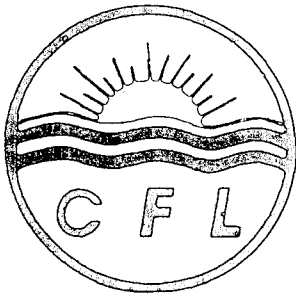


MD	✓		BRO	✓
CO	N/A		DPY	N/A
PL	✓		DPV	✓
TR	N/A		RC	✓
ALM	✓	✓	SHI	✓
Y	✓	✓		



Central Finance Limited

Report  junction.com

18th

ANNUAL REPORT 1996-97

OUR BUSINESS POLICY AND PHILOSOPHY

Customer focus as all-round concern.

Prudence in business decisions.

Earning good returns at minimum risk.

Investment in building motivated staff.

Perseverance in whatever we aim at.



Central Finance Limited



DIRECTORS

MR. PRIYAKANT M. DALAL	<i>Chairman</i>
MR. VIPUL P. DALAL	
MR. BHARAT J. SHAH	
MR. PARIMAL MERCHANT	
MR. H.S. SAWHNEY	<i>Executive Director</i>
MR. JAYANAND GOVINDARAJ	
MR. GANESH RAJAGOPALAN	
MR. HIREN H.SHAH	<i>Executive Director</i>

BANKERS

BANK OF PUNJAB LTD

CORPORATION BANK

AUDITORS

M/S. C.C. DALAL & CO.

REGISTERED OFFICE

507, MAKER CHAMBERS V,
NARIMAN POINT,
MUMBAI - 400 021.

CORPORATE OFFICE

310, MAKER CHAMBERS V,
NARIMAN POINT,
MUMBAI - 400 021.



13th Annual Report

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the members of Central Finance Ltd will be held on Wednesday, the 6th of August, 1997 at 4.00 p.m. at the Kilachand Conference Room, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020 to transact the following business :

1. To receive and adopt the Audited Accounts for the year ended 31st March 1997 and the Report of the Directors and the Auditors.
2. To declare dividend.
3. To appoint a Director in place of Shri Harjeet Singh Sawhney who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Parimal Merchant who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Bharat J. Shah who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT subject to the necessary approvals wherever necessary, the Board of Directors be and is hereby authorised to grant loans to other bodies corporate not under the same management as the company in excess of 30 per cent of its subscribed capital and free reserves, subject to a maximum ceiling of Rs. 10 crores.

By Order of the
Board of Directors

Place : Mumbai
Dated : 11th June, 1997

VIPUL P. DALAL
Director

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The instrument appointing the proxy should 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 the Share Transfer Books of the Company will remain closed from Thursday, the 24th day of July, 1997 to Thursday, the 31st day of July, 1997 (both days inclusive).
- 4) The Dividend on the Shares as recommended by the Board of Directors, if declared at the Meeting will be paid to those shareholders whose names appear on the Company's Register of Members on 31st day of July 1997.
- 5) Shareholders who desire any information as regard Accounts are requested to write to the Company at least one week before the date of the meeting so as to enable the Management to keep the information ready.
- 6) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the item of Special Business is annexed hereto.

By Order of the
Board of Directors

Place : Mumbai
Dated : 11th June, 1997

VIPUL P. DALAL
Director

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT 1956

ITEM NO : 7

Members are aware that in the ordinary course of our business we are approached from time to time, by body corporates which regularly deal with us for short-term fundings.

It is in the business interest of the company to grant such short term loans on reasonable terms. According to section 370 of the Companies Act, 1956, the Board of Directors of the company may grant loans to bodies corporate not under the same management in excess of 30 per cent of the subscribed capital and free reserves after obtaining the necessary prior approvals.

As it is not expedient for the Board to obtain the approval in each individual case, your directors, request the general approval of members in terms of the provisions of Section 370 to grant loans to bodies corporate upto a maximum ceiling of Rs. 10 crores.

No director is concerned or interested in the resolution.

Approval of members is therefore requested to the resolution.

By Order of the
Board of Directors

Place : Mumbai
Dated : 11th June, 1997

VIPUL P. DALAL
Director



Central Finance Limited

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present their Thirteenth Annual Report on the working of the Company. The audited statement of accounts for the year ended 31st March, 1997 is also placed before you.

FINANCIAL RESULTS

	(RS. IN LACS)	
	YEAR ENDED 31.3.97	YEAR ENDED 31.3.96
Income from Operations & Other Income	179.83	151.29
Profit before interest & dep.	144.26	116.04
Interest	30.00	16.09
Depreciation	49.38	50.28
Profit Before Tax	64.88	49.67
Tax Provision	46.89	30.00
Profit After Tax	17.99	19.67
Add : Balance brought forward	51.40	50.24
Less : Short Provision for Tax	0.46	—
Balance available for Appropriation	68.93	69.91
Appropriations		
Proposed Dividend	13.50	13.50
General Reserve	3.60	5.00
Balance Carried forward	51.83	51.41

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.50 per share (Rs. 1.50 per share for the previous year), aggregating Rs. 13.50 lacs (Rs. 13.50 lacs). We are pleased to inform our valued shareholders that the proposed dividend would be completely exempt from Income Tax. The effective dividend yield for various shareholders works out to as follows :

Dividend	Tax Slab			
	10%	20%	30%	35%
	Individual			Corporate
	YIELD			
15%	16.66%	18.75%	21.42%	23.07%

OPERATIONS

The performance of the company for the year under review was commendable considering the illiquid market conditions and sluggish capital markets.

Gross Income at Rs. 179.83 lacs (Rs. 151.29 lacs) registered a growth of 18.86% as compared to the last year. Though Net Profit at Rs. 17.99 lacs declined by 8.5%, the profit before tax reported 30.6% growth over the last year. The fall was mainly due to steep rise in provision for taxation of Rs. 46.89 lacs (including tax on proposed dividend).

CORPORATE FINANCE

The performance of this division, which was started in Sept'95, has been very impressive. Income from Interest, Bill Discounting and Syndication fees has shown remarkable growth. Your directors are confident that in the coming years, the performance of this division shall contribute substantially to the profits of the company.

LEASE INCOME

During the year, the market scenario was not encouraging due to high rate of defaults and uncompetitive rates. The conscious decision of avoiding sanction of fresh leases has resulted in loss of tax shelter and consequential higher tax incidence. Your directors are reviewing the prevailing conditions and are hopeful of expanding presence in this area on a selective basis.

INVESTMENT INCOME

Despite dull and depressed capital market conditions, this division has performed extremely well by making prudent and timely investment decisions.

INCOME FROM DEBT OPERATIONS

Your Company initiated operations in debt market in December 1996. It involves syndication and placement of debt instruments including government securities at institutional and retail levels. The performance of this division, during this short period, has been satisfactory and is expected to strengthen your Company's presence in this segment.

PMS INCOME

As this division was started in boom, the company decided to liquidate the corpus and stop for the



13th Annual Report

time being. In the process, your company gained good experience in handling PMS.

CURRENT YEAR'S OUTLOOK

The growth oriented budget coupled with reduction of tax rates across the board shall boost the industrial activity and capital markets. Your company is fully geared to take advantage of the current scenario and is hopeful of improving the profitability of the Company.

SUBSIDIARY COMPANIES

Akulpita Securities Private Ltd ceased to be a subsidiary of the company u/s. 4 (1) (a) of the Companies Act, 1956 during the year. The audited accounts alongwith the Director's Report for the year ended 31st March, 1997 in respect of M/s. Central Finance Securities Ltd is attached as required u/s. 212 of the Companies Act, 1956.

DIRECTORS

Mr. Harjeet Singh Sawhney, Mr. Parimal Merchant and Mr. Bharat Shah retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. C.C. Dalal and Co., Chartered Accountants, Mumbai, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure forming part of this report.

DEPOSITS

The Company had no overdue or unclaimed deposits as at 31st March, 1997.

ENERGY CONSERVATION AND FOREIGN EXCHANGE

The Company has no activity relating to conservation of energy or technology absorption. The Company does not have any foreign exchange earnings or outgo.

APPRECIATION

The Directors wish to place on record their appreciation of the devoted services of the Staff and Officers for their contribution to the performance of the Company and to our valued Clients, Bankers, Depositors, and Shareholders for their support.

For and on behalf of the
Board of Directors

Place : Mumbai

VIPUL P. DALAL

Dated : 11th June, 1997

Director

ANNEXURE TO DIRECTORS' REPORT

Particulars of Employees employed for part of the year and were in receipt of remuneration of not less than Rs. 25,000/- per month.

Sr. No.	Name	Age years	Designation/ Nature of duties	Gross Remuneration Rs.	Qualification/ Experience	Date of Employment	Previous Employment
1.	Mr. Hiren H. Shah	41	Executive Director	2,87,500	B.Com., LL.B. 21 years	15.04.96	President MCS Ltd

Note : The nature of Employment is contractual.

For and on behalf of the Board of Directors

Place : Mumbai

VIPUL P. DALAL

Dated : 11th June, 1997

Director

Central Finance Limited**AUDITORS' REPORT**

To
The Shareholders,

We have audited the attached Balance Sheet of Central Finance Ltd, as at 31st March, 1997 and also the attached Profit and Loss Account for the year ended on that date and report that :

- A) As required by Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227 (4-A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we give in the annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
- B) Further to our comments in the Annexure referred to in paragraph A above, we 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 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 said 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 of the Company for the year ended on that date.

FOR C.C. DALAL & CO.
Chartered Accountants

Place : Mumbai
Dated : 11th June, 1997

K.C. DALAL
Partner

ANNEXURE REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. The Fixed Assets have been physically verified by the management during the year. We are informed that no

discrepancies were noticed on such verification as compared with the aforesaid records of Fixed Assets.

2. None of the Fixed Assets have been revalued during the year.
3. The Company has granted loans to other companies and the rate of interest and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the Company.
4. 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.
5. In case of the public deposits received by the Company, the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act, 1956 and the applicable rules framed thereunder, have been duly complied with.
6. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
7. The provisions of the enactments pertaining to provident fund and employee state insurance are not applicable to the Company.
8. According to information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs duty and Excise duty were outstanding, as at 31st March, 1997 for a period of more than six months from the date they became payable.
9. According to the information and explanations given to us, no personal expenses have been charged to revenue account.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of Special statutes pertaining to chit funds, nidhi or mutual benefit societies are not applicable to the Company.
12. The Company has maintained proper records of transactions of its investments. Further all investments are held in the name of the Company except those which are in the process of transfer.

As per the information and explanations given to us and taking into consideration the nature of business of the company, clauses (iii), (iv), (v), (vi) (xii), (xiv), (xvi) and (xx) of paragraph 4 (A) and clauses (ii) and (iv) of the paragraph 4(B) of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 are not applicable.

FOR C.C. DALAL & CO.
Chartered Accountants

Place : Mumbai
Dated : 11th June, 1997

K.C. DALAL
Partner



13th Annual Report

BALANCE SHEET AS AT 31ST MARCH 1997

	SCHEDULES	31-03-97 RUPEES	31-03-96 RUPEES
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	90,00,000	90,00,000
Reserves & Surplus	2	85,43,667	81,40,497
Secured Loans	3	20,16,013	43,36,732
Unsecured Loans	4	2,64,38,000	41,68,000
TOTAL		4,59,97,680	2,56,45,229
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,99,10,508	1,89,12,330
Less : Depreciation		1,36,40,018	87,01,781
Net Block		62,70,490	1,02,10,549
Investments	6	90,57,207	33,35,661
Current Assets, Loans & Advances	7	5,24,09,294	2,67,42,504
Less : Current Liabilities and Provisions	8	2,18,16,969	1,47,46,688
Net Current Assets		3,05,92,325	1,19,95,816
Miscellaneous Expenditure	9	77,658	1,03,203
TOTAL		4,59,97,680	2,56,45,229
Notes on Accounts	14		

As per our Report of even date

For C.C. DALAL & CO
Chartered Accountants

K.C. DALAL
Partner

For and on behalf of the Board

HIREN H.SHAH Executive Director
VIPUL P. DALAL Director

Place : Mumbai, Dated : 11th June, 1997