

CFL CAPITAL FINANCIAL SERVICES LTD.

CFL CAPITAL FINANCIAL SERVICES LIMITED

NOTICE is hereby given that the Twenty-third Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at Birla Academy, 108-109, Southern Avenue, Kolkata-700 029 on Wednesday, the 30th day of July, 2008 at 10.30 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March 2008, the Balance Sheet as that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.H.C.Mathur who retires by rotation and is eligible for reappointment
3. 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 authorize the Board to fix their remuneration.

By Order of the Board

R.C.Kurup
Company Secretary

Registered Office:
Century Plaza
81, Netaji Subhas Road
Unit No.233, Second Floor
Kolkata-700 001

Dated : 23rd June, 2008

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. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members of the Company will remain closed from 16th July, 2008 to 30th July, 2008, both days inclusive.
3. Brief profile of Mr. H.C. Mathur who is seeking re-appointment at the ensuing Annual General Meeting required to be provided pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges is furnished in the statement on Corporate Governance published elsewhere in this Report.
4. 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 the Meeting to enable the Company to keep the information ready, as far as possible.
5. 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.
6. The Equity Shares of the Company have already come under compulsory dematerialised trading with effect from 28th August 2000. Members are, therefore, at liberty to dematerialise their holdings in the Company through a Depository Participant.

CFL CAPITAL FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Your Directors hereby present their Twenty-third Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS

	(Rs. in Lakhs) For the year ended 31-3-2008	(Rs. in Lakhs) For the year ended 31-3-2007
Gross Income	128	196
Less: Expenditure	1139	1158
Less: Depreciation	11	12
Gross Profit/(Loss)	(1022)	(974)
Add Write off/provision against doubtful and irrecoverable debts and diminution/loss in value of investments	1815	117
Less Provision for expenses/NPA no longer required/ bad debts recovered etc	1961	1335
Profit/(Loss) before tax	(876)	244
Interest on Income Tax Refunds	310	-
Provision for tax	4	2
Profit/ (Loss) after tax	(570)	242
Tax Dues of earlier years	2	-
Add: Balance brought forward from earlier years	(48310)	(48552)
Loss carried to Balance Sheet	(48882)	(48310)

AUDIT REPORT

Regarding Auditors' comments on the negative net worth of the Company and preparation of the accounts on a going concern basis with assets and liabilities continuing to appear at their book value without necessary adjustments and classifications, non-compliance of the provisions of the Non-Banking Financial Companies (Reserve Bank of India) Directions 1977, non maintenance of minimum Capital Risk Asset Ratio(CRAR) as prescribed by the Reserve Bank of India and the non-confirmation of loans and interest thereon, your Directors draw your attention respectively to Notes B1, B2, B-25 in Schedule-12 and Note (ii) in Schedule -3 forming part of the Accounts which are self explanatory.

DIVIDEND

In view of the accumulated losses, your Directors regret their inability to recommend any dividend on the Preference or Equity Shares.

OPERATIONS

Your Company continued in its intensive efforts for recoveries from debtors through various methods like legal action, persuasion and negotiation and met with reasonable degree of success. The revenues generated were used for repayment of Fixed Deposits and other dues and for meeting operating expenses. The Company could not meet with any success in starting any non banking non finance business due to its inability to raise loans for want of adequate assets for securitisation and insufficient generation of funds through collection.

Your Directors are pleased to inform that in spite of formidable constraints your Company has been strictly following the Order passed by the Hon'ble Company Law Board on 7th February, 2007 sanctioning the Scheme of repayment of deposits to the holders of Fixed Deposits in instalments. The Company has paid Rs. 7.44 crores, including hardship cases, to its Fixed Depositors during the financial year ended 31st March, 2008. 4778 deposits of Rs 7.15 crores are unclaimed as on 31st March, 2008. The Company is making efforts to reach out to these depositors from time to time. Your Company will continue to make its best efforts to repay the outstanding Fixed Deposits in accordance with the Orders of the Hon'ble Company Law Board.

Your Company continues in its efforts to reduce its operating expenses and is operating at the bare minimum level.

DIRECTORS

The Central Government has vide letter no.12/507/2007-CL-VII dated 24th September, 2007 approved the re-appointment of Mr.H.C.Mathur as Managing Director of the Company for a further period of two years with effect from 1st May, 2007.

Mr.H.C.Mathur retires by rotation and, being eligible, offers himself for re-appointment.



PARTICULARS OF EMPLOYEES

Mr. Amarendra Nath Misra was the only employee falling within the purview of Section 217(2-A) of the Companies Act, 1956 and his particulars are appended below:

Designation	Remuneration (Rs.)	Nature of Employment whether contractual or otherwise	Other Terms And conditions	Nature of Duties	Qualification and total service Experience (Years)	Date Of Comm.- encement of employment	Age	Last employment held and Design- ation	Percentage of Equity Shares held
Vice President- Legal	41,23,115/- (42,77,702)	contractual	Notice of 6 months from either side	In-charge of Legal Functions And recoveries	B.A., LL.M., MBA, PGDCS 24Years	06.09.1995	43	Head Legal Dept. Indo-Gulf Fertilisers & Chemicals Limited	Nil

*Remuneration has been calculated as per Section 198 of the Companies Act, 1956 and includes expenditure incurred by the Company on salary and provision of benefits in respect of Mr. Misra.

Mr. Misra is not a relative of any Director of the Company and does not hold any shares in the Company either in his own name or in the name of his relatives.

SUBSIDIARY

The Directors' Report along with the Auditors' Report, Balance Sheet and Profit and Loss Account of Ceat Securities Limited for the year ended 31st March, 2008 are annexed to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

Your Company did not consume energy of any significant level during the year under review and, therefore, there was not much scope for taking any measures for energy conservation and for making any additional investment for reduction of energy consumption. Further, there being no involvement of any technology in the Company's activities during the year no comment is made in this regard.

There has been no foreign exchange earning or outgo during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) they 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/loss of the Company for that period;
- (iii) they 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; and
- (iv) they have prepared the Accounts on a going concern basis (As explained in Note B 1 & 2 of Schedule 12 of the Accounts).

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE

In accordance with the requirements of the Listing Agreements with the Stock Exchanges, a report on Management Discussion and Analysis is attached hereto (Annexure 'A'). A report on Corporate Governance along with a certificate of the Auditors confirming compliance is also attached. (Annexure 'B')

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors wish to record their appreciation of the encouragement, support, assistance and co-operation received from the Company's bankers, financial institutions, shareholders, depositors and employees extended to it through out the year

For and on behalf of the Board

(H.C.Mathur)

Chairman

Kolkata: Dated: 23rd June, 2008

CFL CAPITAL FINANCIAL SERVICES LTD.

Annexure 'A' to the Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company continued in its efforts towards gathering resources for meeting its liabilities and especially for payment of the outstanding Fixed Deposits. Despite best efforts your Company could not make any headway in starting any non-banking non-finance business due to the acute scarcity of funds.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Consequent to the cancellation of its Certificate of Registration as a Non-Banking Finance Company by the Reserve Bank of India and in the absence of any significant business activity, the Company does not fall under any industrial structure. The Company paid the instalment payable under the Order of the Hon'ble Company Law Board within 2007. Proceedings initiated against the Company by most of the banks for recovery of their dues are at various stages before the Debt Recovery Tribunal are continuing.

OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK

The resources gathered were used primarily for meeting payment of Fixed Deposits and meeting operating expenses leaving no surplus for deployment in surplus earning avenues. This also led to the Company not being able to meet with any success in starting any non-banking non financial business. Your Company is striving very hard to maximize its recoveries and raise resources. The Company will continue with its efforts to pay off its liabilities and with this view intensive efforts to increase recoveries are continuing. The outcome of the efforts to raise resources will determine the Company's ability to sustain in future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective system of accounting and administrative controls supported by an internal audit system with proper and adequate system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilisation.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

Your attention is drawn to the report of the Directors and more specifically to the issues mentioned under the head 'Operations' and to the comments under the head 'Opportunities, Threats, Risks, Concerns, Performance and Outlook' here before. The Company's financial position is under extreme stress and needs a concerted effort from creditors and shareholders for any significant positive result to emerge in the long run.

HUMAN RESOURCES

The Company has 20 employees.

During the year a few innovative ideas were received from the staff, many of which were implemented for improvement in cost control, business recoveries and for achieving greater efficiency.

For and on behalf of the Board

(H.C.Mathur)

Chairman

Kolkata : Dated: 23rd June, 2008

Annexure 'B' to the Directors' Report

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Your Company continues to practise transparency in its dealings with emphasis on integrity and compliance of regulatory provisions. It attaches great importance to practice of good corporate governance for meeting the interests and aspirations of the stakeholders. Your Company has implemented the mandatory requirements regarding Corporate Governance as mentioned in Clause 49 of the Listing Agreements.

Board of Directors

The composition of the Board of Directors and other details as on 31st March, 2008 are given below:

Name of the Director	Executive/ Independent/ Non-executive	No. of Board Meeting attended	Whether Attended Last AGM	No. of other Directorships in Public Ltd Companies	No of other Committee Chairman- ship/Member
Mr. H.C.Mathur	Managing Director	7	Yes	NIL	NIL
Mr.B.N.Tripathi	Independent Non-executive	7	Yes	NIL	NIL
Mr.Sujit Datta	Independent Non-executive	7	Yes	NIL	NIL
Mr.Sudhamoy Chatterjee	Independent Non-executive	7	Yes	NIL	NIL
Mr.A.V.Sudhakaran	Independent Non-executive	4	No	NIL	NIL

The Central Government has vide letter no.12/507/2007-CL-VII dated 24th September, 2007 approved the re-appointment of Mr.H.C.Mathur as Managing Director of the Company for a further period of two years with effect from 1st May, 2007.

Mr. H.C.Mathur retires by rotation and, being eligible, offers himself for re-appointment. Mr.Mathur is 71 years of age and is a post graduate from Lucknow University. He possesses over 47 years of commercial experience related to various aspects of management including legal, secretarial, administration, finance, etc.

During the year under review, 7 meetings of the Board of Directors were held on 19th April, 2007, 22nd June, 2007, 31st July, 2007, 31st October, 2007, 7th December, 2007, 31st January, 2008 and 26th March, 2008. The meetings of the Board of Directors are generally held once in a quarter and are scheduled well in advance unless it is necessary to convene the same for urgent purposes. A detailed agenda is prepared by the Company Secretary in consultation with the Managing Director which is circulated to the members of the Board in advance.

Audit Committee

The Company has a qualified Audit Committee comprising of three Non-executive Independent Directors. The terms of reference of the Committee are in accordance with the provisions of the Companies Act, 1956, the requirements of the Reserve Bank of India and of the Listing Agreements with Stock Exchanges. There were five meetings of Audit Committee on 22nd June, 2007, 31st July, 2007, 31st October, 2007, 31st January, 2008 and 26th March, 2008. The names of members of the Committee and their attendance at the meetings are as follows:

Name of the members	No of meetings attended
Mr.Sujit Datta Chairman	5
Mr.B.N.Tripathi Member	5
Mr.Sudhamoy Chatterjee Member	5

Remuneration Committee

The Company has a Remuneration Committee to recommend/review the remuneration package of the Managing Director. Mr.B.N.Tripathi is the Chairman of the Committee with Messrs Sujit Datta and Sudhamoy Chatterjee being the other members. The Committee met once during the year on 28th March, 2008 which was attended by all the members of the Committee.

Remuneration Policy

Payment of remuneration to the Managing Director is governed by the terms and conditions contained in the Agreement entered into with him which incorporates remuneration within the limit sanctioned by the Central Government and the shareholders. The remuneration structure comprises of salary, consolidated allowance and other perquisites such as house rent allowance, medical benefits, leave travel concession, club subscription, contribution to provident, superannuation and gratuity funds and provision of car and telephone. There is no separate provision for payment of severance fee. However, the statutory provisions will apply.

The details of remuneration paid to Mr. H.C. Mathur during the year ended 31st March, 2008 are Basic Salary Rs. 4,56,000/-, House Rent Allowance Rs.2,73,600/- Consolidated Allowance Rs.60,000/- and Perquisites including Provident Fund, Personal Accident Insurance, etc. Rs.2,24,904/- aggregating Rs 10,14,504/-. In the opinion of the Central Government there has been payment of excess remuneration to Mr.Mathur and the Company has applied to the Central Government for waiver of the refund. Either party to the Agreement is entitled to terminate the Agreement by giving not less than six calendar months' prior notice in writing to the other party. The Company shall also be entitled to terminate the incumbent's appointment at any time by payment of six months' salary in lieu of notice. Non-Executive Directors are entitled to receive sitting fees for attending meetings of the Board of Directors. Messrs. Sujit Dutta, B.N.Tripathi and Sudhamoy Chatterjee each received a sum of Rs.6,000 and Mr.A.V.Sudhakaran received Rs.3,000/-as sitting fees during the year under review.

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Investors'/Shareholders' Grievance Committee

The Company has a Shareholders'/Investors' Grievance Committee of the Board of Directors under the Chairmanship of Mr.B.N.Tripathi, Non-Executive Director, to look into the redressal of investors' grievances with Messers H.C.Mathur and Sujit Datta as the other members. The Board of Directors has delegated power of approving transfer/transmission of shares to senior executives of the Company. During the year the Committee met 5 times with all the members attending the meetings.

Mr.R.C.Kurup, Company Secretary, is the Compliance Officer of the Company.

During the year under review, the total number of grievances received was 6 and all of them have been resolved to the satisfaction of the shareholders. No share transfer/transmission/issue of duplicate share certificates was pending as on 31st March, 2008.

General Body Meetings

Details of location and time of last three Annual General Meetings are as follows:

AGM	Year	Venue	Date	Time	Special Resolution Passed in the AGM
20th	2004-05	Mini Auditorium, JBSHaldane Avenue Kolkata-700 046	22.09.2005	10.30 A.M.	Yes
21st	2005-06	Do -	05.09.2006	10.30 A.M.	No
22nd	2006-07	Birla Academy 108-109 Southern Avenue Kolkata-700 019	27.07.2007	10.30 A.M.	Yes

A Special Resolution for extension of the term of the 13% Cumulative Redeemable Preference Shares through postal ballot was conducted as per the applicable Rules under the Companies Act, 1956 with Mr.Mohan Goenka, Practising Company Secretary, acting as the Scrutinizer. The resolution was carried with 81.67% of the valid votes voting in favour of the Resolution and 18.33% of the valid votes voting against the Resolution.

All resolutions placed before the members at the last Annual General Meeting were passed by the requisite majority.

Code of Conduct

The Board of Directors has laid down a code of conduct for the Company which is applicable to all its Board Members and Senior Management Personnel. This code has been posted on the Company's website. For the year under review, all Directors and senior management personnel have confirmed their adherence to the provisions of the said code. A declaration to this effect signed by the Managing Director forms part of this Report.

Disclosures

- The Company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries, relatives etc that may have a potential conflict with the interest of the Company at large.
- The Equity Shares of the Company remain suspended for trading by the National Stock Exchange for non-compliance of certain provisions of the Listing Agreement. The matter is still pending. Except as aforesaid there were no non-compliance, penalties, and strictures by Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years.
- The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.
- The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreements with the Stock Exchanges. Out of the non-mandatory requirements the requirement as to Remuneration Committee is in place.

Means of Communication

Quarterly and annual results are published in renowned daily publications such as Business Standard (English) and Kalantar and Arthik Lipi (Vernacular). Such results were posted on SEBI's Electronic Data Information Filing and Retrieval System (EDIFAR) website.

The Company has a website www.cfltd.in. The Company's E-mail ID for the purpose of investors for any grievance is cflshlddgrievance@rpg.in. Individual communication of the half yearly results is not made to the shareholders. The Company has not made any presentation to institutional investors or analysts.



General Shareholder Information

- a. Annual General Meeting:
Date and Time 30th July, 2008 (Wednesday) at 10.30 A.M
Venue Birla Academy of Art & Culture
108-109 Southern Avenue
Kolkata-700029

- b. Financial Calendar (Tentative and subject to change)
Financial results for quarter ending 30th June, 2008 End of July, 2008
Financial results for quarter ending 30th September, 2008 End of October, 2008
Financial results for quarter ending 31st December, 2008 End of January, 2009
Financial results for the year ending 31st March, 2009 End of June, 2009
Annual General Meeting for the year ending 31st March, 2009 End of September, 2009

- c. Book Closure Date 16th July, 2008 to 30th July, 2008
(both days inclusive)

- d. List of Stock Exchanges where shares are listed and Stock Code
- | Name | Address | Stock Code |
|---|---|------------|
| Bombay Stock Exchange Ltd.,
Mumbai | Phiroza Jeejeebhoy Towers,
Dalal Street, Mumbai-400 023 | 511272 |
| The National Stock Exchange
of India Ltd. | Exchange Plaza, Plot C-1,
IFB Center, G Block,
Bandra Kurla Complex (BKC),
Bandra (East), Mumbai-400 051 | 13042 |
| The Calcutta Stock Exchange
Association Ltd. | 7, Lyons Range, Kolkata-700 001 | CEATFIN |

Listing fee has been paid to the Bombay Stock Exchange Limited for the year 2007-2008

The Company has applied to the Calcutta Stock Exchange Association Limited and the National Stock Exchange for delisting its Equity Shares from these Exchanges pursuant to Special Resolution passed by the shareholders at the Annual General Meeting of the Company held on 17th September, 2003 and is waiting for their approval. As such the Company has not paid the listing fees to these exchanges up to the year 2008-09

- e. Market Price Data
Monthly High and Low of Company's Equity Shares (Rs. 10 per share) for the year ended March 2008 at the Stock Exchange, Mumbai

Months	Company's Share		BSE Sensex	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April, 2007	2.99	2.15	14383.72	12425.52
May, 2007	3.17	2.51	14576.37	13554.34
June, 2007	4.01	2.97	14683.36	13946.99
July, 2007	5.37	3.69	15868.85	14638.88
August, 2007	5.51	3.95	15542.40	13779.88
September, 2007	6.28	4.15	17361.47	15323.05
October, 2007	6.26	3.78	20238.16	17144.58
November, 2007	6.48	3.82	20204.21	18182.83
December, 2007	11.47	5.14	20498.11	18886.40
January, 2008	15.27	5.89	21206.77	15332.42
February, 2008	7.78	5.06	18895.34	16457.74
March, 2008	5.25	3.70	17227.56	14677.24

- f. Registrars and Share Transfer Agent
Intime Spectrum Registry Limited
The address and other details of the Registrars have been furnished in this Report under Serial m (f) below.

- g. Share Transfer System
All physical shares lodged with the Company or Share Transfer Agent, Messrs. Intime Spectrum Registry Limited, for transfer accompanied by valid transfer deeds are processed and returned to the shareholders within the stipulated period. In case of bad deliveries, the relevant documents are returned promptly.

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h. Shareholding Pattern (at 31st March, 2008)

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	128628315	92.76
Mutual Funds & UTI	Nil	0.00
Banks, Financial Institutions & Insurance Companies	10600	0.00
Private Corporate Bodies	1388625	1.00
Indian Public	8628931	6.22
NRIs/OCBs	18529	0.02
Total	13,86,75,000	100.00

i. Distribution of shareholding (as at 31st March, 2008)

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
Upto 5000	29755	93.72	4650535	3.35
5001 to 10000	1090	3.43	925286	0.67
10001 to 20000	440	1.39	700707	0.51
20001 to 30000	156	0.49	403025	0.29
30001 to 40000	76	0.24	274153	0.20
40001 to 50000	71	0.22	344504	0.25
50001 to 100000	76	0.24	587330	0.42
100001 and above	85	0.27	130789460	94.31
Total	31749	100.00	138675000	100.00

j. Dematerialisation of shares

54.76 % of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31st March 2008. Members can hold shares in electronic form and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number INE 481A01014.

k. Outstanding GDRs/ADRs/Warrants or any Convertible instruments

There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments

l. Plant location-Not applicable

m. Address for correspondence

(i) Registrars and Share Transfer Agents:

(For shares and dividend related queries)

Intime Spectrum Registry Limited

59C Chowringhee Road, 3rd Floor Kolkata-700 020

Phone : (033) 2289-0540 Telefax: (033) 2289 0539 E-mail:kolkata@intimespectrum.com

(ii) Company

(For any other matter, unresolved complaints)

Company Secretary

CFL Capital Financial Services Limited

Century Plaza 81, Netaji Subhas Road, Unit No. 233, Second Floor, Kolkata-700 001

n. E-mail (general) cfl@rpg.in

(For investors' grievances) cfl-shhdgrievance@rpg.in

o. Phone No: 2243-9332, 2243-9334

p. Fax No. 2243-9340

q. Website : www.cflitd.in

For and on behalf of the Board

(H.C.Mathur)

Chairman

Kolkata : Dated: 23rd June, 2008



Auditors' Report to the Members of CFL CAPITAL FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of CFL CAPITAL FINANCIAL SERVICES LIMITED, as at 31st March, 2008 and also the Profit and Loss Account and 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. Except as discussed in paragraph 4, we conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose 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 in paragraph 3 above.
 - i) The net worth of the company is negative. The accounts of the company has been prepared on 'Going Concern' basis and the assets and liabilities continue to appear at their book value without any adjustments to the amounts and classification that may be necessary, if the entity is unable to continue as a Going Concern. (Refer Note No. B1 & B2 in Schedule-12)
 - ii) Attention is drawn to :-
 - a) Non-compliance of the provisions of the Non-Banking Financial Companies (Reserve Bank of India) Directions 1977. (Refer Note B-24 on Schedule-12)
 - b) The company has not been able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by the Reserve Bank of India. (Refer Note B-24 on Schedule-12)
 - c) The loans from Banks and UTI and interest charged thereon during the year have not been confirmed. (Refer Notes in Schedule-3)
5. Subject to our foregoing observations in Para 4, and its consequential effects on Loss for the year and assets and liabilities as at 31st March, 2008, we further report that -
 - i) 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;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the book except our observations under Para 4 above;
 - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with in this report are in agreement with books of account;
 - iv) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on records by the Board of Directors, we report that all the Directors are disqualified from being appointed as a director of another public company in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. Subject to the effect of such adjustments, if any, as referred to in paragraph 4, as might have been determined to be necessary had we been able to satisfy ourselves, in our opinion and to the best of our information and according to explanations given to us, the accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view :-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
 - ii) In case of the Profit and Loss Account of the Company, Loss for the year ended on that date and
 - iii) In case of the Cash Flow Statement of the cash flows for the year ended on that date.

For TARMASER & CO.
Chartered Accountants

(A. K. Chakrabarti)
Partner
Membership No. 15374

Place : Kolkata
Dated : 23rd June, 2008

CFL CAPITAL FINANCIAL SERVICES LTD.

Annexure to the Auditors' Report

The annexure referred to in the Auditors' Report to the members of CFL Capital Financial Services Limited (the Company) for the year ended March 31, 2008. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
2. The Stock of Shares and Securities of the Company has been physically verified by the Management during the year and no discrepancies were noticed between physical and book stock
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
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 and the nature of its business for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not come across any major weakness in the Internal Control procedures.
5. In our opinion, and according to the information and explanations given to us, there are no transactions during the year that need to be entered in the register in pursuance of section 301 of the Act..
6. In our opinion and according to the information and explanations given to us, (a) the Company has neither accepted nor renewed any deposits during the year, (b) it had accepted deposits in earlier years by complying the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules thereunder and also the directives of the Reserve Bank of India with regard to acceptance of deposits from the public. The Company had defaulted in repayment of deposits and has got an order from the Company Law Board as per the provisions of Section 58AA of the Companies Act 1956. The Company Law Board has permitted the Company to repay the depositors in installments by 31st December, 2010. (Refer note B.3 in Schedule 12)
7. On the basis of the Internal Audit Reports broadly reviewed by us we are of the opinion that, the coverage of internal audit functions carried out by the Management, is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of the cost records under the clause (d) of the sub-section (1) of the Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. According to the information and the explanations given to us, and on the basis of our examination of the account, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income- tax, sales tax, employee state insurance, customs duty, investor Education and Protection fund, wealth tax, service and any other material statutory dues applicable to the Company.
10. According to the information and the explanations given to us, no undisputed dues payable in respect of income- tax, sales tax, wealth tax, service tax, customs duty and cess were outstanding at 31, March 2008 for a period of more than six months from the date they became payable. According to the information and explanations given to us and on the basis of the documents and records, the following disputed statutory dues on account of Income Tax and Sales tax have not been deposited with the appropriate authorities Annexure 1:
11. The Company has accumulated losses of Rs. 48,882.53 Lakhs at the end of the financial year and has incurred cash losses in the financial year and in the immediately preceding financial year.
12. On the basis of the books and records examined by us and the information and explanations given to us, the company has defaulted repayment of dues to financial institutions and banks as per details given below- Annexure II.
13. On the basis of the books and records examined by us, and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company was registered as Non Banking Finance Company with the Reserve bank of India but the same stands cancelled with effect from May 18, 2004. (Refer Note B-2 of Schedule 12)
15. In respect of shares, shares securities debentures and other investments dealt or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are in the Company's present or former name.
16. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
17. According to the information and explanations given to us, on an overall basis, the term loans taken in previous years have been applied for the purpose they were obtained
18. On the basis of the overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, funds raised for short term purposes have been used for long term purposes. However the same has been done in earlier years and hence it is not possible to determine the quantum.
19. The Company has not made any preferential allotment of the shares to the parties and companies covered in the register maintained under section 301 of the Act during the year.
20. The Company has created securities in respect of debentures outstanding at the year-end. (Refer note (iv) under Secured Loans in Schedule 3. The trustees have resigned.
21. The Company has not raised any money by public issue during the year.
22. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **TARMASTER & CO.**
Chartered Accountants
(A. K. Chakrabarti)
Partner
Membership No. 15374

Place : Kolkata
Dated : 23rd June, 2008



Annexure to Auditors' Report for year ended 31st March 2008

Particulars of disputed statutory liability not paid to the to the authorities

Name of the Statute	Nature of dues	Amount in lakhs	Period to which Amount relates	Annexure I Forum where the dispute is pending
Income Tax	Disallowance of depreciation, expenses, NPA provisions, write off etc.	550.40	AY 1999-2000	Income Tax Tribunal
Income Tax	Disallowance of depreciation, expenses, NPA provisions, write off etc	69.13	AY 2004-05	Commissioner of Income Tax (Appeals)
Sales Tax	Jurisdiction of Assessing office and Lease Tax	368.47	1995-96 to 1998-99	Orissa Sales Tax Tribunal
	Lease Tax	0.15	1999-2000	Commissioner of Sales Tax, Bhubhaneshwar
	Sales Tax	1.31	1996-97	Commercial Tax Dept. Lucknow
	Sales Tax	3.70	1996-97	Dy. Commissioner of ST, Jaipur

Annexure to Auditors' Report for year ended 31-Mar-2008

(Rs in Lakhs)

Annex - II

Default to Banks/ Fis	Default Principal	Default Interest	Total Default as on 31.3.2008
Bank of Rajasthan	551	483	1034
Catholic Syrian	387	339	726
Dena Bank	1377	1207	2584
Federal Bank	290	148	438
IndusInd Bank	893	787	1680
Oriental Bank of Commerce	448	398	846
South Indian Bank	674	724	1398
State Bank of Travancore	826	590	1416
UTI Bank Ltd	518	421	939
Vijaya Bank	918	805	1723
Total - Banks	6882	5902	12784
Financial Institution	195	268	463
Unit Trust of India			

For **TARMASTER & CO.**
Chartered Accountants

A. K. Chakrabarti
Partner
M. No. 15374

Place : Kolkata
Date : 23rd June, 2008

OFL CAPITAL FINANCIAL SERVICES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As at 31-Mar-08 Rupees	As at 31-Mar-07 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,636,205,230.00	1,636,205,230.00
Reserves & Surplus	2	1,286,855,372.80	1,286,205,372.80
		<u>2,923,060,602.80</u>	<u>2,922,410,602.80</u>
Loan Funds	3		
Secured Loans		1,324,781,525.32	1,235,028,517.32
Unsecured Loans		889,179,619.15	964,230,472.00
TOTAL		<u>5,137,001,747.27</u>	<u>5,121,669,592.12</u>
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		426,703,336.82	542,738,541.64
Less : Depreciation		390,185,487.59	507,575,191.76
Add : Lease Terminal Adjustment Account			
Net Block		<u>36,517,849.23</u>	<u>35,163,349.88</u>
Investments	5	122,243,603.17	161,205,087.53
Current Assets, Loans & Advances	6		
Current Assets		524,657,570.72	611,611,368.05
Loans and Advances		171,091,964.73	283,483,431.05
		<u>695,749,535.45</u>	<u>875,094,799.10</u>
Less : Current Liabilities & Provisions	7		
Current Liabilities		70,082,210.67	73,500,854.59
Provisions		535,679,749.98	707,337,319.97
		<u>605,761,960.65</u>	<u>780,838,174.56</u>
Net Current Assets		<u>89,987,574.80</u>	<u>94,256,624.54</u>
PROFIT & LOSS ACCOUNT		<u>4,888,252,720.07</u>	<u>4,831,044,530.17</u>
TOTAL		<u>5,137,001,747.27</u>	<u>5,121,669,592.12</u>
Notes on Accounts	12		

As per our Report attached

For TARMASER & CO.
Chartered Accountants

A. K. Chakrabarti
Partner
M. No. 15374

Place : Kolkata
Date : 23rd June 2008

R C Kurup
Company Secretary

H C Mathur
Managing Director

B N Tripathi
Director

Place : Kolkata
Date : 23rd June 2008

for and on behalf of the Board of Directors

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008.**

	Schedule	Year ended 31-Mar-08 Rupees	Year ended 31-Mar-07 Rupees
INCOME			
Income from Operations	8	12,795,974.69	19,595,163.50
	Total	12,795,974.69	19,595,163.50
EXPENDITURE			
Operating Expenses	9	23,889,940.71	24,098,421.20
Interest	10	89,948,458.00	91,683,915.00
Depreciation		1,132,246.00	1,198,365.00
	Total	114,970,644.71	116,980,701.20
GROSS PROFIT/(LOSS)		(102,174,670.02)	(97,385,537.70)
ADD Write offs/Provisions against doubtful/ Irrecoverable Assets and diminution/ loss in value of Investments			
	11	181,513,493.07	11,694,230.66
LESS Non Performing Assets provision no longer required/bad debts recovered etc			
	11	196,091,282.19	133,463,312.10
Interest on Income Tax refunds		30,952,635.00	-
PROFIT/(LOSS) BEFORE TAX		(56,644,245.90)	24,383,543.74
Provision for Income Tax		172,550.00	-
Provision for Fringe Benefit Tax		204,234.00	202,230.00
NET PROFIT/ (LOSS) AFTER TAX		(57,021,029.90)	24,181,313.74
Less: Prior Period adjustments for Income tax		187,160.00	-
		(57,208,189.90)	24,181,313.74
Add: Balance brought forward from previous year		(4,831,044,530.17)	(4,855,225,843.91)
LOSS CARRIED TO BALANCE SHEET		(4,888,252,720.07)	(4,831,044,530.17)
EARNING PER SHARE (Rs. 10/-) Basic & Diluted (see note B-23 in Schedule 12)		(0.87)	(0.08)
Notes on Accounts (see note B-2 in Schedule 12)	12		

As per our Report attached

for and on behalf of the Board of Directors

For TARMASER & CO.
Chartered AccountantsA. K. Chakrabarti
Partner
M. No. 15374R C Kurup
Company SecretaryH C Mathur
Managing DirectorB N Tripathi
DirectorPlace : Kolkata
Date : 23rd June 2008Place : Kolkata
Date : 23rd June 2008

**OEL CAPITAL FINANCIAL SERVICES LTD.****CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2008**

	Year ended 31.3.2008 Rupees	Year ended 31.3.2007 Rupees
A. Cash Flow from Operating Activities		
Net Profit Before Tax & Extraordinary items	(102,174,670.02)	(97,385,537.70)
Adjustments for :		
- Financial Expenses	89,948,458.00	91,683,915.00
- Adjust for Provisions no longer required/impairment/bad debts & provisions	14,577,789.12	121,769,081.44
- Depreciation	1,132,246.00	1,199,365.00
- Operating profit before Working Capital changes	3,483,823.10	117,265,823.74
Adjustments for :		
- (Increase) Decrease in Stock on Hire	1.00	184.00
- (Increase) Decrease in Lease Assets Including LER	281,264,755.82	42,920,982.08
- (Increase) Decrease in Others Loans & Advances Assets	(175,076,213.91)	(60,536,006.79)
- Increase (Decrease) in Current Liabilities	109,672,366.01	99,650,983.03
Cash generated from Operations	(89,948,458.00)	(91,683,915.00)
Financial Expenses	(563,944.00)	(202,230.00)
Direct taxes paid	30,952,635.00	
Interest received on Refunds	50,112,599.01	7,764,838.03
Net Cash from Operating Activities		
B. Cash Flow from Investing Activities	(9,638,676.00)	(996,391.92)
(Purchase) of Fixed Assets	38,961,484.36	28,891,386.31
(Purchase) / Sale and / or Disposition of Investments (Net)		
Sale of Investment in Subsidiary	7,151,929.65	1,869,844.94
Sale/ extinguishment of Fixed Assets (Net)	36,474,738.01	29,764,839.33
Net Cash used in Investing Activities		
C. Cash Flow from Financing Activities	650,000.00	183,155,199.56
Gain on extinguishment of Liability	-	(135,683,343.00)
Proceeds from / (Settlement) of Bank borrowings	14,682,155.15	(100,448,025.56)
Proceeds from / (Settlement) of Other borrowings, Public Deposits	15,332,155.15	(52,976,169.00)
Net Cash used in Financing Activities	101,919,492.17	(15,446,491.64)
Net Increase/(decrease) in Cash & Cash Equivalents	6,809,550.48	22,256,042.12
Cash & Cash equivalents as at opening	108,729,042.65	8,809,550.48
Cash & Cash equivalents as at closing		

Notes

- The Cash Flow is prepared on the basis of Indirect method as prescribed in The Accounting Standard 3 issued by The Institute of Chartered Accountants of India.
- The Format used above is as prescribed for Financial organisation.
- Cash equivalents as on 31.3.2008 include Rs 28.98 lakhs (Rs. 20.28) in Escrow account which has to be utilised first for repayment of Fixed Deposits as per the directions of Reserve Bank of India.

As per our Report attached

for and on behalf of the Board of Directors

For **TARMASTER & CO.**
Chartered Accountants**A. K. Chakrabarti**
Partner
M. No. 15374**R C Kurup**
Company Secretary**H C Mathur**
Managing Director**B N Tripathi**
DirectorPlace : Kolkata
Date : 23rd June 2008Place : Kolkata
Date : 23rd June 2008



SCHEDULES TO ACCOUNTS

	As at 31-Mar-08 Rupees	As at 31-Mar-07 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
19,49,50,000 (Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each	1,949,500,000.00	1,949,500,000.00
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each	<u>250,500,000.00</u>	<u>250,500,000.00</u>
	<u>2,200,000,000.00</u>	<u>2,200,000,000.00</u>
Issued and Subscribed		
13,86,75,000 (Previous Year 13,86,75,000) Equity Shares of Rs. 10 each	1,386,750,000.00	1,386,750,000.00
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs 100/- each redeemable at par at the end of five years from the extended date i.e. from 20.01.2008 to 19.01.2013	<u>249,900,000.00</u>	<u>249,900,000.00</u>
	<u>1,636,650,000.00</u>	<u>1,636,650,000.00</u>
Paid-up	1,386,750,000.00	1,386,750,000.00
13,86,75,000 (Previous Year 13,86,75,000) Equity Shares of Rs.10 each	<u>444,770.00</u>	<u>444,770.00</u>
Less : Calls in arrears	<u>1,386,305,230.00</u>	<u>1,386,305,230.00</u>
2499000 13% Redeemable Cumulative Preference Shares of Rs.100 each redeemable at par at the end of 5 (five) years from 20.1.2008 i.e. 19.01.2013	<u>249,900,000.00</u>	<u>249,900,000.00</u>
	<u>1,636,205,230.00</u>	<u>1,636,205,230.00</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserves		
Opening Balance	937,498,367.80	754,341,166.24
Add : Amount on settlement of dues	<u>680,000.00</u>	<u>183,155,199.56</u>
	<u>938,148,367.80</u>	<u>937,498,367.80</u>
Share Premium Account		
Opening Balance	258,279,942.00	258,279,942.00
Less : Calls Unpaid	<u>570,937.00</u>	<u>570,937.00</u>
	<u>257,709,005.00</u>	<u>257,709,005.00</u>
	66,000,000.00	66,000,000.00
	25,000,000.00	25,000,000.00
Statutory Reserve		
Special Reserve	<u>1,286,855,372.80</u>	<u>1,286,205,372.80</u>
SCHEDULE 3		
LOAN FUNDS		
SECURED LOANS		
From Banks	688,224,060.32	688,224,060.32
19% Secured Non Convertible Debentures of Rs.100 each (Due within one year Rs 195.00 lakhs Previous Year Rs. 195.00 lakhs)	19,500,000.00	19,500,000.00
Interest Accrued and Due	<u>617,037,465.00</u>	<u>527,304,457.00</u>
	<u>1,324,761,525.32</u>	<u>1,235,028,517.32</u>

Note : i) The loans from Banks are secured by hypothecation of specified assets present and future, owned by the Company, Hire Purchase & Lease Stock and Book Debts. However the value of the security offered to the banks is inadequate with respect to the amount due.

CFL CAPITAL FINANCIAL SERVICES LTD.

- ii) The Company has entered into agreements with some banks for settlement of their dues and completed the settlements. The Company is negotiating with the others including those who have initiated legal proceedings against the Company. The amounts shown above are the principal outstanding and the interest accrued and due thereon as per the Company's calculations which are based upon the earlier proposal/agreement submitted to the banks and approved, in principle, by most of them. The Company has not paid the dues as per its proposal and the default as on the date of Balance Sheet is Rs.6,882.23 Lakhs and Interest of Rs. 5,901.89 lakhs (shown under interest accrued and due on the Principal amount due within a year is Rs. 12,784.12 lakhs (P Y Rs.11,923.41 lakhs). The above creditors have not confirmed these balances.
- (iii) Debts Recovery Tribunals (DRT) I & II Mumbai have passed four decrees in favour of four banks, who had filed legal proceedings against the Company. DRT-I, Kolkata, DRT-II, Delhi and the Recovery Officer, DRT-I Mumbai have injunction / status quo orders in case of assets / properties and Recovery Officer DRT-I Mumbai has also directed the Company to disclose its assets. DRT-II Delhi had also passed a decree against the Company, in favour of one of the banks and consequently the Recovery Officer DRT-II Delhi had ordered for auction of a property of the Company at Delhi, which is contested by the Company before the concerned authority. In a Transfer Petition filed by the Company before the Hon'ble Supreme Court, the Court has directed a stay of further proceedings pending before the Debts Recovery Tribunal at New Delhi, Kolkata, Chennai and Mumbai.
- iv) The 19% Secured Non Convertible debentures are secured by an exclusive charge/mortgage over specific assets given on Lease/Hire Purchase. However the value of security is inadequate with respect to amount due. The principal amount of Rs 195 lakhs was to be paid by June 2001. Interest of Rs. 268.49 lakhs has been provided on principal outstanding on Simple Interest Basis. Due within a year - Rs 463.49 lakhs (P Y Rs. 426.24 lakhs).

UNSECURED LOANS

Fixed Deposits	407,029,532.00	-	467,259,190.00
Interest Accrued and Due	109,811,087.15	-	123,982,282.00
Deposits from others	-	516,840,619.15	591,241,472.00
		372,339,000.00	372,989,000.00
		889,179,619.15	964,230,472.00

- i) The Company is repaying Fixed Depositors in instalments as per the Company Law Board's (CLB) orders dated 26.06. 2001, 11.09.2002, 30.04.2004, 28.02.2006 & 07.02.2007.
- ii) As all Fixed Deposits have matured as per the Original terms, the full amount is shown as accrued and due.
- iii) Amount of deposits repayable, as per CLB Order dated 07.02.2007, within one year is Rs 1,136.80 lakhs (instalment plus hardship cases)

SCHEDULE 4

FIXED ASSETS SCHEDULE AS ON 31.3.2007

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2007	Additions	Sales/Retirement Transfer	As at 31.03.2008	As at 01.04.2007	For the Year	Sales/Transfer etc	As at 30.03.2008	As at 31.03.2007	As at 31.03.2008
A) Assets given on Lease (All prior to 1.4.2001)										
Plant & Machinery	461,113,378.22	-	112,075,786.00	349,037,612.22	461,113,378.22	-	112,075,766.00	349,037,612.22	-	-
Vehicles	25,982,263.69	-	-	25,982,263.69	25,961,950.69	-	-	25,961,950.69	313.00	313.00
Office Equipment	4,021,767.82	-	4,021,767.82	-	4,021,766.82	-	4,021,766.82	-	1.00	-
Computers	-	-	-	-	-	-	-	-	-	-
Furniture & Fixture	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Container	-	-	-	-	-	-	-	-	-	-
TOTAL (A)	491,097,409.73	-	116,097,533.82	374,999,875.91	491,097,095.73	-	116,097,532.82	374,999,562.91	314.00	313.00
B) Owned Assets										
Vehicles	2,569,747.00	419,358.00	430,347.00	2,550,758.00	1,370,446.00	205,922.00	421,771.00	1,154,597.00	1,199,301.00	1,404,161.00
Office Equipment	7,482,149.18	140,418.00	146,000.00	7,476,567.18	7,280,977.43	67,193.00	135,872.00	7,212,298.43	201,171.75	264,268.75
Computers	-	-	-	-	-	-	-	-	-	-
Furniture & Fixture	680,587.05	78,900.00	-	759,487.05	378,501.28	36,158.00	-	414,659.28	302,065.77	344,807.77
Buildings	31,908,668.68	9,000,000.00	-	40,908,668.68	7,448,171.32	822,973.00	1,866,774.35	6,404,369.97	24,460,497.36	34,504,288.71
Buildings (work in progress)*	9,000,000.00	-	9,000,000.00	-	-	-	-	-	9,000,000.00	-
TOTAL (B)	51,641,131.91	9,638,676.00	9,576,347.00	51,703,460.91	16,478,096.03	1,132,246.00	2,424,417.35	15,185,924.68	35,163,035.88	36,517,536.23
G. TOTAL (A+B)	542,738,541.64	9,638,676.00	125,673,880.82	426,703,336.82	507,575,191.76	1,132,246.00	118,521,950.17	390,185,487.56	35,163,349.88	36,517,849.23
Previous Year	859,093,296.70	996,391.92	117,351,146.98	542,738,541.64	621,857,944.80	1,198,365.00	115,481,118.14	507,675,191.66	37,235,351.90	35,163,348.88

* Buildings (work in progress) are buildings or rights in property acquired in settlement of dues from debtors pending registration in Company's name. (Also see note B.19 in Schedule 12) In case of most of the building the change of new name of the Company is to be completed.

The above are valued at lower of cost or realisable value as per the Accounting Standard 10 prescribed by The Institute of Chartered Accountants of India.

The management seeks market valuations of assets on random basis and the same have been adjusted in the above schedule where applicable. (See note B. 8 in Schedule 12)

Leased Assets shown as 'Sales/Transfer/Retirement' consist mainly of completed leases. The leased assets shown above are mainly those where there are disputes or the transfers of title are not completed.



SCHEDULES TO ACCOUNTS

As at 31-Mar-08
Rupees

As at 31-Mar-07
Rupees

SCHEDULE 5 INVESTMENTS LONG TERM		QUANTITY	VALUE	QUANTITY	VALUE
a. Quoted non trade investments at cost (in SGL account) (FV Rs 100 per unit except where specified)					
C2014	6.72% Government of India 2014	500,000	49,050,000.00	500,000	49,050,000.00
C2017	7.46% Government of India 2017	20,000	1,913,800.00	20,000	1,913,800.00
C2017	7.49% Government of India 2017	100,000	9,816,500.00	100,000	9,816,500.00
C2016	10.71% Government of India 2016	200	23,253.00	200	24,080.00
C2008	11.40% Government of India 2008	100,000	10,210,000.00	100,000	10,515,000.00
C2009	11.50% Government of India 2009	40	4,239.00	40	4,336.00
C2011	11.50% Government of India 2011	100	11,237.00	100	11,822.00
C2015	11.50% Government of India 2015	160	19,200.00	160	19,200.00
S2008	11.50% Government of Maharashtra 2008	30	3,159.00	30	3,159.00
S2010	11.50% Government of Maharashtra 2010	20	2,322.00	20	2,322.00
S2009	11.85% Government of Gujarat 2009	3,000	288,060.00	3,000	288,060.00
C2008	12.00% Government of India 2008	200,000	20,216,000.00	200,000	20,830,000.00
C2016	12.30% Government of India 2016	500	55,125.00	500	55,125.00
S2007	12.30% Government of Uttar Pradesh 2007	-	-	7,070	755,500.00
c2018	12.60% Government of India 2018	20	2,022.00	20	2,260.00
S2007	13.00% Gujarat State Loan 2007	-	-	39,500	4,087,710.00
S2007	13.00% Government of Maharashtra 2007	-	-	7,000	711,340.00
			<u>91,614,917.00</u>		<u>98,070,214.00</u>
b. Unquoted Shares (trade) fully paid up of Rs'10/- each					
	Ace Garments Export Ltd.	850,000	8,500,000.00	850,000	8,500,000.00
	Apex Auto Ltd.	-	-	5,500	52,288.00
	IAEC Industries Ltd.	150,000	11,778,933.00	150,000	11,778,933.00
	Indo Deain Leather Ltd.	600,000	26,400,000.00	600,000	26,400,000.00
	Indo Deutsche Metallo Chimique Ltd.	171,500	30,012,500.00	171,500	30,012,500.00
	Interdrill Asia Ltd.	81,119	1,827,490.00	305,498	6,876,436.08
	Jind Textiles Ltd.	750,000	18,938,523.00	750,000	18,938,523.00
	Kalpans Chemicals Ltd.	700,000	21,735,000.00	700,000	21,735,000.00
	Kaveri Polysacks Ltd.	350,000	3,500,000.00	350,000	3,500,000.00
	Kohinoor Feeds Ltd.	562,500	33,609,375.00	562,500	33,609,375.00
	Nikita Cements Ltd.	150,000	2,100,000.00	150,000	2,100,000.00
	Ravichandra System & Computer Services Ltd.	30,000	720,000.00	80,000	1,920,000.00
	Multimedia Frontiers Ltd.	100,000	900,000.00	100,000	900,000.00
	Ruia Hospitality Ltd.	1,350,000	47,250,000.00	1,350,000	47,250,000.00
	Spectrum Alkyd & Resins Ltd.	400,000	4,000,000.00	400,000	4,000,000.00
	Union Motors I Ltd.	368,667	13,398,000.00	368,667	13,398,000.00
	Worldcom Multi Media Ltd.	100,000	2,500,000.00	100,000	2,500,000.00
			<u>227,169,821.00</u>		<u>233,471,055.08</u>
c. Investment in Subsidiary Company					
	Ceat Securities Ltd. (FV Rs. 1 per share) (Face Value Rs 10 per share except where specified)	28,599,032	28,599,032.00	28,599,032	28,599,032.00
			<u>28,599,032.00</u>		<u>28,599,032.00</u>
CURRENT INVESTMENTS					
A: QUOTED EQUITY SHARES (TRADE) FULLY PAID UP OF RS.10/- EACH					
	Ankit Yarns Ltd	46	-	46	-
	Autopins Ltd. D	417,300	-	417,300	-
	Balaji Industrial Corporation Ltd. D	45,498	-	45,498	-
	Chambal Fertilizers & Chemical Ltd.* D	1,200	54,960.00	-	-
	Chennai Petroleum Ltd.* D	100	27,965.00	-	-
	Cherry Polypack Ltd****	36,200	-	36,200	-
	Cryptogen Ltd	77,700	-	77,700	-
	Dataline Research Ltd	50,000	-	50,000	-
	EBF Finance Ltd	9,050	-	9,050	-
	Fancy Fittings Ltd	8,900	445,841.00	-	-
	First Leasing Company Ltd.* D	1,750	70,262.50	1,750	70,262.50
	Gemini Agritech Co Ltd	145,000	-	145,000	-
	Grand Foundry Ltd	200	-	200	-
	Gwalior Transmission Ltd	400	-	400	-
	Indbank Merchant Banking Services Ltd	-	-	432	518.40
	Inland Printers Ltd	10,000	-	10,000	-
	KGN Agro Int Ltd (Partly Paid)	168,800	-	168,800	-
	KGN Agro Int Ltd	7,800	-	7,800	-
	Kothari Petro Ltd.	84,403	-	158,000	-
	Lakshana Cotton Ltd	100	-	100	-
	Malaivika Steel Co Ltd	237,400	-	237,400	-

CFL CAPITAL FINANCIAL SERVICES LTD.

SCHEDULES TO ACCOUNTS

	As at 31-Mar-08 Rupees		As at 31-Mar-07 Rupees	
SCHEDULE 5 (Contd.)				
Moolchand Export Ltd	10,400	-	10,400	-
Moulik Finance and Resorts Ltd	25,500	-	25,500	-
Nagarjuna Agritech Ltd. D	100,000	-	100,000	-
Naina Semi Conductor Ltd	47,200	-	47,200	-
NGL Fine Chem Ltd D	25,103	25,103.00	30,093	30,093.00
Nova Surgikos Ltd	25,800	-	25,800	-
N R International Ltd D	120,203	-	61,288	-
PAL Peugeot Ltd	99,600	-	99,600	-
Pretto Leather Ltd	2,800	-	2,800	-
Prism Mills Ltd	1,000	-	1,000	-
Radan Tapes & Tubes Ltd	17,400	-	17,400	-
Range Apparels Ltd***	50,000	-	50,000	-
Ranjeev Alloys Ltd	45,100	-	45,100	-
Reacto Paper Ltd	400,000	-	400,000	-
Reed Relays Ltd.	5,050	-	5,050	-
Reliance Capital Ltd./Reliance Capita Ventures Ltd**	-	-	1	497.00
Reliance Communications Ventures Ltd	-	-	20	6,174.00
Reliance Energy Ltd./Reliance Energy Ventures Ltd.**	-	-	1	494.20
Reliance Industries Ltd.	-	-	72	94,575.60
Reliance Natural Resources Ltd	-	-	20	443.60
Shamrock Industrial Co Ltd D	86,165	-	86,165	-
Shree Rubbers Ltd	192,000	-	192,000	-
Soitaire Machine Tools Ltd. * D	1,400	16,226.00	1,400	16,226.00
Sun Earth Ceramics Ltd***	125	-	125	-
UTI - Mastershare Unit Scheme * D	110	4,559.00	67	867.65
Venkat Pharma Ltd D	4,496	-	4,496	-
Vitara Chemicals Co Ltd	198,000	-	198,000	-
Yogi Polyester Ltd.	55,800	-	55,800	-
TOTAL OF QUOTED EQUITY SHARES (TRADE)		644,716.50		220,151.95
B: QUOTED UNITS OF MUTUAL FUNDS (TRADE)				
IDBI Principal CMF Liquid Option Institutional Growth Plan	-	-	-	14,955,652.46
IDBI Principal CMF Liquid Option Growth Plan	-	-	-	1,723,072.11
HDFC CMF - Savings Growth Plan	-	-	-	7,494,972.07
HDFC High Interest Fund-Short term Growth Plan	-	-	-	5,867,726.07
TOTAL OF QUOTED UNITS OF MUTUAL FUNDS (TRADE)				29,841,422.71
TOTAL (A+B)		644,716.50		30,061,574.66
		348,028,486.50		390,201,875.74
		225,784,883.33		228,996,788.21
Less : Write off / Provision for diminution in value of Investment		122,243,603.17		161,205,087.53
(Aggregate market value/cost/breakup value of investments Rs.1,345.04 lakhs (previous Year Rs.1,640.28 lakhs))				
A. The Current Investments are included in this Schedule as per the Accounting Standard 13 as prescribed by The Institute of Chartered Accountants of India and due to restrictions on trading imposed by Reserve Bank of India.				
B. * These shares have been received by the Company on removal of defects in case of bad deliveries or for lost shares. These have been accounted at the market rate.				
C ** the holdings shown this year are in the first named Company and received against the holdings in the second named Company last year as per exchange ratio fixed between them.				
D *** The Company's application for duplicate shares / dematerialisation not responded by respective Companies				
E. Where the company has written off the value of a share/debenture/security due to non availability of market rate of a period not exceeding 6 months, its value has been shown as Nil despite the quantitative number held as on the balance sheet date appearing.				
F. The above investments can be classified as "Available for sale" as per Accounting Standard 30 of the Institute of Chartered Accountants of India. However the disposal and utilisation of proceeds is subject to RBI approval.				
G. Those shares marked as D or SGL are in electronic form. In case physically held securities, the changing of company's name is under process.				
SCHEDULE 6				
CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS				
Sundry Debtors - Unsecured				
(i) Outstandings for a period exceeding six months - considered good	352,446.00		4,633,915.50	
(ii) Others - considered good			5,400,000.00	
(iii) Considered Doubtful	415,578,082.07		594,767,902.07	
		415,928,528.07		604,801,817.57



SCHEDULES TO ACCOUNTS

As at 31-Mar-08
Rupees

As at 31-Mar-07
Rupees

SCHEDULE 6 (Contd.)

Cash and Bank Balances :			
Cash on hand	58,418.50		139,049.00
Balances with Scheduled Banks :			
- in Current Accounts	6,009,726.65		2,460,480.48
- in Escrow Account	2,897,980.50		2,027,500.00
- in Deposit Account	99,762,917.00		2,182,521.00
		<u>108,729,042.65</u>	<u>6,809,550.48</u>
		524,657,570.72	611,611,368.05

B. LOANS AND ADVANCES

Advances(Unsecured) - receivable in cash or in kind or for value to be received	43,985,797.35		136,337,118.88
Tax Deducted at Source/Advance tax	111,708,295.56		111,416,629.56
Bills Discounted	4,736,366.00		4,826,866.00
Deposits	10,661,505.82		10,902,816.61
Other loans/advances			
Considered Good	50,988,296.82		150,932,851.15
Considered Doubtful.	120,103,667.91		112,550,579.90
		<u>171,091,964.73</u>	<u>263,483,431.05</u>

SCHEDULE 7

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors

(i) Due to Micro or Small Scale Enterprises		39,479,621.84	40,468,568.84
(ii) Due to others			4,117,465.97
Interest on loans & deposits accrued but not due		2,537,749.00	2,537,749.00
Bills Rediscounting		28,064,839.83	28,377,080.78
Other Liabilities		<u>70,082,210.67</u>	<u>73,500,854.59</u>

None of the above creditors has informed the company of its status as a Micro, Small or Medium unit.

Dues to Coet Securities Ltd Rs. 312.33 Lakhs (Previous Year Rs.312.36 Lakhs)

Regarding transfer to Investor Education and Protection Fund (See note B.23 of Schedule 12)

Provisions :

As per Prudential Norms prescribed by

Reserve Bank of India from time to time			594,767,902.07
- On Sundry Debtors & Current Assets		415,576,082.07	112,550,579.90
- On Loans & Advances		120,103,667.91	18,838.00
- Provision for Tax (net of Advance)			707,337,319.97
		<u>535,679,749.98</u>	

SCHEDULE 8

INCOME FROM OPERATIONS

Income from Recoveries of Funded Business.	325,000.00		2,465,079.00
Securities & Mutual Fund Units	669,043.87		431,557.38
Profit from Sale of Shares	482,622.54		6,123,884.10
Dividend - Long term investments	281,250.00		281,250.00
Dividend - Current investments	54,245.50		168,476.50
Interest on SLR Securities Long Term	8,092,881.40		8,048,367.04
Interest on Bank Deposits (TDS Rs. 4,30,543/-/- PY Rs 5,115/-)	1,437,162.34		130,528.00
Rent Received (TDS Rs.1,94,030/- PY Rs. 1,86,192/-)	833,016.00		833,016.00
Other Business Income (TDS Rs. Nil PY Rs 647/-)	620,753.04		1,113,005.48
	<u>12,795,974.69</u>		<u>19,595,163.50</u>

SCHEDULE 9

OPERATING EXPENSES

Advertisement Expenses		17,268.00	25,818.14
Auditors Remuneration		287,080.00	286,518.00
Bank Charges		341,640.60	81,277.89
Books and Magazines		41,078.00	41,649.50
Brokerage & other Charges			25,000.00
Communication costs		1,050,188.05	987,814.56
Directors' Fees		21,000.00	23,000.00
Electricity Expenses		132,095.00	143,166.00
Employee Costs			
Salaries and other benefits	11,215,733.63		12,643,159.95
Welfare Expenses	232,963.15		207,311.95
Contribution to Provident Fund, Gratuity			
Superannuation and other Funds	<u>1,796,147.00</u>		<u>1,444,654.00</u>
		<u>13,244,843.78</u>	<u>14,295,125.90</u>

CFL CAPITAL FINANCIAL SERVICES LTD.

SCHEDULES TO ACCOUNTS

	As at 31-Mar-08 Rupees	As at 31-Mar-07 Rupees
SCHEDULE 9 (Contd.)		
Insurance	244,363.00	124,332.00
Legal & Professional Charges	3,744,456.54	2,836,363.27
Printing and Stationery	488,742.37	449,062.01
Rent	801,499.00	916,063.00
Rates & Taxes	290,719.00	838,501.50
Repairs and Maintenance-Buildings	659,053.28	371,613.61
Repairs and Maintenance- Others	176,503.08	195,166.26
Travelling and Conveyance	1,075,571.85	1,067,232.36
Vehicle Expenses	988,704.13	897,889.08
Miscellaneous Expenses	285,135.03	392,828.32
	<u>23,889,940.71</u>	<u>24,098,421.20</u>
SCHEDULE 10		
INTEREST & OTHER COSTS		
Interest - Fixed Loan	3,705,000.00	3,705,000.00
Interest - Others	86,243,458.00	87,978,915.00
	<u>89,948,458.00</u>	<u>91,683,915.00</u>
SCHEDULE 11		
Write offs/Provisions against doubtful/irrecoverable Assets and diminution/loss in value of Investments		
a) Bad debts written off	172,077,897.07	8,673,465.42
b) Loss on sale of asset	5,128.00	137,013.94
c) NPA provisions as per norms	8,509,721.00	-
d) Loss due to Market value less than cost	920,747.00	2,883,751.30
	<u>181,513,493.07</u>	<u>11,694,230.66</u>
Provision No longer required, & others		
a) Provision for NPAs No Longer required	183,360,357.87	35,286,600.39
b) Bad debts recovered	4,041,925.00	9,976,188.60
c) Profit on Sale of Assets	51,424.00	4,521,688.00
d) Write back of earlier years expenses on settlement	5,942,438.97	83,678,835.11
e) Write back of impairment provided in earlier years	1,866,774.35	-
f) Profit on Sale of Investments	828,382.00	-
	<u>196,081,282.19</u>	<u>133,463,312.10</u>

SCHEDULE 12

SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES

- The financial statements are prepared under historical cost and on accrual basis and comply with the accounting standard issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act, 1956.
- Fixed Assets**
Fixed Assets are recorded at cost of acquisition or construction including cost of installation, transfer costs etc. They are stated at lower of historical cost less accumulated depreciation plus impairment loss or realisable value. There are no intangible assets.
- Income & Expenditure**
Income and Expenditure are generally accounted on accrual basis. There has been no fund based activity since 1.4.2001. The income recognised during the year is on account of additional charges recovered on accounts of defaults and delays in repayment. Other items, except dividends, are accounted on accrual basis. Dividend is accounted when the same is received or the Company is entitled to its receipt.
- Depreciation on assets under finance lease** was provided based on the Primary Lease period of asset. On all other assets including operating leases (when in force), depreciation has been provided on the straight line basis at the rates as per Schedule XIV of the Companies Act, 1956. All leases have completed their terms. However, some of the leased assets which are under dispute continue to appear in the books on the Balance Sheet Date though at a negligible value.
- Investments**
Long term investments are valued at weighted average cost of acquisition and provision is made in the accounts for permanent diminution in the value of long term investments. Current investments are valued at lower of Cost or Market Value or Net Asset Value. As per the Accounting Standard AS 30 these investments would all fall under "Available for Sale" category.
- Foreign Currency Transactions.** Expenses and Income are recorded at the exchange rate prevalent on the date of transaction. Assets and Liabilities are restated, to the extent the Company is not covered against exchange fluctuation, at the exchange rate prevailing on the Balance Sheet date. There is no exposure on account of Foreign Currency Transaction during the year under review or in the previous year.
- The Company accounts follows RBI Prudential Norms for charging delayed payment charges on overdue Lease and Hire Purchase Contracts. These are booked on realisation or on entering into a settlement agreement with the party.
- Retirement Benefits.** The Company's employees are entitled to various retirement benefits. Provident Fund contributions are made to a Fund approved by the appropriate authorities. The shortfall in the return is borne by the Company. Gratuity and Superannuation are covered by schemes with Life Insurance Corporation (LIC). The Gratuity Scheme is a defined benefit plan and funded accordingly as per certificate given by the LIC in this regard. The Superannuation scheme is a defined contribution scheme and contribution is paid to the LIC as per the scheme. Liability on account of leave earned is provided on the basis of the actuarial certificate as on the date of the Balance Sheet, as per Revised AS 15, of ICAI from the current year.
- Provision & Contingencies**
A provision is recognised when the Company has a legal and constructive obligation as a result of past event, for which it is probable that cash outflow will be required and the reliable estimate can be made. A contingent liability is disclosed when the Company has a present or a possible obligation where it is not probable that an outflow or resources will be required for settlement. Contingent assets are not recognised or disclosed.



10 Use of Estimates

In preparing the Company's Financial Statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets & liabilities, revenues and expenses and other disclosures in these statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised in the period it is determined.

B. NOTES ON ACCOUNTS

- 1 **Going Concern** - The Company's accounts have been drawn on a Going Concern basis. However, in view of the net worth of the Company being negative and in view of the accumulated losses for the last few years aggregating to Rs. 48,882.53 lakhs in all, the Company's ability to maintain the status is dependent on concessions from creditors (which is under consideration) and shareholders' support. Substantial support is reflected in this year's accounts from creditors and shareholders. One of the creditors has filed a Winding up petition against the Company before the Hon. High Court, Calcutta.
- 2 As the net owned fund of the Company are negative, Reserve Bank of India (RBI) has cancelled the registration of the Company as Non Banking Financial Company with effect from 18th May, 2004. Accordingly the Company cannot carry on as Non Banking Financial Company and has to take steps to close NBFC activity and convert itself into a Non-NBFC Company. These accounts show the operations of this activity. The Company is contemplating to carry on Non Banking Non Financial business and the operations from this activity during this year are not material and hence no separation is made.
- 3 As per the order of the Honourable Company law Board (CLB) dated May 25, 2005, no delayed payment interest would be payable if the Company makes the payment as per its order dated April 30, 2004. CLB vide its order dated February 7, 2007 permitted the company to pay the total dues in four annual installments by December 31 every year from 2007 to 2010. During the current year the Company has paid the installment before 31st December, 2007 as permitted by CLB.
- 4 Inflow / Outflow in foreign currency during the year as well as previous year are nil.
- 5 The depreciation provided in the books of account is as per the Schedule XIV of the Companies Act, 1956 on straight line method basis.
- 6 Confirmations from most of the debtors, discounters and other parties have not been received and the amounts appearing in these statements are as per books of account of the company. These balances have been examined from the point of Prudential Norms prescribed from time to time by the Reserve Bank of India and necessary adjustments and provisions made as prescribed in these norms. These are therefore treated as unsecured debtors and classified as such in spite of HP/Lease agreements with them. In case of NPA accounts where installments and /or finance charges are not received regularly, the steps as considered necessary, having regard to the operations of the borrowers and overall objectives of the company, are taken from time to time.
- 7 Most of the Fixed Assets of the Company are in the nature of Corporate Assets since they are given as security to Secured Creditors and not as Cash Generating Units as defined in Accounting Standard 28 prescribed by the Institute of Chartered Accountants of India. Hence in the opinion of the Management there is no impairment of these Fixed Assets of the Company. The Company has reversed the impairment loss of Rs. 18.66 lakhs provided in 2004-05. The same is disclosed in schedule 11 and is included in Schedule 4 under Sales / Adjustments etc column of depreciation.
- 8 Fixed Assets are shown at lower of written down value or realisable value based on the valuation reports or the best estimates by the management in this regard for considering any impairment.

	As at 31-Mar-08	As at 31-Mar-07
	Rupees	Rupees
9 Audit fees include amounts paid to Auditors towards:		
As Auditors for : Statutory Audit	140,450	140,300
Tax Audit	28,090	28,060
For other matters	118,540	118,158
	<u>287,080</u>	<u>286,518</u>
10 Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for the purpose of Manageria Remuneration Profit/(Loss) as per Profit & Loss Account	(57,208,190)	24,181,314
Add : Directors Salary & Fees	1,035,504	1,047,754
Bad Debts written off / Loss on Investments	172,077,897	8,673,465
NPA provisions	8,509,721	
Loss on Sale of Assets	5,128	137,014
Loss on sale of Investments	920,747	2,883,751
Sub-total	125,527,967	36,923,298
Less : Bad debts Recovered	4,041,925	9,976,189
Provisions on NPAs no longer required	183,360,358	35,286,600
Write back of earlier years expenses on settlement	5,942,439	83,678,835
Profit on sale of Investments	828,362	
Interest on Refund of Income Tax	30,952,635	
Net (Loss) under Section 349	(68,645,117)	(8,339,491)
Remuneration , Sitting Fees etc paid to directors	<u>1,035,504</u>	<u>1,047,754</u>
Sitting fees paid to Directors	21,000	23,000
Salary paid to Managing Director	1,014,504	1,024,754
Salary	869,114	853,856
Contributions to PF, Superannuation & Gratuity Funds	141,360	145,043
Perquisites	4,030	25,855

The same is within the limits prescribed by the Schedule XIII of the Companies Act, 1956 and as approved by the Central Government. The shareholders have approved the same at the Annual General Meeting held on 27th July, 2007. The Central Government has informed the Company that the remuneration paid to the Managing Director is in excess of the amount sanctioned by it. The representation of the Company has not been accepted. The Company has applied for waiver of recovery of Rs. 3.33 lakhs.

- 11 The provision for tax is on account of income from House Property and Fringe Benefit Tax. During the year, the Company received a refund of Rs. 1235.46 lakhs including interest thereon.
- 12 The Government of India had introduced a new Pension Scheme with effect from 16.11.1995. There was a lot of opposition and many establishments had filed writ petitions in various High Courts. These matters were finally clubbed and heard and decided by the Hon. Supreme Court of India in 2002. The Company deposited the relevant contribution along with interest with the Regional Provident Fund Commissioner, Kolkata (RPFC) in June 2002.

CFL CAPITAL FINANCIAL SERVICES LTD.

However due to the poor condition of the company majority of the employees left the services of the company. There dues were settled by transfer of the total employer's contribution to the new employer's Provident fund or payment to the employees as Direct Settlements as per the rules of the scheme. The RPFC contends that the part of the Company's contribution attributable to the Pension scheme should be deposited with them even if the same has been paid to the employees directly or to their succeeding employers. The RPFC has raised a demand of Rs 75.94 lakhs consisting of contribution of Rs. 35.95 lakhs and Rs. 39.94 lakhs as interest thereon. The Company is advised that the demand is likely to be set aside since the Company has paid the dues in full.

- 13 The accumulated loss of Rs. 48,881.12 lakhs (Previous Year Rs. 48,310.44 Lakhs) includes unabsorbed depreciation of Rs. 16,962.13 lakhs (Previous Year Rs. 17,192.62 Lakhs)

14 Contingent Liabilities :

- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 2,598.96 lakhs. (Previous Year Rs. 2,274.09 lakhs)
- ii) Claims against the Company not acknowledged as debts, as the same are disputed by the Company.
 Income Tax Rs. 51.69 lakhs. (Previous Year Rs 2,067.32 lakhs)
 Sales Tax Rs. 159.51 lakhs (Previous Year Rs. 373.67 lakhs)
 Custom Duty Rs. 7.00 lakhs (Previous Year Rs. 7.00 Lakhs)
 Pension Scheme Rs. 75.94 lakhs (Previous Year Rs. Nil)
 Others Rs. 14.55 Lakhs (Previous Year Rs. 1.89 Lakhs)

The above liabilities are dependent upon the outcome of appeals before various authorities and future distributable profits. In the opinion of the Management, there is no possibility of reimbursement, except to the extent of taxes paid and included under Loans & Advances.

- 15 Ceat Securities Limited (CSL) has become a subsidiary of the Company with effect from 1st April, 2003 as per the scheme of amalgamation approved by the Hon. High Courts of Madras and Calcutta. An amount of Rs. 312.28 lakhs is due to CSL on account of GOI securities purchased from them. This amount has remained unpaid for a few years on account of financial constraints. CSL has made a provision against the amount due to them. The Company has made no provision in its books, since the value of the investment would not be impaired if the dues to CSL are settled.

16 Provisions

(Amount in Rs. Lakhs)

	Tax	Debtors	Loans & Advances	Investments	Total
Opening Balance	0.19	5,947.68	1,125.51	2,289.97	9,363.16
Additions during the year	3.77	-	85.09	-	85.09
Less Paid/Adjusted / No Longer Required	3.96	5,947.68	1,210.60	2,289.97	9,448.25
Closing Balance	3.96	1,791.92	9.56	32.12	1,833.60
	-	4,155.76	1,201.04	2,257.85	7,614.65

17. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defines in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	2007-08 (Rupees)	2006-07 (Rupees)
Employer's Contribution to Provident Fund	387,641	421,699
Employer's Contribution to Superannuation Fund	462,143	458,357
Employer's Contribution to Pension Scheme	52,229	55,591

The Company's Provident Fund is exempted under para 27 of Employees' Provident Fund Scheme, 1952. Conditions for grant of exemptions stipulates that the benefits granted by the Funds will not be less favourable than those available under statutory fund.

Defined Benefit Plan : The employees' gratuity fund scheme is managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation report furnished by them, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised on the basis of the actuarial certificate and is not funded.

I Assumptions as at	Gratuity (Funded)		Leave Encashment (not Funded)	
	2007-08	2006-07	2007-08	2006-07
Mortality Rate	LIC(1994-96)		LIC(1994-96)	
Discount Rate	8% p.a.	7.5% p.a.	7% p.a.	
Salary escalation rate	10% p.a.		10% p.a.	
Rate of Return (expected) on plan assets				
Withdrawal Rate	1%-3% depending on age		1% throughout	
Retirement age Years	58		58	
Expected average remaining service				
Period of accounting				
I. Data information on	31.03.2008	31.03.2007	31.03.2008	31.3.2007
Number of members	18	20	18	
Average /Total monthly salaries Rs	16343.61		294185	
Average age	41.44		41	
Average Past Service (yrs)/Leave balance (days)	10.5		75	
II Changes in present value of obligations				
PVO at beginning of year			965,386	
Interest cost			65,181	
Current Service Cost			207,928	
Benefits Paid (as intimated by Company)			(68,445)	
Actuarial (gain)/ loss on obligation			(130,410)	
PVO at end of year			1,039,640	
III Changes in fair value of plan assets				
Fair value of Plan Assets at beginning of year			0	
Expected return on Plan Assets			0	
Contributions			68,445	



	2007-08	2006-07	2007-08	2006-07
Benefits Paid (as Intimated by Company)			(68,445)	
Actuarial (gain)/ loss on plan assets			0	
Fair Value of Plan Assets at end of year (estimate)			0	
IV Fair Value of Plan Assets			0	
Fair value of Plan Assets at beginning of year			0	
Actual return on Plan Assets			98,445	
Contribution			(68,445)	
Benefits Paid (as intimated by Company)			0	
Fair value of Plan Assets at the end of year			(1,039,640)	
Funded Status			0	
Excess of actual over estimated return on Plan				
V Actuarial Gain/ (Loss) Recognized			130,410	
Actuarial Gain/(Loss) for the year(Obligation)			0	
Actuarial Gain/(Loss) for the year (Plan Assets)			130,410	
Total Gain/(loss) for the year			130,410	
Actual Gain/(loss) recognized for the year			0	
Unrecognized Actuarial Gain/(loss) at end of year				
VI Amounts to be recognized in the balance sheet and statement of profit & loss account			1,039,640	
PVO at end of year			0	
Fair value of Plan Assets at the end of year			(1,039,640)	
Funded Status			0	
Unrecognized Actuarial Gain/ (loss)			(1,039,640)	
Net assets/ (Liability) recognized in the balance sheet				
VII Expense recognized in the statement of P & L A/c			207,928	
Current Service Cost			65,181	
Interest cost			0	
Expected Return on Plan Assets			(130,410)	
Net Actuarial Gain/(Loss) recognised for the year			142,699	
Expense recognized in the statement of P & L A/c				
VIII Movements in the Liability recognised in Balance Sheet			965,386	
Opening Net Liability			142,699	
Expenses as above			(68,445)	
Contribution paid			1,039,640	
Closing Net Liability				
IX RESULTS OF VALUATION				
a. PV of Past Service Benefit	2,408,198	1,728,877		
b. Current Service Cost	186,074	259,014		
c. Total Service Gratuity	4,178,521			
d. Accrued Gratuity	1,934,913	1,748,637		
e. Life Cover Sum Assured	1,388,439			
f. LC Premium	6,810			
g. Service Tax @ 12.6%	842			
X RECOMMENDED CONTRIBUTION RATE				
a. Fund Value as on Renewal Date	1,738,090	1,261,659		
b. Additional Contribution for Existing Fund	670,108	208,204		
c. Current Service Cost	186,074	259,014		

The Certificates for Gratuity are as given by the Life Insurance Corporation. In case of Leave encashment, the certificate is given by the actuary. As the earlier provision was higher, the amount credited to P&L is Rs.9.04 lakhs

18 Quantitative Information (for Current Investments)	31-3-2008		31-3-2007	
	Quantity (Nos.)	Value (Rs.)	Quantity (Nos.)	Value (Rs.)
a. Equity Shares (listed)				
Opening Stock	2,841,038	220,152	3,039,430	272,265
Purchases/Transfers	10,410	533,786	72	94,576
Sales /Transfer	30,597	592,542	198,426	3,384,202
Closing stock	2,820,851	844,717	2,841,038	220,152
b. Units of Liquid Schemes of Mutual Funds				
Opening Stock	2,258,389	28,941,423	2,060,940	25,355,560
Purchases/Transfers	-	-	14,314,368	188,300,000
Sales /Transfer	2,258,389	29,505,419	1,446,919	180,580,008
Closing stock	-	-	2,258,389	29,841,423

19 Related Party Disclosures

1. Relationships

(i) Shareholders in the Company

Harrisons Malayalam Financial Services Ltd (a subsidiary of Harrisons Malayalam Ltd) and Instant Trading and Investments Ltd (a subsidiary of RPG Life Sciences Ltd) hold 34.27% and 20.18% equity share Capital in the Company.

(ii) Subsidiary of the Company - Ceat Securities Ltd

CFL CAPITAL FINANCIAL SERVICES LTD.

- (iii) Other related parties -
- RPG Enterprises Ltd.
 - Burliar Plantation P Ltd.
 - Indo Dean Leather Ltd**
 - Spectrum Alkyd & Resins Ltd**
 - Ruia Hospitality Ltd**

** (The Company holds over 20% shareholding in these companies. These investments were made as Merchant Bankers. The Company does not have any significant influence over their managements and are hence not considered as Associates for related parties disclosures.)

- (iv) Directors and other executives (including those who were associated for part of the period)
- Mr H C Mathur - Managing Director

2. The following transactions were carried out with the related parties in the ordinary course of business:

- a. Details relating to parties referred to in (i), (ii) and (iii) above

- 1 Outstanding receivables (net of payables)
- 2 Outstanding payables (net of receivables)
- 3 Purchase of Assets
- 4 ICDs paid during the year/repayments made during the year
- 5 Expenses recharged by other Companies

Parties referred in Note 18.1.(i) above	Rupees		Parties referred in Note 18.1.(iii) above
	Parties referred in Note 18.1.(ii) above		
78,180.00		31,233,178.00	
			38,097.00
		3,180.00	
(3,576,010.00)		(31,239,958.00)	1,661,290.00
			(1,230,000.00)

- b. Details relating to persons referred to in item 1(iv) above

- 1 Remuneration

Previous Year

Rupees
1,014,504.00
1,024,754.00

20 Segment Information

The Company's present activity is to take steps to close its Non Banking Financial activities. The other activities have not made any significant progress. Hence there are no segments

21 Deferred Taxation

The Company has not created the Deferred Taxation Asset as its utilisation for set off against future taxable income is uncertain in the foreseeable future.

22 Capital work in progress shown under Fixed Assets in Schedule 4 are units or rights in building acquired in settlement of the dues from some of the Company's debtors. Though the process of registration of the property is underway, the Company has the possession of the same and hence is capitalised during the year.

23 Earnings per share

- a. Profit/(Loss) after tax
- b. Adjustments for - Preference Dividend
- Interest on Income Tax Refunds
- Taxation of earlier years
- c. Adjusted Loss after tax
- d. Weighted average number of Equity shares for Basic EPS
- e. Nominal value per Equity share
- f. Earning per share (Basic)
- g. Weighted average number of Equity shares for Diluted EPS
- h. Earning per share (Diluted)

	As at 31-Mar-08	As at 31-Mar-07
(Rs in '000)	(57,208,190)	24,181,314
	32,487,000	32,487,000
	30,952,635	
	(187,160)	
	(120,834,985)	(8,305,686)
Nos.	138,675,000	138,675,000
Rs.	10.00	10.00
Rs.	(0.87)	(0.06)
Nos.	138,675,000	138,675,000
Rs.	(0.87)	(0.06)

24 A sum of Rs. 6.48 Lakhs (P.Y. Rs. 6.49) is under transfer with the bankers as at year end for transfer to Investor Education & Protection Fund.

25 The Company follows the directions given by Reserve Bank of India (RBI) to Non Banking Financial Companies and maintains Statutory Liquidity Ratio as per RBI's instructions to it in the matter. The Company continues to be governed by the Non-Banking Financial Companies (NBFC) Prudential Norms (Reserve Bank) Directions, 1998 and Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998. However, consequent to the net worth of the Company having become negative the restrictions placed by para 10 of these norms (pertaining to a minimum Capital Adequacy of 12% and Para 11 (pertaining to acquisition of land and building other than for own use) and Para 12 (pertaining to Concentration of Credit/Investment) could not be met.

26 Previous year's figures have been regrouped or recast wherever necessary to make them comparable with current year's figures.

As per our Report of even date attached

for and on behalf of the Board of Directors

For **TARMASER & CO.**
Chartered Accountants

A. K. Chakrabarti
Partner
M. No. 15374

H C Kurup
Company Secretary

H C Mathur
Managing Director

B N Tripathi
Director

Place : Kolkata
Date : 23rd June 2008

Place : Kolkata
Date : 23rd June 2008



CFL CAPITAL FINANCIAL SERVICES LIMITED
Schedule to the Balance Sheet of a Non-Banking Financial Company

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998
AS AT 31ST MARCH, 2008

Particulars	(Rs. in lakhs)	
Liabilities Side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid	Amount Outstanding	Amount overdue
(a) Debentures : Secured	463.49	463.49
: Unsecured (other than falling within the meaning of public deposits*)		
(b) Deferred Credits		
(c) Term Loans	12784.13	12674.13
(d) Inter-corporate loans and borrowing	3723.39	
(e) Commercial Paper		
(f) Public Deposits*	5168.41	0.00
(g) Other Loans (specify nature)		
* Please see note 1 below		
(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of Security		
(c) Other public deposits	5168.41	0.00
* Please see note 1 below		
Assets side :		
		Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :		
(a) Secured		
(b) Unsecured		1710.91
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/ HP activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		0.00
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		
(b) Repossessed Assets		
(iii) Hypothecation loans counting towards EL/ HP activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above		
(5) Break up of Investments :		
Current Investments :		
1 Quoted :		
(i) Shares : (a) Equity		6.45
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		0.00
(iv) Government Securities		0.00
(v) Others (please specify) PSU Bonds		0.00
2 Unquoted :		
(i) Shares : (a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		

CFL CAPITAL FINANCIAL SERVICES LTD.

Loans Term investments:

1	Quoted :		
	(i) Shares :	(a) Equity	
		(b) Preference	
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		916.15
	(v) Others (please specify)		
2	Unquoted :		
	(i) Shares :	(a) Equity	299.84
		(b) Preference	
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		

(6) Borrower group- wise classification of all leased assets, stock-on- hire and

Loans and advances :

Please see Note 2 below

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries			0.00
(b) Companies in the same group			0.00
(C) Other related parties			0.00
2. Other than related parties		1710.91	1710.91
Total	0.00	1710.91	1710.91

(7) Investor group-wise classification of all investments (current and long term)

in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value/ Break up or	Book Value	
	fair value or NAV	(net of Provision)	
1. Related Parties **			
(a) Subsidiaries	285.99	285.99	
(b) Companies in the same group	0.00	0.00	
(c) Other related parties			
2. Other than related parties	1010.59	936.45	
Total	1296.58	1222.44	

**** As per Accounting Standard of ICAI (Please see Note 3)**

(8) Other information

Particulars		Amount
(i) Gross Non-Performing Assets		8141.88
(a) Related parties		45.90
(b) Other than related parties		8095.98
(ii) Net non-Performing Assets		17.32
(a) Related parties		0.00
(b) Other than related parties		17.32
(iii) Assets acquired in satisfaction of debt (in 2003-04 & earlier)		137.46

Notes:

- 1 As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

CEAT SECURITIES LIMITED

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of Ceat Securities Limited will be held at Century Plaza, 81, Netaji Subhas Road, Unit No.233, 2nd Floor, Kolkata-700 001 on Tuesday, the 29th July, 2008 at 10.00 A.M. to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To appoint a director in place of Mr.R.C.Kurup who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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 of Directors to fix their remuneration.

By Order of the Board of Directors

R.C.Kurup
DIRECTOR

Place: Kolkata
Date: 20th June, 2008

Regd. Office: Century Plaza
81, Netaji Subhas Road,
Unit No.233, 2nd Floor
Kolkata-700 001

NOTE

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

CEAT SECURITIES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirteenth Annual Report together with the statement of accounts of the Company for the year ended 31st March 2008.

Financial Results

	For the year ended 2007-08	(Rs. in lakhs) For the year ended 2006-07
Income	0.03	0.27
Less Expenditure including Diminution/Loss in the value/Sale of Investments	0.27	(312.93)
Loss for the year	0.24	(312.66)
Add Balance brought forward from previous year	(323.59)	(10.93)
(Loss) carried to Balance Sheet	(323.83)	(323.59)

Operations

Reduction in income resulted in increase in loss during the year. Your Directors are exploring different options for increasing income.

Directors

Mr. Debajit Banerjee resigned from the Board with effect from 18th June, 2008. The Board has placed on record its deep appreciation of the services rendered by him during the tenure of his directorship in the Company.

Mr. R.C.Kurup retires by rotation and, being eligible, offers himself for re-appointment.

Particulars of Employees

The provisions of Section 217(2A) of the Companies Act, 1956 and the rules made thereunder are not applicable to the Company.

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

Considering the present activities the Company has not consumed energy of any significant level and accordingly no measures were taken for energy conservation and no additional investment was made for reduction of energy consumption. No comment is made on technology absorption considering the nature of activities undertaken by your Company during the year under review. There has been no foreign exchange inflow/outflow during the year under review.

Directors' Responsibility Statement

As stipulated under Section 217 (2AA) of the Companies Act, 1956 your Directors subscribe to the 'Directors' Responsibility Statement' and confirm as under:

- in the preparation of annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures in the financial statement;
- the Directors have selected, to the extent possible, 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 and the profit and loss account for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. However, further improvements are being made in this area.
- Annual Accounts for the financial year have been prepared on a going concern basis.

Auditors

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

By Order of the Board

Date: 20th June, 2008
Place: Kolkata,

A. V. Sudhakaran
Director

R.C.Kurup
Director

CEAT SECURITIES LIMITED

AUDITORS' REPORT

To the Members of

CEAT SECURITIES LIMITED

We have audited the attached Balance Sheet of CEAT SECURITIES LIMITED, as at 31st March, 2008 and also the Profit and Loss Account 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further, to our comments in the Annexure referred to in paragraph 3 above, we further report that -

- i) 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;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the book;
 - iii) The Balance Sheet, Profit and Loss Account dealt with in this report are in agreement with books of accounts;
 - iv) The Balance Sheet and Profit and Loss Account comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on records by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- In our opinion and to the best of our information and according to explanations given to us, the accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view :-
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008
 - ii) In case of the Profit and Loss Account of the Company loss for the year ended on that date and
 - iii) In case of the Cash Flow Statement of the cash flows for the year ended on that date.

For TARMASER & CO.
Chartered Accountants

(R.P. NANDY)
Partner
Membership No. 51027

Place : Kolkata
Dated : 20th June, 2008.

Annexure to the auditors' report

The annexure referred to in the Auditors' Report to the members of Ceat Securities Limited (the Company) for the year ended March 31, 2008. We report that:

1. The Company has a membership of Bangalore Stock Exchange Ltd. which is shown as Fixed Assets. The transfer of membership in Company's name is under progress.
 2. The Stock of Shares and Securities of the Company has been physically verified by the Management during the year and no discrepancies were noticed between physical and book stock
 3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
-



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 and the nature of its business for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not come across any major weakness in the Internal Control procedures.
5. In our opinion, and according to the information and explanations given to us, there are no transactions during the year that need to be entered in the register in pursuance of section 301 of the Act..
6. In our opinion and according to the information and explanations given to us, (a) the Company has neither accepted nor renewed any deposits during the year, (b) there were no deposits' outstandings at the beginning of the year.
7. The Company has an Internal Audit system which is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of the cost records under the clause (d) of the sub-section (1) of the Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. According to the information and the explanations given to us, and on the basis of our examination of the account, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income- tax, sales tax, employees state insurance, customs duty, service tax, Investor Education and Protection fund, wealth tax and any other material statutory dues applicable to it.
10. According to the information and the explanations given to us, no undisputed dues payable in respect of income- tax, sales tax, wealth tax, customs duty, service tax and cess were outstanding at 31, March 2008 for a period of more than six months from the date they became payable.
11. According to the information and explanations given to us and on the basis of the documents and records, there are no disputed statutory dues.
12. The Company has accumulated losses of Rs. 3,23,83,541/- at the end of the financial year and has incurred cash losses during the financial year. Its accumulated losses have exceeded over fifty percent of its net worth as at the end of the current year.
13. On the basis of the books and records examined by us and the information and explanations given to us, the company has no dues to financial institutions and banks.
14. On the basis of the books and records examined by us, and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
15. The Company is registered as Stock Broker with the Securities & Exchange Board of India through some of the companies that have merged with it. The process of transfer of membership to its name is under completion.
16. There has been no trading in respect of shares, securities, debentures and other investments during the year. The investments are in the Company's present or in name(s) of merged companies.
17. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
18. According to the information and explanations given to us, the Company has not taken any term loans.
19. On the basis of the overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no short term or long term borrowings.
20. The Company has not made any preferential allotment of the shares to the parties and companies covered in the register maintained under section 301 of the Act during the year.
21. The Company has not borrowed any amount by way of issue of Debentures.
22. The Company has not raised any money by public issue during the year.
23. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For TARMASER & CO.
Chartered Accountants

(R.P. NANDY)
Partner
Membership No. 51027

Place : Kolkata
Dated : 20th June, 2008

CEAT SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule No.	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
SOURCES OF FUNDS :			
Shareholders' Fund			
Share Capital	1	31,100,000.00	31,100,000.00
Reserves	2	3,086,867.23	3,086,867.23
TOTAL		34,186,867.23	34,186,867.23
Application of Funds :			
FIXED ASSETS			
	3	1,000,000.00	1,000,000.00
INVESTMENTS			
	4	2,500.00	2,500.00
Current Assets, Loans & Advances			
	5		
Current Assets		605,953.13	630,283.13
Loans & Advances		249,581.50	249,501.50
		855,534.63	879,784.63
Current Liabilities & Provisions			
	6		
Current Liabilities		54,708.00	54,684.00
Provisions		-	-
		54,708.00	54,684.00
Net Current Assets		800,826.63	825,100.63
Profit & Loss Account		32,383,540.60	32,359,266.60
TOTAL		34,186,867.23	34,186,867.23
Notes on Accounts	9		

As per our Report attached

For **TARMASTER & CO.**
Chartered Accountants

R P Nandy
Partner
M. No. 51027

Place : Kolkata
Date : 20th June, 2008

for and on behalf of the Board of Directors

R C Kurup
Director

A. V. Sudhakaran
Director

Place : Kolkata
Date : 20th June, 2008



Profit & Loss Account for the year ended March 31, 2008

	Schedule No.	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
INCOME	7	3,180.00	26,700.00
EXPENDITURE			
Operating and Administrative Expenses	8	27,454.00	25,974.00
Bad debts written off/ Provision for Doubtful Debts		-	31,236,357.68
Total Expenditure		27,454.00	31,262,331.68
(LOSS) FOR THE YEAR		(24,274.00)	(31,235,631.68)
Less : Income Tax for earlier years			30,738.00
(LOSS) FOR THE YEAR AFTER TAX		(24,274.00)	(31,266,369.68)
ADD : Balance brought forward from previous year		(32,359,266.60)	(1,092,896.92)
(LOSS) CARRIED TO BALANCE SHEET		(32,383,540.60)	(32,359,266.60)
EARNINGS PER SHARE (BASIC & DILUTED)		(0.00)	(1.00)
(Face Value & Paid up Value per share Re. 1/-)			
Notes on Accounts	9		

As per our Report attached
For **TARMASER & CO.**
Chartered Accountants

for and on behalf of the Board of Directors

R P Nandy
Partner
M. No. 51027

R C Kurup
Director

A. V. Sudhakaran
Director

Place : Kolkata
Date : 20th June, 2008

Place : Kolkata
Date : 20th June, 2008

**CEAT SECURITIES LTD.
CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2008**

	Year Ended 31.03.2008 Rupees		Year Ended 31.03.2007 Rupees
INFLOW			37,700.00
Income/Refund of Tax/Excess Cess Paid			
OUTFLOW			
Payment of Operational Expenses	24,330.00	4,520.00	4,520.00
Increase/(Decrease) in Cash & Bank Balances	(24,330.00)		33,180.00
Cash and Bank at the beginning	630,283.13		597,103.13
Cash and Bank at the end	605,953.13		630,283.13

Note : This Cash Flow is prepared as per the Direct Method as prescribed in Accounting Standard 3 issued by
The Institute of Chartered Accountants of India

As per our Report attached
For **TARMASER & CO.**
Chartered Accountants

for and on behalf of the Board of Directors

R P Nandy
Partner
M. No. 51027

R C Kurup
Director

A. V. Sudhakaran
Director

Place : Kolkata
Date : 20th June, 2008

Place : Kolkata
Date : 20th June, 2008

CEAT SECURITIES LIMITED

Schedules to the Balance Sheet	As at 31.03.2008		As at 31.03.2007	
SCHEDULE 1	Rupees		Rupees	
SHARE CAPITAL				
Authorised				
5,12,00,000 Equity Shares of Re.1/- each (LY5,12,00,000 Equity Shares of Re.1/- each)	51,200,000.00		51,200,000.00	
Issued, Subscribed & Paid up				
3,11,00,000 equity shares of Re. 1 each fully paid (LY 3,11,00,000 Equity Shares of Re.1/- each fully paid)	31,100,000.00		31,100,000.00	
<p>The Authorised capital was increased pursuant to the Calcutta High Court Orders dated 19th May, 2004 and 22nd June, 2004 as approved by the shareholders at the Extraordinary General Meeting held on 28th September, 2004. The above shares were allotted as per the scheme of amalgamation and reduction of capital approved by the High Courts of Calcutta and Madras.</p>				
SCHEDULE 2				
RESERVES				
Capital Reserve	3,086,867.23		3,086,867.23	
	3,086,867.23		3,086,867.23	
SCHEDULE 3				
FIXED ASSETS				
Value of the Membership card of Bangalore Stock Exchange Ltd.	1,000,000.00		1,000,000.00	
SCHEDULE 4				
INVESTMENTS - LONG TERM				
Unquoted Equity Shares fully paid up of Re. 1/- each	No. of Shares	Amount (In Rs.)	No. of Shares/Secs	Amount (in Rs.)
Bangalore Stock Exchange Ltd.	2,500	2,500.00	2,500	2,500.00
Total		2,500.00		2,500.00
SCHEDULE 5				
CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
Balances with Scheduled Banks				
- in Current Accounts		605,953.13		630,283.13
Sundry Debtors *				
- Considered Good (Due for more than 6 months)	31,233,177.68		31,236,357.68	
Less provision for Doubtful Debts	31,233,177.68	-	31,236,357.68	
		605,953.13		630,283.13
*(Due from Holding Company)				
LOANS & ADVANCES				
Advances Recoverable in Cash or in kind or for value to be received (Unsecured, considered good)		35,581.50		35,501.50
Deposits		214,000.00		214,000.00
		249,581.50		249,501.50
SCHEDULE 6				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors -Micro, Small or Medium Enterprises - other than Micro, Small & Medium Enterprises		0.00		0.00
Other Liabilities		54,708.00		54,684.00
		54,708.00		54,684.00

