“RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolutions.”
6. Appointment of Mr Sundaram Sankaranarayanan, as a Director of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

**“RESOLVED THAT** Mr Sundaram Sankaranarayanan, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 10th September, 2010 as per the provisions of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds Office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

**“RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolutions.”

7. Appointment of Mr. Nirmal Singh Mertia, as Director of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

**“RESOLVED THAT** Mr. Nirmal Singh Mertia, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 26th July 2011 as per the provisions of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds Office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company not liable to retire by rotation.”

**“RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolutions.”

By Order of the Board  
For **FIRST FINANCIAL SERVICES LTD.**

Sd/-  
**S Krishna Rao**  
Director

Place : Chennai  
Date : 03-09-2011

### NOTES

1. The Register of Members will be closed from the 26th September 2011 to 30th September, 2011 (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.

# First Financial Services Ltd.

Proxy forms in order to be effective must be received at Registered Office of the Company situated at 2 C Ram Mansion, 367 Pantheon Road, Egmore, Chennai 600 008, 48 hours before this Annual General Meeting.

3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. The Members are requested to intimate the Company regarding any change of their address immediately to the Registered Office quoting their Folio Number.
5. Explanatory statement is enclosed as required to be annexed to the Notice pursuant to the requirements of the Section 173 (2) of the Companies Act, 1956.

6. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days except holidays between 11.00 a.m. to 1.00 p.m. up to the date of AGM.
7. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to the Proxy Form and hand over the Slip at the entrance to the place of the Meeting.
8. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.

## EXPLANATORY STATEMENT : AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO. 5.

Mr. Sambasivan Swaminathan, who was appointed as an additional Director w.e.f. 31st August, 2010 under Section 260 of the Companies Act, 1956, to hold office up to the date of the Annual General Meeting. The Company has received a notice in writing from member proposing the candidature of Mr. Sambasivan Swaminathan for the office of the Director under section 257 of the Companies Act, 1956.

1	Name of the director	Mr. Sambasivan Swaminathan
2	Age	62 Years
3	Qualification	B.E, PG Diploma in IIM, Ahmedabad
4	Experience	36 Years
5	Number of directorship in other companies	Nil

Mr. Sambasivan Swaminathan is not having any shareholding in the Company.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors are concerned or interested in the said Resolution except Mr. Sambasivan Swaminathan.

### ITEM NO. 6.

Mr Sundaram Sankaranarayanan, who was appointed as an additional Director w.e.f. 10th September 2010 under Section 260 of the Companies Act, 1956, to hold office up to the date of the Annual General Meeting. The company has received a notice in writing from member proposing the candidature of Mr. Sundaram Sankaranarayanan for the office of the Director under section 257 of the Companies Act, 1956.

1	Name of the director	Mr Sundaram Sankaranarayanan
2	Age	54 Years
3	Qualification	B.Sc, MBA
4	Experience	33 Years
5	Number of directorship in other companies	Nil

Mr. Sundaram Sankaranarayanan is not having any shareholding in the Company.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors are concerned or interested in the said Resolution except Mr Sundaram Sankaranarayanan.

### ITEM NO. 7.

Mr. Nirmal Singh Mertia, who was appointed as an additional Director w.e.f. 26th July 2011 under Section 260 of the Companies Act, 1956, to hold office up to the date of the Annual General Meeting. The Company has received a notice in writing from member proposing the candidature of Mr. Nirmal Singh Mertia for the office of the Director under Section 257 of the Companies Act, 1956.

1	Name of the director	Mr Nirmal Singh Mertia
2	Age	54 Years
3	Qualification	M.Com
4	Experience	20 Years
5	Number of directorship in other companies	Nil

Mr Nirmal Singh Mertia is not having any shareholding in the Company.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors are concerned or interested in the said Resolution except Mr Nirmal Singh Mertia.

By Order of the Board  
For **FIRST FINANCIAL SERVICES LTD.**

Sd/-  
**S Krishna Rao**  
Director

Place : Chennai  
Date : 03-09-2011

## DIRECTORS' REPORT

To,  
The Members,  
**FIRST FINANCIAL SERVICES LTD.**  
Chennai.

Your Directors have great pleasure in presenting 26th ANNUAL REPORT along with the Audited Balance Sheet and Profit and Loss Account, for the year ended 31st March, 2011.

### 1. FINANCIAL RESULTS:

(Rs. In Lacs)

PARTICULARS	Year Ended 31st March 2011	Year Ended 31st March 2010
Income from Operations	133.37	0.56
Depreciation	Nil	Nil
Profit/(Loss) before Taxation	85.85	0.43
Provision for Taxation	Nil	Nil
Deferred Tax Liabilities	Nil	Nil
Brought Forward From Previous Year	(411.17)	(411.60)
<b>Appropriations</b>		
Profit after Tax	85.85	0.43
Amount available for Appropriation	(325.31)	(411.17)

### 2. OPERATIONS:

During the year the performance of the Company was satisfactory in comparison to previous year as net profit before tax has increased to Rs. 85.85 Lakhs from Rs. 0.43 Lakhs.

### 3. DIVIDEND:

In order to conserve the resources of the Company the Board of Directors have decided to deploy all the profit at the financial year to the business of the Company. Hence they are unable to pay the dividend.

### 4. DIRECTORS:

During the year Mr. S Krishna Rao, Director and Mr. S G F Melkha Singh, Director of the company are retiring by rotation & being eligible offers themselves for reappointment.

Mr. Sambasivan Swaminathan, Mr. Sundaram Sankaranarayanan and Mr. Nirmal Singh Mertia were appointed as additional directors and Mr. Nirmal Singh Mertia was also appointed as an Executive director of the Company during the period and all of them are highly educated professional personnel. The Company expects to perform better with their experience in future.

Mr. Ashok Bothra has resigned as a director of the company with effect from 26th July, 2011.

### DIRECTORS RESPONSIBILITY STATEMENT:

**The Board of Directors hereby confirms:**

- That in the preparation of the 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 judgments 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 2010-2011 and of the Profit or Loss of the Company for the period.
- That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- That the Directors have prepared the Annual accounts on a going concern basis.

### 5. AUDITORS:

M/s. Shabbir & Associates., Chartered Accountants, will hold office until the conclusion of the forthcoming Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1B) of the Companies Act, 1956.

### 6. SUBSIDIARIES:

Since the Company has no subsidiaries, provision of Section 212 of the Companies Act, 1956 is not applicable.

### 7. CORPORATE GOVERNANCE CODE:

The Board had implemented Corporate Governance Code in pursuance of clause 49 of Listing Agreement during the year. The report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from Statutory Auditors of the Company on implementation of requirements of the Corporate Governance is also annexed herewith forming part of this report.

### 8. PARTICULARS OF EMPLOYEES:

Particulars of employees, as required by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not given as no employees are drawing salary in excess of the limits of the Section 217 (2A).

### 9. CONSERVATION OF ENERGY:

Even though, the major activity of your Company does not involve high consumption of energy, your Company is making all efforts to optimize usage of energy.

### 10. TECHNOLOGY ABSORPTION:

Your Company has not imported any technology, hence no details are given.

### 11. INCREASE IN AUTHORISED CAPITAL :

Your Company has already intimated and taken the approval from you regarding the increase in Authorised capital of the Company from Rs. 1 Crore to Rs. 16 Crores through the Extra Ordinary General Meeting held on 25th August, 2011.

### 12. PREFERENTIAL ISSUE :

Your Company has already intimated you regarding the issue of 1,09,00,000 Equity Shares through the preferential issue and your Company now in the process of getting In-principle approval from the Stock Exchange.

### 13. CAPITAL REDUCTION:

The Hon'ble High Court of Madras had approved the Reduction of Share Capital and the same is registered with the Registrar of Companies, Tamil Nadu on 4th May, 2011.

Now the Paid-up Share Capital of the Company is reduced and stand at Rs.37,47,600 comprising of 3,74,760 Equity Shares fully paid up face value of Rs.10/- each.

### 14. APPRECIATION:

The Directors wish to take this opportunity to thank all the Shareholders, Banks & Customers for their Co-operation & support extended to the Company.

By Order of the Board  
For **FIRST FINANCIAL SERVICES LTD.**

Sd/-  
**S Krishna Rao**  
Director

Place : Chennai  
Date : 03-9-2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A) INDUSTRY STRUCTURE AND DEVELOPMENT:

The Company is engaged in Financial Service Activity and Consultancy Business.

### B) PERFORMANCE:

During the fiscal 2011, the Income from Operations of the Company stood at Rs. 133.37 Lacs as compared to previous fiscal of Rs. 0.56 Lacs.

Your Company has made a net profit after tax of Rs. 85.85 Lacs during the year as against a net profit of Rs. 0.43 Lacs made during the previous year.

### C) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

An appropriate and adequate system of internal controls exist in your Company to ensure that all assets are safeguarded and protected against loss from misuse or disposition, and that the transactions are authorized, recorded and reported suitably. Internal control systems are ensuring effectiveness of operations, accuracy and promptness of financial reporting and observance with laws & regulations.

The internal control is supplemented on an ongoing basis, by an extensive program of internal audit being implemented throughout the year, by the in house internal audit and also by independent Chartered Accountants

firm of "Internal Auditors". The internal audit reports along with management comments thereon are review by the Audit Committee of the Board comprising of independent and non-executive Directors, on a regular basis. Implementations of the suggestions are also monitored by the Audit Committee. The internal control is designed to ensure that the financial and other records of the Company are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

### E) HUMAN RESOURCES POLICIES:

At present the Directors of the Company were taking care of the operations. However, the Company has plans to appoint more staff now to improve the business.

### F) CAUTIONARY STATEMENT:

The statements in report of the Board of Directors and the Management Discussion & Analysis Report describing the Company's outlook, estimates or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company takes no responsibility for keeping the members updated on changes in these factors except as may be statutorily required from time to time.

## CORPORATE GOVERNANCE REPORT

### 1) COMPANY'S PHILOSOPHY:

The Corporate Governance code as introduced by Securities and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement and subsequently amended from time to time.

The Company believes in maximum utilization of resources at minimum cost and attaining maximum long term shareholders value. The Company has also consistently followed good corporate policy and enhanced its value in the eyes of shareholders, Bankers, Customers and Employees.

### 2) BOARD OF DIRECTORS:

#### a) Composition and category of Directors as on 31.03.2011 :

The Board of Directors of the Company comprises of a fair number of Independent professionally competent and acclaimed Non Executive Directors. The Board of Directors of the Company consists of Six Members.

Mr. P Natrajan	-	Director & Promoter
Mr. S Krishna Rao	-	Non-Executive & Independent Director
Mr. Sundaram Sankaranarayanan	-	Non-Executive & Independent Director
Mr. G F Melkhasingh	-	Non-Executive & Independent Director
Mr. Sambasivan Swaminathan	-	Non-Executive & Independent Director
Mr. Ashok Bothra	-	Non-Executive & Independent Director

None of Directors has pecuniary or Business relationship with the Company except as mentioned elsewhere in the Annual Report. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

During the year there were in total Ten Board Meetings were held i.e. on 29-04-2010, 04-06-2010, 05-06-2010, 07-06-2010, 20-08-2010, 31-08-2010, 10-09-2010, 23-09-2010, 28-10-2010 and 24-01-2011. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

Sr. No.	Name of Director	Category	No of Meetings Attended	Attendance at Last AGM	No. of other Directorships	No. of other Committee membership In other Companies
1.	Mr. P Natarajan	Director	10	YES	2	Nil
2.	Mr. S Krishna Rao	Director	8	YES	4	Nil
3.	Mr. S G F Melkha Singh	Director	8	YES	2	Nil
4.	Mr. Sambasivan Swaminathan	Additional Director	5	No	0	Nil
5.	Mr. Sundaram Sankaranarayanan	Additional Director	4	No.	0	Nil
6.	Mr. Ashok Bothra	Additional Director	0	No.	0	Nil

### 3) AUDIT COMMITTEE:

The company has constituted the Audit Committee on 23-09-2010 with the following Members:-

1. Mr Sambasivan Swaminathan
2. Mr Sundaram Sankaranarayanan
3. Mr S Krishna Rao

### 4) REMUNERATION COMMITTEE:

The Company has constituted the Remuneration Committee on 23-09-2010 with the following Members:-

1. Mr Sundaram Sankaranarayanan
2. Mr P Natarajan
3. Mr S Krishna Rao