

# CFL CAPITAL FINANCIAL SERVICES LTD.



## NOTICE

NOTICE is hereby given that the Twenty-fourth 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 Friday, the 24<sup>th</sup> day of July, 2009 at 10.30 A.M to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31<sup>st</sup> March 2009, the Balance Sheet as that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.A.V.Sudhakaran 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.

### Special Business

To consider and if thought fit to pass, with or without modifications, the following as a Special Resolution

4. "RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals as may be necessary, this meeting hereby approves the re-appointment of and the remuneration payable to Mr.H.C.Mathur as Managing Director of the Company for a further period of two years with effect from 1<sup>st</sup> May, 2009 as set out in the draft Agreement to be entered into between the Company and Mr.Mathur, a copy whereof is laid on the table and for the purpose of identification initialed by the Chairman hereof with liberty to the Board of Directors to alter or vary the remuneration as may be agreed to between the Board and Mr.Mathur subject to the conditions laid down in Schedule XIII to the Companies Act, 1956 or any amendment thereto."

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 : 25<sup>th</sup> June, 2009

## 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 16<sup>th</sup> July, 2009 to 24<sup>th</sup> July, 2009, both days inclusive.
3. Brief profile of Mr.A.V.Sudhakaran 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 28<sup>th</sup> August 2000. Members are, therefore, at liberty to dematerialise their holdings in the Company through a Depository Participant.

# CFL CAPITAL FINANCIAL SERVICES LTD.

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

### Item 4

Mr.H.C.Mathur was first appointed as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> May 2000 and was re-appointed for further periods of two years each with effect from 1<sup>st</sup> May, 2003, 1<sup>st</sup> May, 2005 and 1<sup>st</sup> May, 2007.

The Board of Directors of your Company at its meeting held on 20<sup>th</sup> April, 2009 has re-appointed Mr.Mathur as Managing Director of the Company for a further period of two years with effect from 1<sup>st</sup> May, 2009, subject to the approval of the shareholders and the Central Government, on remuneration as set out in the draft Agreement to be entered into between the Company and Mr.Mathur, an abstract of which is given below:

- I. Salary : Rs. 32,500/- per month
- II. Consolidated Allowance : Rs. 7,000/- per month
- III. Perquisites: : Perquisites are classified into the following categories:

#### CATEGORY A

- a) Housing- House Rent Allowance equivalent to 60% of Basic Salary per month.
- b) Medical Benefits: Medical expenses for self, wife and dependent children subject to ceiling of one month's basic salary in a year.
- c) Leave Travel concession: For Mr.Mathur, his wife and dependent children subject to a ceiling of Rs.20,000/- per annum.
- d) Club Fees: Subscription for one club, which will not include admission and Life Membership Fees.
- e) Membership of professional body: Membership fees to be paid annually for one professional body.
- f) Personal Accident Insurance as per Rules of the Company.

#### CATEGORY B

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the Rules of the Company in force from time to time
- b) Gratuity : As per rules of the Company in force from time to time.
- c) Earned Privilege Leave on full pay and allowance as per rules of the Company. Leave accumulated but not availed of will be allowed to be encashed as per rules of the Company.

The perquisites mentioned in (a) and (b) above and encashment of leave at the end of tenure mentioned in (c) above will not be include in the computation of ceiling on remuneration specified in Part II of Schedule XIII to the Companies Act, 1956.

#### CATEGORY C

##### Car and Telephone:

The Company will provide him with a car to be maintained by the Company and telephone at his residence. However, provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to him.

Notwithstanding anything mentioned above, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate the remuneration proposed above will be paid as minimum remuneration.

In the opinion of the Board of Directors of your Company, the remuneration payable to Mr.Mathur is commensurate with his ability, qualification, experience and past performance. The Resolution set out at item 4 of the annexed Notice is intended to obtain approval of the Shareholders to the re-appointment of Mr.H.C.Mathur as Managing Director of the Company and payment of remuneration as mentioned above to him with liberty to the Board of Directors to vary the terms, as stated in the Resolution.

Mr.Mathur possesses over 48 years of commercial experience related to various aspects of management including legal, administration, finance, etc. Your Directors feel that it will be beneficial for the Company to re-appoint him as the Managing Director and make use of his vast experience and recommend that the resolution be passed.

Copy of the draft agreement to be entered into between the Company and Mr.Mathur will be available for inspection of members at the Registered Office of the Company on any working day during the hours of 10.00 A.M. and 12 Noon and will also be available at the meeting.

#### MEMORANDUM OF INTEREST

None of the Directors of the Company other than Mr.Mathur is concerned with or interested in this resolution. The above should be considered as an Abstract of the Terms of re-appointment of Mr.Mathur as Managing Director of the Company and a Memorandum as to the nature of his interest in his re-appointment as required under Section 302 of the Companies Act, 1956



## DIRECTORS' REPORT

Your Directors hereby present their Twenty-fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

	For the year ended 31-3-2009	For the year ended 31-3-2008
Gross Income	149	128
Less: Expenditure	1140	1139
Less: Depreciation	11	11
Gross Profit/(Loss)	(1002)	(1022)
Add Write off/provision against doubtful and irrecoverable debts and diminution/loss in value of investments	140	1815
Less Provision for expenses/NPA no longer required/bad debts recovered etc	439	1961
Profit/(Loss) before tax	(703)	(876)
Interest on Income Tax Refunds	-	310
Provision for tax	4	4
Profit/ (Loss) after tax	(707)	(570)
Tax Dues of earlier years	-	2
Transfer from Special Reserve	(250)	-
Add: Balance brought forward from earlier years	(48882)	(48310)
Loss carried to Balance Sheet	(49339)	(48882)

### 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 was successful in raising resources for payment of part of its liabilities by continuing its intensive efforts for recovering debts from debtors through various methods like legal pressure, persuasion and negotiation. Most of the revenues were used for meeting the payments obligations of Fixed Deposits under the present Order of the Hon'ble Company Law Board and operating expenses though the Company could not meet its dues to the Banks and financial institutions. The funds crunch coupled with the depressed recessionary conditions did not provide any scope for the Company's continued quest for starting any non-banking non-finance business.

Your Directors are pleased to inform that despite the problems of resources your Company has been strictly following the Order passed by the Hon'ble Company Law Board on 7<sup>th</sup> February, 2007 sanctioning the Scheme of repayment of deposits to the holders of Fixed Deposits in instalments. The Company has paid Rs. 10.56 crores, including hardship cases, to its Fixed Depositors during the financial year ended 31<sup>st</sup> March, 2009. 4731 deposits of Rs. 7.08 crores are unclaimed as on 31<sup>st</sup> March, 2009. 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 is stressing on reduction of operating expenses and is trying to maintain the same at the bare minimum level. The Company has drawn a revival plan to improve the health of the Company.

### DIRECTORS

The Board of Directors of the Company at its meeting held on 20<sup>th</sup> April, 2009 has re-appointed Mr.H.C.Mathur as Managing Director of the Company for a period of two years with effect from 1<sup>st</sup> May, 2009. The re-appointment is subject to the approvals of the Central Government and the members of the Company. The Company has already applied to the Central Government and necessary resolution has been proposed at the ensuing Annual General Meeting for the said approvals.

Mr. A.V.Sudhakaran 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:

## CFL CAPITAL FINANCIAL SERVICES LTD.

Designation	Remuneration (Rs.)	Nature of Employment whether contractual or otherwise	Nature of Duties	Qualification and total service Experience (Years)	Date of Commencement of employment	Age	Last employment held and Designation
Vice President-Legal	44,31,617	Contractual	In-charge of Legal functions and recoveries	B.A., LL.M., MBA, PGDCS 25 Years	06.09.1995	44	Head Legal Dept. Indo-Gulf Fertilisers & Chemicals Limited

\*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. Terms of employment provide for termination of service by either party upon giving 6 months notice from either side.

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, 2009 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.

### 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 & AUDIT REPORT

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

Regarding auditors' comments on non-compliance of the provisions of the Non-Banking Financial Companies (Reserve Bank of India) Directions 1977/Non-Banking Financial (deposit accepting or holding) Companies (Reserve Bank of India) Directions, 2007, 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 Note B26 in schedule 12 and Note (i) and (iv) in Schedule 3, forming part of the Accounts which are self explanatory.

#### 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 throughout the year

For and on behalf of the Board  
(H.C.Mathur)  
Chairman

Kolkata, Dated: 25th June, 2009



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Gathering of resources has become a difficult proposition in view of the continued absence of any revenue generating activity and the gradual exhaustion of the recoverable assets which are also being gathered with great efforts. The funds garnered were just sufficient for payment of the instalments due to the depositors and for operating expenses.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company does not fall under any industrial structure 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 dues to the depositors for the installment payable under the Order of the Hon'ble Company Law Board within 2008 were met by the Company. Proceedings initiated against the Company by most of the banks for recovery of their dues are at various stages before the Debt Recovery Tribunal. Orders have been passed against the Company. The Company has appealed against the Orders and has taken appropriate steps for defence at the next higher level of appeal.

### **OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK**

Resources to take up any non-banking non-finance business continued to be scarce as available resources were being used for meeting liabilities and operating expenses. Efforts to maximize recoveries are continuing with mixed results. However, the gradual drying up of the recoverable amounts over a period of time poses a threat and funds have to be sourced for meeting the liabilities. The results of the efforts in this regard will determine the Company's ability to recover. The Company is also working out a plan for revival of the Company.

### **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 had 18 employees as at year end..

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: 25<sup>th</sup> June, 2009

# CFL CAPITAL FINANCIAL SERVICES LTD.

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 31<sup>st</sup> March, 2009 are given below:

Name of the Director	Executive/ Independent/ Non-executive	No. of Board Meetings attended	Whether Attended Last AGM	No. of other Directorships In Public Ltd Companies	No of other Committee Chairmanship/ 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	No	NIL	NIL
Mr. A.V. Sudhakaran	Independent Non-executive	7	No	NIL	NIL

The Board of Directors of the Company at its meeting held on 20th April, 2009 has re-appointed Mr. H.C. Mathur as Managing Director of the Company for a period of two years with effect from 1<sup>st</sup> May, 2009. Necessary application has been made to the Central Government for its approval for the said appointment and payment of remuneration. Consent of the members for the said re-appointment by a Special Resolution has been sought in the Annual General Meeting.

Mr. A.V. Sudhakaran retires by rotation and, being eligible, offers himself for re-appointment. Mr. Sudhakaran is 47 years of age and has more than 22 years of corporate experience in the commercial and accounting functions.

During the year under review, 7 meetings of the Board of Directors were held on 6th May, 2008, 23rd June, 2008, 7th July, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008, 30<sup>th</sup> January, 2009 and 24<sup>th</sup> March, 2009. 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 23<sup>rd</sup> June, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008, 30<sup>th</sup> January, 2009 and 24<sup>th</sup> March, 2009. 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 Messers Sujit Datta and Sudhamoy Chatterjee being the other members. The Committee met once during the year on 27<sup>th</sup> March, 2009 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, 2009 are Basic Salary Rs. 3,90,000/-, House Rent Allowance Rs.2,32,000/- Consolidated Allowance Rs.82,000/- and Perquisites including Provident Fund, Personal Accident Insurance, etc. Rs.1,95,931/- aggregating Rs 8,99,931/-. The application made by the Company to the Central Government for waiver of excess remuneration to Mr.Mathur was rejected and Mr.Mathur has refunded the excess remuneration received by him. 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 Datta, B.N.Tripathi, Sudhamoy Chatterjee and A.V.Sudhakran received a sum of Rs.7,000 each as sitting fees during the year under review.

#### 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 4 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 31<sup>st</sup> March, 2009.

#### General Body Meetings

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

AGM	Financial Year	Venue	Date	Time	Special Resolution Passed In the AGM
21 <sup>st</sup>	2005-06	Science City, Mini Auditorium, JBS Haldane Avenue Kolkata-700 046	05.09.2006	10.30 A.M.	No
22 <sup>nd</sup>	2006-07	Birla Academy 108-109 Southern Avenue Kolkata-700 029	27.07.2007	10.30 A.M.	Yes
23 <sup>rd</sup>	2007-08	- Do -	30.07.2008	10.30 A.M	No

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 employee 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.

## CFL CAPITAL FINANCIAL SERVICES LTD.

### 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](http://www.cfltd.in). The Company's Email Id for the purpose of investors for any grievance is [cfl-shhiddgrievance@rpg.in](mailto:cfl-shhiddgrievance@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 | 24 <sup>th</sup> July, 2009 (Friday) at 10.30 A.M                           |
| Venue         | Birla Academy of Art & Culture<br>108-109 Southern Avenue<br>Kolkata-700029 |
- b. Financial Calendar (Tentative and subject to change)
- |   |                        |
|---|------------------------|
| Financial results for quarter ending 30 <sup>th</sup> June, 2009        | End of July, 2009      |
| Financial results for quarter ending 30 <sup>th</sup> September, 2009   | End of October, 2009   |
| Financial results for quarter ending 31 <sup>st</sup> December, 2009    | End of January, 2010   |
| Financial results for the year ending 31 <sup>st</sup> March, 2010      | End of June, 2010      |
| Annual General Meeting for the year ending 31 <sup>st</sup> March, 2010 | End of September, 2010 |
- c. Book Closure Date
- |  |  |
|--|--|
|  | 18 <sup>th</sup> July, 2009 to 24 <sup>th</sup> July, 2009 (both days inclusive) |
|--|--|
- d. List of Stock Exchanges where shares are listed and Stock Code

Name	Address	Stock Code
Bombay Stock Exchange Ltd., Mumbai	Phiroze 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 2008-2009

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 17<sup>th</sup> 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 2009 at the Stock Exchange, Mumbai

Months	Company's Share		BSE SENSEX	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April, 2008	5.95	4.04	17480.74	15297.96
May, 2008	6.55	4.26	17735.70	16196.02
June, 2008	4.75	3.44	16632.72	13405.54
July, 2008	3.82	2.81	15130.09	12614.02
August, 2008	4.11	3.20	15579.78	14002.43
September, 2008	4.19	2.11	15107.01	12153.55
October, 2008	2.90	1.36	13203.86	7697.39
November, 2008	2.75	1.61	10945.41	8316.39
December, 2008	2.20	1.70	10188.54	8467.43
January, 2009	1.99	1.51	10469.72	8631.60
February, 2009	2.08	1.47	9724.87	8619.22
March, 2009	1.84	1.24	10127.09	8047.17



f. Registrars and Share Transfer Agent  
Link Intime India Private Limited  
The address and other details of the Registrars have been furnished in this Report under Serial m (i) below.

g. Share Transfer System

All physical shares lodged with the Company or Share Transfer Agent, Messrs. [Link Intime India Private 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.

h. Shareholding Pattern (at 31<sup>st</sup> March, 2009)

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	96807288	89.81
Mutual Funds & UTI	Nil	0.00
Banks, Financial Institutions & Insurance Companies	10400	0.01
Private Corporate Bodies	33103952	23.87
Indian Public	8734641	6.30
NRIs/OCBs	18719	0.01
<b>Total</b>	<b>13,86,75,000</b>	<b>100.00</b>

Distribution of shareholding (as at 31<sup>st</sup> March, 2009)

Shareholding of nominal value of Rs.			No. of Holders	%	No. of Shares	%
Up	to	5000	31491	99.49	7310614	5.30
5001	to	10000	75	0.24	574152	0.40
10001	to	20000	39	0.12	549598	0.40
20001	to	30000	13	0.04	323868	0.20
30001	to	40000	8	0.02	281039	0.20
40001	to	50000	2	0.01	97500	0.10
50001	to	100000	8	0.03	603928	0.40
100001	and above		15	0.05	128934501	93.00
<b>Total</b>			<b>31651</b>	<b>100.00</b>	<b>138675000</b>	<b>100.00</b>

Dematerialisation of shares

76.12 % of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31<sup>st</sup> March 2009. 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.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments

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

Plant location-Not applicable

Address for correspondence

(i) Registrars and Share Transfer Agents:  
(For shares and dividend related queries)  
Link Intime India Private Limited  
59C Chowringhee Road, 3<sup>rd</sup> Floor  
Kolkata-700 020  
Phone : (033) 2289-0540 Telefax: (033) 2289 0539  
E-mail:kolkata@linkintime.co.in

## **CFL CAPITAL FINANCIAL SERVICES LTD.**

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- (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](mailto:cfl@rpg.in)  
( For investors' grievances) [cfl-shhldgrievance@rpg.in](mailto:cfl-shhldgrievance@rpg.in)
- o. Phone No: 2243-9332, 2243- 9334
- p. Fax No. 2243-9340
- q. Website : [www.cfltd.in](http://www.cfltd.in)

For and on behalf of the Board  
**(H.C.Mathur)**  
Chairman

Kolkata, Dated 25th June, 2009

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### **Declaration as required under Clause 49 of the Listing Agreement**

All Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31<sup>st</sup> March, 2009.

Kolkata, 25th June, 2009

**H.C.Mathur**  
Managing Director



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**AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN  
CLAUSE 49 OF THE LISTING AGREEMENT.**

To the Members of

CFL Capital Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by CFL Capital Financial Services Limited for the year ended on 31<sup>st</sup> March 2009 with the relevant records and documents maintained by the Company, furnished to us for our review and the Report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the stock exchanges and no investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

For Tarmaster & Co.  
Chartered Accountants

**R P Nandy**  
Partner  
(Membership No.51027)

Place : Kolkata

Dated: 25th June, 2009

## CFL CAPITAL FINANCIAL SERVICES LTD.

### 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 31<sup>st</sup> March, 2009 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 Company's Management has drawn a revival plan to liquidate some assets, to borrow money, restructure its debts and reduce its expenses and liabilities. On the basis of the above plan, the Company may be in a position to continue as a going concern. (Refer notes B-1 & B-2 in Schedule
  - ii) Loans from Banks and UTI and interest charged thereon have been provided as per the terms agreed, in principle with them in the past. (Refer notes in Schedule 3).
5. Attention is drawn to:
  - a. Non-compliance of the provisions of the Non-Banking Financial Companies (Reserve Bank of India) Directions 1977 / Non-Banking Financial (deposit accepting or holding) Companies (Reserve Bank of India) Directions, 2007. (Refer Note B-26 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-26 on Schedule-12)
6. as at 31<sup>st</sup> March, 2009, 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 5 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 31<sup>st</sup> March, 2009 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;
7. Subject to the effect of such adjustments, if any, as referred to in paragraph 5, 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 31<sup>st</sup> March, 2009.
  - 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 : 25th June, 2009



#### **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, 2009. 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 instalments by 31<sup>st</sup> 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, employees state insurance, customs duty, Investor Education and Protection fund, wealth tax, service 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, service tax, customs duty and cess were outstanding at 31<sup>st</sup> March 2009 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. 49,339.01 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 in 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)

## **CFL CAPITAL FINANCIAL SERVICES LTD.**

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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 or 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 overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, no funds have been raised by the Company during the year. However, the funds raised in earlier years for short term purpose have been used for long term purpose and it is not possible to determine the quantum of the same in this year.
19. The Company has not made any preferential allotment of the shares to the parties and companies covered in the register maintained u/s 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

**(R P Nandy)**  
Partner  
Membership No. 51027

Place : Kolkata

Dated : 25th June, 2009



**Annexure to Auditors' Report for year ended 31st March 2009**

**Annexure I**

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	Forum where the dispute is pending
Income Tax	Disallowance of depreciation, expenses, NPA provisions, write off etc	51.69	AY 2004-05	Commissioner of Income Tax (Appeals)
Sales Tax	Jurisdiction of Assessing office and Lease Tax	121.14	1996-97 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 II**

(Rs in Lakhs)

Default to Banks / Fis	Default Principal	Default Interest	Total Default as on 31.3.2009
Bank of Rajasthan	551	552	1103
Catholic Syrian	387	387	774
Dena Bank	1377	1379	2756
Federal Bank	290	184	474
IndusInd Bank	893	899	1792
Oriental Bank of Commerce	448	454	902
South Indian Bank	674	675	1349
State Bank of Travancore	826	827	1653
UTI Bank Ltd	518	486	1004
Vijaya Bank	918	919	1837
Total - Banks	6882	6762	13644
Financaif Institution			
Unit Trust of India	195	305	500

# CFL CAPITAL FINANCIAL SERVICES LTD.

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at		As at	
		Rupees	31st March, 2009 Rupees	Rupees	31st March, 2009 Rupees
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Share Capital	1	1,536,205,230.00		1,636,205,230.00	
Reserves & Surplus	2	1,282,003,592.80		1,286,955,372.80	
			2,898,208,822.80		2,923,060,602.80
Loan Funds	3				
Secured Loans		1,414,494,533.32		1,324,761,525.32	
Unsecured Loans		759,719,184.15		889,179,619.15	
			2,174,213,717.47		2,213,941,144.47
<b>TOTAL</b>			<b>5,072,422,540.27</b>		<b>5,137,001,747.27</b>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	4				
Gross Block			426,803,733.66		426,703,336.82
Less : Depreciation			391,280,510.59		390,185,487.59
Net Block			35,523,223.07		36,517,849.23
Investments	5		118,822,615.48		122,243,603.17
Current Assets, Loans & Advances	6				
Sundry Debtors		395,903,634.87		415,926,526.07	
Cash & Bank		8,207,991.06		108,729,042.65	
Loans and Advances		162,925,103.45		171,091,964.73	
			567,036,729.38		695,749,535.45
Less : Current Liabilities & Provisions	7				
Current Liabilities		71,949,180.07		70,082,210.67	
Provisions		510,911,649.59		535,679,749.98	
			582,860,829.66		605,761,960.65
<b>Net Current Assets</b>			<b>(15,824,100.28)</b>		<b>89,987,574.80</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>			<b>4,933,900,802.00</b>		<b>4,988,252,720.07</b>
<b>TOTAL</b>			<b>5,072,422,540.27</b>		<b>5,137,001,747.27</b>
Notes on Accounts	12				

As per our Report attached  
For TARMASER & CO.  
Chartered Accountants  
R P Nandy  
Partner  
M. No. 51027  
Place : Kolkata  
Date : 25-Jun-09

R C Kurup  
Company Secretary

For and on behalf of the Board of Directors

H C Mathur  
Managing Director

B N Tripathi  
Director

Place : Kolkata  
Date : 25-Jun-09



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	Year ended 31st March, 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>INCOME</b>			
Income from Operations	8	14,912,453.80	12,795,974.69
<b>TOTAL</b>		<b>14,912,453.80</b>	<b>12,795,974.69</b>
<b>EXPENDITURE</b>			
Operating Expenses	9	23,420,517.33	23,869,940.71
Interest	10	90,521,794.84	89,948,458.00
Depreciation		1,127,041.00	1,132,246.00
<b>TOTAL</b>		<b>115,069,353.27</b>	<b>114,970,644.71</b>
<b>GROSS LOSS</b>		<b>(100,156,899.47)</b>	<b>(102,174,670.02)</b>
ADD Write offs/Provisions against doubtful/ Irrecoverable Assets and diminution/ loss in value of Investments			
	11	14,031,184.05	181,513,493.07
LESS Non Performing Assets provision no longer required/bad debts recovered etc			
	11	43,910,373.59	196,091,282.18
Interest on Income Tax refunds			
			30,952,635.00
<b>LOSS BEFORE TAX</b>		<b>(70,277,708.83)</b>	<b>(56,644,245.90)</b>
Provision for Income Tax			
		136,000.00	172,550.00
Provision for Fringe Benefit Tax			
		234,372.00	204,234.00
<b>NET LOSS AFTER TAX</b>		<b>(70,648,081.83)</b>	<b>(57,021,029.90)</b>
Less: Prior Period adjustments for Income tax			
			187,160.00
		<b>(70,648,081.83)</b>	<b>(57,208,189.90)</b>
Add : Balance brought forward from previous year			
		<b>(4,888,252,720.07)</b>	<b>(4,831,044,530.17)</b>
Less Transferred from Special Reserve			
		25,000,000.00	
<b>LOSS CARRIED TO BALANCE SHEET</b>		<b>(4,933,900,802.00)</b>	<b>(4,888,252,720.07)</b>
<b>EARNING PER SHARE (Rs. 10/-) Basic &amp; Diluted</b> (see note B-24 in Schedule 12)			
		<b>(0.74)</b>	<b>(0.87)</b>
<b>Notes on Accounts</b>			
(see note B-2 in Schedule 12)	12		

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

**R P Nandy**  
Partner  
M. No. 51027

Place : Kolkata  
Date : 25-Jun-09

For and on behalf of the Board of Directors

**R C Kurup**  
Company Secretary

**H C Mathur**  
Managing Director

**B N Tripathi**  
Director

Place : Kolkata  
Date : 25-Jun-09

# CFL CAPITAL FINANCIAL SERVICES LTD.

## CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2009

	Year ended 31.3.2009 Rupees	Year ended 31.3.2008 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax & Extraordinary items	(100,156,899.47)	(102,174,670.02)
Adjustments for :		
- Financial Expenses	90,521,794.94	89,948,458.00
- Adjust for Provisions no longer required/impairment/bad debts & provisions	29,879,188.54	14,577,789.12
- Amount Transferred from Special Reserve	25,000,000.00	-
- Depreciation	1,127,041.00	1,132,246.00
- Operating profit before Working Capital changes	46,371,128.01	3,483,823.10
Adjustments for :		
- (Increase) Decrease in Lease Assets Including LER	-	1.00
- (Increase) Decrease in Others Loans & Advances Assets	28,191,754.48	281,264,755.82
- Increase (Decrease) in Current Liabilities	(22,901,130.99)	(175,076,213.91)
Cash generated from Operations	51,661,749.50	109,672,366.01
Financial Expenses	(90,521,794.94)	(89,948,458.00)
Direct taxes paid	(370,372.00)	(583,944.00)
Interest received on Refunds	-	30,952,635.00
Net Cash from Operating Activities	(39,230,417.44)	50,112,599.01
<b>B. Cash Flow from Investing Activities</b>		
(Purchase) of Fixed Assets	(148,681.84)	(3,638,678.00)
(Purchase) / Sale and / or Diminution of Investments (Net)	3,420,987.69	38,961,484.36
Sale/ extinguishment of Fixed Assets (Net)	16,247.00	7,151,929.55
Net Cash used in Investing Activities	3,286,572.85	36,474,738.01
<b>C. Cash Flow from Financing Activities</b>		
Gain on extinguishment of Liability	(24,851,780.00)	650,000.00
Proceeds from / (Settlement) of Other borrowings, Public Deposits	(39,727,427.00)	14,682,155.15
Net Cash used in Financing Activities	(64,579,207.00)	15,332,155.15
Net Increase/(decrease) in Cash & Cash Equivalents	(100,521,051.59)	101,919,492.17
Cash & Cash equivalents as at opening	108,729,042.65	6,809,550.48
Cash & Cash equivalents as at closing	8,207,991.06	108,729,042.65

### 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 31.3.2009 include Rs 19.50 lakhs (Rs. 28.96) 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 **TARMASTER & CO.**  
Chartered Accountants

**R P Nandy**  
Partner  
M. No. 51027

Place : Kolkata  
Date : 25-Jun-09

**R C Kurup**  
Company Secretary

For and on behalf of the Board of Directors

**H C Mathur**  
Managing Director

**B N Tripathi**  
Director

Place : Kolkata  
Date : 25-Jun-09



## SCHEDULES TO ACCOUNTS

	As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
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>
<b>Issued and Subscribed</b>		
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>
<b>Paid-up</b>		
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
Less : Calls In arrears	<u>444,770.00</u>	<u>444,770.00</u>
	<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>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
Opening Balance	938,146,367.80	937,496,367.80
Add : Amount on settlement of dues	<u>146,220.00</u>	<u>650,000.00</u>
	<u>938,294,587.80</u>	<u>938,146,367.80</u>
<b>Share Premium Account</b>		
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>
<b>Statutory Reserve</b>		
Opening Balance	25,000,000.00	25,000,000.00
Less Transferred to General Reserve	<u>25,000,000.00</u>	<u>25,000,000.00</u>
	<u>1,262,003,592.80</u>	<u>1,286,855,372.80</u>

# CFL CAPITAL FINANCIAL SERVICES LTD.

## SCHEDULES TO ACCOUNTS

	As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
<b>SCHEDULE 3</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
From Banks	888,224,060.32	888,224,060.32
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	706,770,473.00	517,037,465.00
	<u>1,414,494,533.32</u>	<u>1,324,761,525.32</u>

**Notes :**

- i) The loans from Banks are secured by hypothecation of specified assets present and future, owned by the Company, Hire Purchase and Leased Stock and Book Debts. However, the value of the security offered to the banks is inadequate with respect to the amount due.
- ii) The Company has entered into agreements with some banks for settlement of their dues and completed the settlement. The Company is negotiating with others including those who had initiated legal proceedings against the Company. The amount shown above are the principal outstanding and the interest accrued and due thereon are based on the earlier proposals/agreements entered into with the banks and approved in principle by most of them. The Company could not pay the dues as per the proposal and the amount as on the date of Balance Sheet is Rs.6882.23 lakhs and interest of Rs.6762.17 lakhs (shown under interest accrued and due on the principle amount). Amount due in respect of current year is Rs.13644.40 lakhs (previous year Rs.12784.12 lakhs). These creditors have filed claim with Debt Recovery Tribunal claiming their dues to the tune of around Rs.21984.29 lakhs which are being disputed by the Company.
- iii) The Company has preferred appeals in the Debt Recovery Appellate Tribunal against order of Debt Recovery Tribunal, Mumbai in respect of the 4 orders. Some cases are pending before the Debt Recovery Tribunal, Mumbai. The Company is in the process of filing an appeal against the order of Debt Recovery Appellate Tribunal in relation to Indusind Bank. The Company has preferred appeal in the Debt Recovery Appellate Tribunal against the order of the Debt Recovery Tribunal, New Delhi. The cases are pending before the Debt Recovery Tribunal in Chennai and Kolkata in respect of 2 banks.
- 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 including collateral 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. 305.53 lakhs has been provided on principal outstanding on Simple Interest Basis. Due within a year - Rs 500.54 lakhs (P Y Rs. 483.49 lakhs). The amount claimed by the lenders is Rs. 2203.83 lakhs.

**UNSECURED LOANS**

Fixed Deposits	321,552,881.00	407,029,532.00	-
Interest Accrued and Due	89,702,203.15	109,811,087.15	-
	411,255,184.15	516,840,619.15	-
Deposits from others	348,484,000.00	372,339,000.00	-
	<u>759,719,184.15</u>	<u>889,179,619.15</u>	-

- i) The Company is repaying Fixed Depositors in instalments as per the Company Law Board's (CLB) orders dated 28.06.2001, 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 1.186.56 lakhs (installment plus hardshipcases) (P Y Rs. 1136.80 lakhs)



## SCHEDULES TO ACCOUNTS

### SCHEDULE 4

#### FIXED ASSETS SCHEDULE AS ON 31.3.2009

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 01.04.2008	Additions/Transfer	Sales/Retirement	As at 31.03.2009	As at 01.04.2008	For the Year	Sales/Transfer etc.	As at 31.03.2009	As at 31.03.2008	As at 31.03.2009	
	(Rupees)										
<b>A) Assets given on Lease (All prior to 1.4.2009)</b>											
Plant & Machinery	349,037,812.22	-	-	349,037,812.22	349,037,812.22	-	-	349,037,812.22	-	-	
Vehicles	25,962,283.69	-	-	25,962,283.69	25,961,950.69	313.00	-	25,962,283.69	313.00	-	
<b>TOTAL (A)</b>	<b>374,999,875.91</b>			<b>374,999,875.91</b>	<b>374,999,875.91</b>	<b>313.00</b>		<b>374,999,875.91</b>	<b>313.00</b>		
<b>B) Owned Assets</b>											
Vehicles	2,558,758.00	-	-	2,558,758.00	1,154,597.00	200,057.00	-	1,357,854.00	1,404,161.00	1,201,104.00	
Office Equipment	7,478,587.18	138,681.84	-	7,610,229.02	7,212,298.43	66,598.00	-	7,278,896.43	764,286.75	331,332.58	
Furniture and Fixture	758,467.05	15,000.00	48,265.00	725,202.05	414,658.28	36,347.60	32,018.00	418,988.28	344,807.77	307,213.77	
Buildings	40,908,868.58	-	-	40,908,868.58	6,404,369.97	820,726.00	-	7,226,095.97	34,504,266.71	33,683,572.71	
<b>TOTAL (B)</b>	<b>51,703,480.81</b>	<b>148,681.84</b>	<b>48,265.00</b>	<b>51,803,557.76</b>	<b>15,185,924.88</b>	<b>1,126,728.00</b>	<b>32,018.00</b>	<b>18,280,694.88</b>	<b>36,517,536.23</b>	<b>35,523,223.07</b>	
<b>G. TOTAL (A+B)</b>	<b>428,703,356.82</b>	<b>148,681.84</b>	<b>48,265.00</b>	<b>428,803,733.88</b>	<b>390,185,487.58</b>	<b>1,127,047.00</b>	<b>32,018.00</b>	<b>391,280,616.58</b>	<b>56,517,648.25</b>	<b>35,523,223.07</b>	
Previous Year	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	390,185,487.58	55,563,348.88	38,517,849.23	

In case of most of the buildings the change to the new name of the Company in the records 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 base and the same have been adjusted in the above schedule where applicable. (See note 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.

	As at 31-Mar-09 Nos.	As at 31-Mar-09 Rupees VALUE	As at 31-Mar-08 Nos.	As at 31-Mar-08 Rupees VALUE
<b>QUANTITY</b>			<b>QUANTITY</b>	

### SCHEDULE 5 INVESTMENTS

#### LONG TERM

##### a. Quoted non trade investments at cost (in SGL account)

(FV Rs 100 per unit except where specified)

C2008 11.40% Government of India 2008	-	-	100,000	10,210,000.00
C2008 12.00% Government of India 2008	-	-	200,000	20,216,000.00
C2009 11.50% Government of India 2009	40	4,239.00	40	4,239.00
C2010 12.25% Government of India 2010	161,000	19,309,900.00	-	-
C2011 11.50% Government of India 2011	100	11,237.00	100	11,237.00
C2014 6.72% Government of India 2014	500,000	49,050,000.00	500,000	49,050,000.00
C2015 11.50% Government of India 2015	160	19,200.00	160	19,200.00
C2016 10.71% Government of India 2016	200	23,253.00	200	23,253.00
C2016 12.30% Government of India 2016	500	55,125.00	500	55,125.00
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
C2018 12.60% Government of India 2018	20	2,022.00	20	2,022.00
S2008 11.50% Government of Maharashtra 2008	-	-	30	3,159.00
S2009 11.85% Government of Gujarat 2009	3,000	288,060.00	3,000	288,060.00
S2010 11.50% Government of Maharashtra 2010	20	2,322.00	20	2,322.00
<b>TOTAL A</b>		<b>80,495,858.00</b>		<b>91,614,917.00</b>

# CFL CAPITAL FINANCIAL SERVICES LTD.

## SCHEDULES TO ACCOUNTS

	As at 31-Mar-09 Nos. QUANTITY	As at 31-Mar-09 Rupees VALUE	As at 31-Mar-08 Nos. QUANTITY	As at 31-Mar-08 Rupees VALUE
<b>b. Unquoted Shares (trade) fully paid up of Rs 10/- each</b>				
Ace Garments Export Ltd.	850,000	8,500,000.00	850,000	8,500,000.00
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 Chmique Ltd.	171,500	30,012,500.00	171,500	30,012,500.00
Interdrill Asia Ltd	-	-	81,119	1,827,490.00
Jind Textiles Ltd.	750,000	18,938,523.00	750,000	18,938,523.00
Kaipana 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	30,000	720,000.00
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.	366,667	13,398,000.00	366,667	13,398,000.00
Worldcom Multi Media Ltd.	100,000	2,500,000.00	100,000	2,500,000.00
<b>TOTAL B</b>		<b>225,342,331.00</b>		<b>227,169,821.00</b>
<b>c. Investment in Subsidiary Company (unquoted)</b>				
Coal Securities Ltd. ( FV Rs. 1 per share)	28,599,032	28,599,032.00	28,599,032	28,599,032.00
(Face Value Rs 10 per share except where specified )				
<b>TOTAL C</b>		<b>28,599,032.00</b>		<b>28,599,032.00</b>
<b>CURRENT INVESTMENTS</b>				
<b>A: QUOTED EQUITY SHARES (TRADE)FULLY PAID UP OF RS.10/- EACH</b>				
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	1,200	54,960.00
Chennai Petroleum Ltd.* D	100	27,965.00	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	445,641.00	8,900	445,641.00
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	-
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	-	84,403	-
Lakshana Cotton Ltd	100	-	100	-
Malavika Steel Co Ltd	237,400	-	237,400	-
Moolchand Export Ltd	10,400	-	10,400	-
Moulik Finance and Resorts Ltd	25,500	-	25,500	-
Nagarjuna Agritech Ltd. D	98,000	-	100,000	-



## SCHEDULES TO ACCOUNTS

	As at 31-Mar-09 Nos. QUANTITY	As at 31-Mar-09 Rupees VALUE	As at 31-Mar-08 Nos. QUANTITY	As at 31-Mar-08 Rupees VALUE
Naina Semi Conductor Ltd	47,200	-	47,200	-
NGL Fina Chem Ltd D	25,103	25,103.00	25,103	25,103.00
Nova Surgikos Ltd	25,800	-	25,800	-
N R International Ltd D	120,203	-	120,203	-
PAL Peugeot Ltd	99,800	-	99,800	-
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	-
Shamrock Industrial Co Ltd D	86,165	-	86,165	-
Shree Rubbers Ltd	192,000	-	192,000	-
Scitalre Machine Tools Ltd. ^ D	1,400	16,226.00	1,400	16,226.00
Sun Earth Ceramics Ltd***	125	-	125	-
Tata Steel Limited ^ D	12	2,472.00	-	-
UTI - Mastershare Unit Scheme ^ D	110	4,559.00	110	4,559.00
Venkat Pharma Ltd D	4,496	-	4,496	-
Vitara Chemicals Co Ltd	198,000	-	198,000	-
Yogi Polyester Ltd.	55,800	-	55,800	-
<b>TOTAL D</b>		<b>647,188.50</b>		<b>644,716.50</b>
<b>TOTAL (A+B+C+D)</b>		<b>336,064,209.50</b>		<b>348,028,486.50</b>
Less : Write off / Provision for diminution in value of Investment		<b>216,251,594.02</b>		<b>225,784,883.33</b>
		<b>119,812,615.48</b>		<b>122,243,603.17</b>
Aggregate Book Value of Quoted Investments		<b>81,142,846.50</b>		<b>92,259,633.50</b>
Aggregate Market Value of Quoted Investments		<b>86,050,619.50</b>		<b>99,682,095.00</b>
Aggregate Book Value of Unquoted Investments		<b>37,679,768.98</b>		<b>29,983,969.67</b>

Details of Investments purchased or received on clearance of title/ sold or redeemed on maturity

- 1,81,000 units of Rs. 100 each of 12.25% Government of India 2010 purchased  
 12 equity shares of Rs. 100 each of Tata Steel Limited received on removal of defects  
 1,00,000 units of Rs. 100 each redeemed on maturity of 11.40% Government of India 2008  
 2,00,000 units of Rs. 100/- each redeemed on maturity of 12.00% Government of India 2008  
 30 units of Rs. 10 each redeemed on maturity of 11.50% Government of Maharashtra 2008  
 8,119 equity shares of Rs. 100/- each of Interdnl Asia Ltd sold  
 1,000 equity shares of Rs. 10/- each of Nagarjuna Agritech Ltd. sold.

- 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 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 investmtns 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.
- H SLR Securities have not been charged to public depositors as permitted by RBI.

# CFL CAPITAL FINANCIAL SERVICES LTD.

## SCHEDULES TO ACCOUNTS

	As at 31-Mar-08 Rupees	As at 31-Mar-08 Rupees
<b>SCHEDULE 6</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
Sundry Debtors - Unsecured		
(i) Outstandings for a period exceeding six months - considered good	105,808.80	352,448.00
(ii) Others - considered good	180,000.00	
(ii) Considered Doubtful	<u>395,557,725.07</u>	<u>415,576,082.07</u>
	<u>395,903,634.87</u>	<u>415,928,528.07</u>
<b>Cash and Bank Balances :</b>		
Cash in hand	133,820.00	58,418.50
Balances with Scheduled Banks :		
- in Current Accounts	3,710,308.75	6,009,726.65
- In Escrow Account	1,950,178.31	2,897,980.50
- in Deposit Account	<u>2,413,686.00</u>	<u>99,762,917.00</u>
	<u>8,207,991.06</u>	<u>108,729,042.65</u>
	<u>404,111,625.93</u>	<u>524,657,570.72</u>
<b>B. LOANS AND ADVANCES</b>		
Advances(unsecured) - receivable in cash or in kind or for value to be received		
Tax Deducted at Source/Advance tax	44,310,730.35	43,985,797.35
Bills Discounted	108,936,552.17	111,708,285.56
Deposits	2,334,880.00	4,736,366.00
Other loans/advances	9,342,940.93	10,661,505.82
	<u>47,593,178.93</u>	<u>50,998,296.82</u>
Considered Good.	115,331,924.52	120,103,667.91
Considered Doubtful.	<u>182,925,103.45</u>	<u>171,091,964.73</u>
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors		
(i) Due to Micro or Small Scale Enterprises	-	-
(ii) Due to others	33,577,722.68	39,479,621.84
Bills Rediscouinting	2,037,749.00	2,537,749.00
Other Liabilities	<u>36,333,708.39</u>	<u>28,064,939.83</u>
	<u>71,949,180.07</u>	<u>70,082,210.67</u>
None of the above creditors has informed the company of its status as a Micro, Small or Medium unit.		
Dues to Ceat Securities Ltd Rs. 312.36 Lakhs (Previous Year Rs.312.36 Lakhs)		
Regarding transfer to Investor Education and Protection Fund (See note B.25 of Schedule 12)		
<b>Provisions :</b>		
As per Prudential Norms prescribed by Reserve Bank of India from time to time		
- On Sundry Debtors & Current Assets	395,557,725.07	415,576,082.07
- On Loans & Advances	115,331,924.52	120,103,667.91
- Provision for Tax (net of Advance)	22,000.00	-
	<u>510,911,649.59</u>	<u>535,679,749.98</u>



## SCHEDULES TO ACCOUNTS

	Year ended 31-Mar-09 Rupees	Year ended 31-Mar-08 Rupees
<b>SCHEDULE 8</b>		
<b>INCOME FROM OPERATIONS</b>		
Income from Old Recoveries of Funded Business.	408,884.00	325,000.00
Securities & Mutual Fund Units - Current Investments		669,043.87
Profit from Sale of Shares- Current Investments	23,980.00	482,622.54
Dividend - Long term investments	32,419.50	281,250.00
Dividend - Current investments	281,250.00	54,245.50
Interest on SLR Securities Long Term investments	7,029,149.79	8,092,881.40
Interest on Bank Deposits (TDS Rs. 4,60,933/-, PY Rs 4,30,543/-)	4,902,220.01	1,437,162.34
Rent Received (TDS Rs.16,480/- PY. Rs. 1,94,030/-)	664,016.00	833,016.00
Other Business Income (TDS Nil PYNil)	1,570,634.50	620,763.04
	<u>14,912,453.80</u>	<u>12,795,974.69</u>
<b>SCHEDULE 9</b>		
<b>OPERATING EXPENSES</b>		
Advertisement Expenses	19,335.00	17,268.00
Auditors Remuneration	318,884.00	315,812.50
Bank Charges	74,232.76	341,640.60
Communication costs	1,180,406.17	1,050,186.05
Directors' Fees	28,000.00	21,000.00
Electricity Expenses	142,219.00	132,095.00
Employee Costs		
Salaries and other benefits	11,427,181.00	11,215,733.63
Welfare Expenses	307,553.50	232,963.15
Contribution to Provident Fund, Gratuity Superannuation and other Funds	<u>1,258,349.00</u>	<u>1,796,147.00</u>
Insurance	12,993,083.50	13,244,843.78
Legal & Professional Charges	275,401.25	244,363.00
Printing and Stationery	3,260,279.99	3,744,456.54
Printing and Stationery	519,455.05	489,742.37
Rent,	1,025,470.00	801,499.00
Rates & Taxes	272,207.00	290,719.00
Repairs and Maintenance-Buildings	1,049,375.09	859,053.28
Repairs and Maintenance- Others	113,432.00	176,503.08
Travelling and Conveyance	888,568.37	1,046,839.35
Vehicle Expenses	1,024,406.99	968,704.13
Miscellaneous Expenses	268,762.16	326,213.03
	<u>29,420,517.33</u>	<u>23,889,940.71</u>

# CFI CAPITAL FINANCIAL SERVICES LTD.

## SCHEDULES TO ACCOUNTS

	Year ended 31-Mar-09 Rupees	Year ended 31-Mar-08 Rupees
<b>SCHEDULE 10</b>		
<b>INTEREST &amp; OTHER COSTS</b>		
Interest - Fixed Loan	3,705,000.00	3,705,000.00
Interest - Others	86,816,794.94	86,243,458.00
	<u>90,521,794.94</u>	<u>89,948,458.00</u>
<b>SCHEDULE 11</b>		
Write offs/Provisions against doubtful/irrecoverable		
Assets and diminution/loss in value of investments		
a) Bad debts written off	10,831,248.18	172,077,897.07
b) Loss on sale of assets	13,833.00	5,128.00
c) NPA provisions as per norms	2,759,943.89	8,508,721.00
d) Loss on redemption of securities	428,159.00	920,747.00
	<u>14,031,184.05</u>	<u>181,513,493.07</u>
Provision No longer required & others		
a) Provision for NPAs No Longer required	37,073,333.59	183,360,357.87
b) Bad debts recovered	6,837,040.00	4,041,925.00
c) Profit on Sale of Assets	-	51,424.00
d) Write back of earlier years expenses on settlement	-	6,942,438.97
e) Write back of Impairment provided in earlier years	-	1,866,774.35
f) Profit on Sale of Investments Long Term Investments	-	828,362.00
	<u>43,910,373.59</u>	<u>196,091,282.19</u>



## SCHEDULE 12

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

#### A. SIGNIFICANT ACCOUNTING POLICIES

- 1 The financial statements are prepared under historical cost and on accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act, 1956.
- 2 **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.
- 3 **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.
- 4 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 nil value.
- 5 **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.
- 6 **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.
- 7 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
- 8 **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
- 9 **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 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

##### Going Concern

The net worth of the Company has become negative due to the accumulated losses in the previous years. The Company has drawn a plan to liquidate assets, borrow money, restructure its debts and liabilities, reduce expenditure and increase the capital. The Company is in the process of implementation of the same with the support from the creditors and shareholders. Hence, the Accounts have been drawn on a going concern basis. The winding up petition filed by one of the creditors in the previous year is pending before the Hon'ble Calcutta High Court.

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

## CFL CAPITAL FINANCIAL SERVICES LTD.

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 significant 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, 2008 as permitted by CLB.
- 4 Inflow / Outflow in foreign currency during the year as well as previous year are nil.
- 5 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 inspite 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.
- 6 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.
- 7 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.
- 8 Audit fees include amounts paid to Auditors towards:

	Year ended 31-Mar-09	Year ended 31-Mar-08
	Rupees	Rupees
As Auditors for : Statutory Audit	125,000	125,000
Tax Audit	25,000	25,000
For other matters	131,265	137,080
Out of Pocket expenses	37,618	28,733
	<u>318,884</u>	<u>315,813</u>

	Year ended 31-Mar-09	Year ended 31-Mar-08
	Rupees	Rupees
Profit/(Loss) as per Profit & Loss Account	(70,648,082)	(57,021,030)
Add : Directors Salary & Fees	927,931	1,035,504
Bad Debts written off / Loss on Investments	10,831,248	172,077,897
NPA provisions	2,759,944	8,509,721
Income Tax Liability of earlier years	-	-
Loss on Sale of Assets	13,833	5,128
Loss on sale / redemption of Investments	426,159	920,747
Sub-total	(55,888,967)	125,527,967
Less : Bad debts Recovered	6,837,040	4,041,925
Provisions on NPAs no longer required	37,073,334	183,360,358
Write back of earlier years expenses on settlement	-	5,942,439
Profit on sale / Redemption of Investments	-	828,362
Interest on Refund of Income Tax	-	30,852,635
Net (Loss) under Section 349	(99,599,340)	(99,597,752)
Remuneration , Sitting Fees etc paid to directors	927,931	1,035,504
Sitting fees paid to Directors	28,000	21,000
Salary paid to Managing Director	889,931	1,014,504



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 had applied for waiver of recovery of Rs. 3.33 lakhs which was also not acceded to. The excess of Rs. 3.33 lakhs has been recovered during the year.

10 **Managerial Remuneration**

Salary	705,000	853,856
Contributions to PF, Superannuation & Gratuity Funds	124,050	145,043
Perquisites	69,881	15,605
	<b>899,931</b>	<b>1,014,504</b>

An amount of Rs. 1.14 lakhs paid in excess in 2007-08 has been recovered during the year. This forms part of Rs 3.33 lakhs recovered during the year for the period 1.5.2005 to 30.4.2008

11 The provision for Income Tax is determined in accordance with the provisions for Income from House Property as per the Income Tax Act, 1961

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.

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. 49,339.01 lakhs (Previous Year Rs.48,881.12 Lakhs) includes unabsorbed depreciation of Rs.16,971.38 lakhs (Previous Year Rs.16,962.13 Lakhs)

14 **Contingent Liabilities :**

- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 3,573.57 lakhs. (Previous Year Rs. 3,248.70 lakhs)
- ii) Income Tax Rs 91.44 lakhs. ( Previous Year Rs 51.69 lakhs)
- iii) Sales Tax Rs. 127.30 lakhs ( Previous Year Rs. 159.51 lakhs)
- iv) Custom Duty Rs. 7.00 lakhs (Previous Year Rs. 7.00 Lakhs)
- v) Pension Scheme Rs. 75.94 lakhs ( Previous Year Rs. 75.94 lakhs)

The above liabilities are dependant 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 Claims against the Company not acknowledged as debts, as the same are disputed by the Company.

Amounts claimed by Banks & UTI Rs.10,023.93 lakhs

Others Rs. 14.55 Lakhs (Previous Year Rs. 14.55 Lakhs)

16 Coal 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. 312.33 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.

17 **Provisions**

(Amount in Rs. Lakhs)

	Tax	Debtors	Loans & Advances	Investments	Total
Opening Balance	-	4,155.76	1,201.04	2,257.85	7,614.65
Additions during the year	2.34	27.60	-	-	27.60
	2.34	4,183.36	1,201.04	2,257.85	7,642.25
Less Paid/Adjusted / No Longer Required	2.12	227.78	47.72	95.23	370.73
Closing Balance	0.22	3,955.58	1,153.32	2,162.62	7,271.52

## CFL CAPITAL FINANCIAL SERVICES LTD.

- 18 The Company has paid an amount of Rs 12.26 lakhs (PY Rs. 17.87 lakhs) towards Provident & Pension Funds and Gratuity & Superannuation Schemes. It has provided on actuarial basis a liability of Rs. 18.04 lakhs as at the year end on account of leave benefit due to the employees. Employees Pension Scheme and Superannuation Scheme are Defined Contribution Schemes and the same are fully funded on the Balance Sheet Date as per the scheme. Provident Fund and Gratuity are defined benefit scheme through Life Insurance Corporation of India Ltd and is fully funded on the Balance Sheet date as per the requirements of AS-15. Leave Liability as on Balance Sheet Date is provided as per the requirements of AS-15 on the basis of Actuarial Certificate.
- 19 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:

	2008-09	2007-08
Employer's Contribution to Superannuation Fund	481,790	462,143
Employer's Contribution to Pension Scheme	58,430	52,229
<b>Defined Benefit Plan</b>	<b>2008-09</b>	<b>2007-08</b>
Employer's Contribution to Provident Fund	401,445	387,641
Employer's Contribution to Gratuity Scheme	285,307	863,834

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.

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)	
	2008-09	2007-08	2008-09	2007-08
Mortality Rate	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)
Discount Rate	8% p.a.	8% p.a.	7% p.a.	7% p.a.
Salary escalation rate	10% p.a.	10% p.a.	10% p.a.	10% p.a.
Rate of Return (expected) on plan assets			NO FUND	NO FUND
Method of Valuation	1%-3%	1%		1%
Withdrawal Rate	depending on age	throughout		throughout
Retirement age Years	58	58		58
Expected average remaining service				
Period of accounting	31.03.2009	31.3.2008	31.03.2009	31.3.2008
<b>I Data Information on</b>				
Number of members	18	18	18	18
Average /Total monthly salaries Rs	18,235.61	16,343.61	328,241	294,185
Average age	42.44	41.44	41	41
Average Past Service (yrs)/Leave balance (days)	11.44	10.50	57	75
<b>II Changes in present value of obligations</b>				
PVO at beginning of year			1,039,640	965,386
Interest cost			72,775	65,181
Current Service Cost			210,184	207,928
Benefits Paid (as intimated by Company)			-	(68,445)
Actuarial (gain)/ loss on obligation			481,017	(130,410)
PVO at end of year			1,803,616	1,039,640



	31.03.2009	31.3.2008	31.03.2008	31.3.2008
<b>III Changes in fair value of plan assets</b>				
Fair value of Plan Assets at beginning of year			-	-
Expected return on Plan Assets			-	-
Contributions			68,445	
Benefits Paid (as Intimated by Company)			(68,445)	
Actuarial (gain)/ loss on plan assets			-	-
Fair Value of Plan Assets at end of year (estimate)			-	-
<b>IV Fair Value of Plan Assets</b>				
Fair value of Plan Assets at beginning of year			-	-
Actual return on Plan Assets			-	-
Contribution				68,445
Benefits Paid (as intimated by Company)				(68,445)
Fair value of Plan Assets at the end of year				-
Funded Status			(1,803,616)	(1,039,640)
Excess of actual over estimated return on Plan				
<b>V Actuarial Gain/ (Loss) Recognized</b>				
Actuarial Gain /(Loss) for the year(Obligation)			(481,017)	130,410
Actuarial Gain/(Loss) for the year (Plan Assets)			-	-
Total Gain/(loss) for the year			(481,017)	130,410
Actual Gain/(loss) recognized for the year			(481,017)	130,410
Unrecognized Actuarial Gain/(loss) at end of year			-	-
<b>VI Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>				
PVO at end of year			1,803,616	1,039,640
Fair value of Plan Assets at the end of year			-	-
Funded Status			(1,803,616)	(1,039,640)
Unrecognized Actuarial Gain/ (loss)			-	-
Net assets/ (Liability) recognized in the balance sheet			(1,803,616)	(1,039,640)
<b>VII Expense recognized in the statement of P &amp; L A/c</b>				
Current Service Cost			210,184	207,928
Interest cost			72,775	65,161
Expected Return on Plan Assets			-	-
Net Actuarial Gain/(Loss) recognised for the year			481,017	(130,410)
Expense recognized in the statement of P & L A/c			763,976	142,699
<b>VIII Movements in the Liability recognised in Balance Sheet</b>				
Opening Net Liability			1,039,640	965,386
Expenses as above			763,976	142,699
Contribution paid			-	(68,445)
Closing Net Liability			1,803,616	1,039,640
<b>IX Results of Valuation</b>				
a. PV of Past Service Benefit			2,897,268	2,408,198
b. Current Service Cost			212,533	186,074
c. Total Service Gratuity			4,809,651	4,178,521
d. Accrued Gratuity			2,342,555	1,934,913
e. Life Cover Sum Assured			1,477,000	1,388,439
f. LC Premium			7,550	6,810
g. Service Tax @ 12.6%			778	842

## CFL CAPITAL FINANCIAL SERVICES LTD.

### X Recommended Contribution Rate

a. Fund Value as on Renewal Date	2,832,822	1,738,090
b. Additional Contribution for Existing Fund	64,446	870,108
c. Current Service Cost	212,533	186,074

The Certificate for Gratuity are as given by the Life Insurance Corporation. In case of Leave encashment, the certificate is given by an Actuary

### 20 Quantitative Information (for Current Investments)

	As at 31-Mar-09 Nos	As at 31-Mar-09 Rupees	As at 31-Mar-08 Nos	As at 31-Mar-08 Rupees
a. Equity Shares (listed)				
Opening Stock	2,820,851	644,717	2,841,038	220,152
Purchases/Transfers	12	2,472	10,410	533,766
Sales /Transfer	1,000	23,980	30,597	592,542
Closing stock	2,818,863	647,188	2,820,851	644,717
b. Units of Liquid Schemes of Mutual Funds				
Opening Stock	-	-	2,258,389	28,941,423
Purchases/Transfers	-	-	-	-
Sales /Transfer	-	-	2,258,389	28,505,419
Closing stock	-	-	-	-

### 21 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 of the Company

##### (ii) Subsidiary of the Company

Ceat Securities Ltd

##### (iii) Other related parties

Indo Dean Leather Ltd\*\*

Spectrum Alkyd & Resins Ltd\*\*

Rula 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

	Parties referred in Note 18.1.(i) above	Rupees Parties referred in Note 18.1.(ii) above	Parties referred in Note 18.1.(iii) above
1 Outstanding receivables (net of payables)	-	-	-
2 Outstanding payables (net of receivables)	-	31,233,177.88	-
3 Advance given /returned	-	1,200,000.00	-
4 Advances taken / returned	-	1,200,000.00	-
5 ICDs paid during the year/repayments made during the year	-	-	-
6 Expenses recharged to other Companies	-	89,624.00	-
Previous Year	(78,180.00)	(31,236,358.00)	(1,719,367.00)



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

		Rupees
1	Remuneration	899,931.00
	Previous Year See note 11 above	1,014,504.00

22 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

23 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.

		As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
24	Earnings per share		
a.	Profit/(Loss) after tax (Rs in '000)	(70,648,082)	(57,021,030)
b.	Adjustments for		
	Preference Dividend	32,487,000	32,487,000
	Interest on Income Tax Refunds	-	30,952,635
	Taxation of earlier years	-	187,160
c.	Adjusted Loss after tax	(103,135,082)	(120,647,825)
d.	Weighted average number of Equity shares for Basic EPS	Nos. 138,675,000	138,675,000
e.	Nominal value per Equity share	Rs. 10.00	10.00
f.	Earning per share (Basic)	Rs. (0.74)	(0.87)
g.	Weighted average number of Equity shares for Diluted EPS	Nos. 138,675,000	138,675,000
h.	Earning per share (Diluted)	Rs. (0.74)	(0.87)

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

26 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 company accepted of public deposit. 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.

27 In the years 1996-97 and 1997-98 the Company had appropriated a total of Rs 250 lakhs towards Special Reserve. The same is now adjusted against Profit and Loss account.

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

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

R P Nandy  
Partner  
M.No. 51027

Place : Kolkata  
Date : 25-Jun-09

For and on behalf of the Board of Directors

R C Kurup  
Company Secretary

H C Mathur  
Managing Director

B N Tripathi  
Director

Place : Kolkata  
Date : 25-Jun-09

## CFL CAPITAL FINANCIAL SERVICES LTD.

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES.

Name of the Subsidiary		CEAT SECURITIES LIMITED
1.	Holding Company's Interest in subsidiary	28,599,032 Equity Shares of Rs 1, each fully paid 91.69%
2.	Net aggregate amount of the profit/ (loss) of the subsidiary not dealt with in Holding Company's account	
	a) For the financial year of the the Subsidiary Company	(74,471.85)
	b) For the previous financial year of the Subsidiary Company	(24,274.00)
3.	Net aggregate amount of the profit of the Subsidiary dealt with in Holding Company's account	
	a) For the financial year of the Subsidiary Company	Nil
	b) For the previous financial year of the Subsidiary Company	Nil

**R C Kurup**  
Company Secretary

**H C Mathur**  
Managing Director

**B N Tripathi**  
Director

Place : Kolkata  
Date : 25th June, 2009



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details :**

Reg. No. 

U	9	9	9	W	B	1	9	8	3	P	L	C	0	3	6	8	0	5
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 Reg No. 

2	1
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Balance Sheet Date 

3	1
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0	3
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2	0	0	9
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Date Month Year

**II Capital raised during the year (Amount In Rs. Thousands)**

Public Issue	Rights Issue																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L		
					N	I	L													
						N	I	L												
Bonus Issue	Private Placement																			
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						N	I	L												
							N	I	L											

**III Position of Mobilisation and Deployment of Funds (Amount In Rs. Thousands)**

Total Liabilities	Total Assets															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>0</td><td>7</td><td>2</td><td>4</td><td>2</td><td>2</td></tr></table>	5	0	7	2	4	2	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>0</td><td>7</td><td>2</td><td>4</td><td>2</td><td>2</td></tr></table>	5	0	7	2	4	2	2	
5	0	7	2	4	2	2										
5	0	7	2	4	2	2										
Source of Funds	Reserves & Surplus															
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>6</td><td>2</td><td>0</td><td>0</td><td>3</td></tr></table>	1	2	6	2	0	0	3								
1	2	6	2	0	0	3										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>5</td><td>3</td><td>6</td><td>2</td><td>0</td><td>5</td></tr></table>	1	5	3	6	2	0	5	Unsecured Loans								
1	5	3	6	2	0	5										
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>7</td><td>5</td><td>9</td><td>7</td><td>1</td><td>9</td></tr></table>		7	5	9	7	1	9								
	7	5	9	7	1	9										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>1</td><td>4</td><td>4</td><td>9</td><td>5</td></tr></table>	1	4	1	4	4	9	5	Investments								
1	4	1	4	4	9	5										
Application of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>1</td><td>8</td><td>8</td><td>2</td><td>2</td></tr></table>		1	1	8	8	2	2								
	1	1	8	8	2	2										
Net Fixed Assets	Misc. Expenditure															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>5</td><td>5</td><td>2</td><td>3</td></tr></table>		3	5	5	2	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
	3	5	5	2	3											
						N	I	L								
Net Current Assets																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>(-)</td><td>1</td><td>5</td><td>8</td><td>2</td><td>4</td></tr></table>		(-)	1	5	8	2	4									
	(-)	1	5	8	2	4										
Accumulated Losses																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>9</td><td>3</td><td>3</td><td>9</td><td>0</td><td>1</td></tr></table>	4	9	3	3	9	0	1									
4	9	3	3	9	0	1										

**IV Performance of Company (Amount In Rs. Thousands)**

Turnover	Misc. Expenditure														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>4</td><td>9</td><td>1</td><td>2</td></tr></table>		1	4	9	1	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>8</td><td>5</td><td>1</td><td>9</td><td>0</td></tr></table>		8	5	1	9	0		
	1	4	9	1	2										
	8	5	1	9	0										
Profit / Loss before tax	Profit / Loss after tax														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>(-)</td><td>7</td><td>0</td><td>2</td><td>7</td><td>8</td></tr></table>		(-)	7	0	2	7	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>(-)</td><td>7</td><td>0</td><td>5</td><td>4</td><td>8</td></tr></table>		(-)	7	0	5	4	8
	(-)	7	0	2	7	8									
	(-)	7	0	5	4	8									
(Please tick appropriate box + for Profit, - for Loss)	Dividend rate %														
Earning per share in Rs.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>0</td></tr></table>		0												
	0														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>(-)</td><td>0</td><td>7</td><td>4</td></tr></table>		(-)	0	7	4										
	(-)	0	7	4											

Basic & Diluted

**V Generic Name of Three Principal Products / Services of Company (as per Monetary Terms)**

Item Code No. (IYC Code) 

						N	I	L
--	--	--	--	--	--	---	---	---

Product Description	I N V E S T M E N T
	D I S T R I B U T I O N O F
	S E C U R I T I E S O F

RBI has cancelled the registration of the Company as Non Banking Financial Company with effect from 18-05-2004.

# CFL CAPITAL FINANCIAL SERVICES LTD.

Schedule to the  
Balance Sheet of a Non - Banking Financial Company  
(as required in terms of Paragraph 13 of Non Banking Financial  
(Deposits Accepting or Holding) Companies Prudential Norms (Reserve Bank)  
Directions, 2007  
AS AT 31ST MARCH, 2009

(Rs. in lakhs)

Particular		
<b>Liabilities Side:</b>		
<b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	Amount Outstanding	Amount overdue
(a) Debentures : Secured (x)	500.53	500.53
: Unsecured		
(other than falling within the meaning the of public deposits * )		
(x) (security is inadequate as on date.)		
(b) Deferred Credits		
(c) Terms Loans	13644.41	13534.41
(d) Inter-corporate loans and borrowing	3484.64	
(e) Commercial Paper		
(f) Public Deposits*	4112.55	
(g) Other Loans (specify nature)		
* Please see note 1 below		
<b>(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(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	4112.55	
*Please see note 1 below		
<b>Asset side:</b>		
		Amount outstanding
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included</b>		
(a) Secured		
(b) Unsecured		1629.25
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities EL / HP activities</b>		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease (all debtors)		3959.03
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire (all debtors incl.in (i) above		
(b) Repossessed Assets		



(iii) Hypothecation loans counting towards AFC activities	
(a) Loans where assets have been repossessed	
(b) Loans other than (a) above	
(5) <b>Break - up of Investments :</b>	
<u>Current Investments :</u>	
1 <u>Quoted :</u>	
(i) Shares : (a) Equity	6.47
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify) PSU Bonds	
2 <u>Unquoted :</u>	
(i) Shares : (a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	
<u>Loans Term investments:</u>	
1 <u>Quoted :</u>	
(i) Shares : (a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	804.96
(v) Others (please specify)	
2 <u>Unquoted :</u>	
(i) Shares : (a) Equity	376.80
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	

(6) **Borrower group - wise classification of assets financed as in (3) (4) above**

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries			
(b) Companies in the same group			
Other parties			
2. Other than related parties		5588.25	5588.28
Total		5588.28	5588.28

## CFL CAPITAL FINANCIAL SERVICES LTD.

(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 fair value or NAV	Book Value (net of Provision)
<b>1. Related Parties **</b>		
(a) Subsidiaries	285.99	285.99
(b) Companies in the same group	—	—
(c) Other related parties		
<b>2. Other than related parties</b>	951.67	902.24
<b>Total</b>	<b>1237.66</b>	<b>1188.23</b>

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

(8) Other Information

Particular	Amount
(i) Gross Non- Performing Assets	7360.62
(a) Related parties	—
(b) Other than related parties	7360.62
(ii) Net Non-Performing Assets	90.81
(a) Related parties	—
(b) Other than related parties	90.81
(iii) Assets acquired in satisfaction of debt (in 2003-04 & earlier)	137.46

Notes :

- As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.
- 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.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the statement of accounts of the Company for the year ended 31<sup>st</sup> March 2009.

### Financial Results

	(Rs. in lakhs)	
	For the year ended 2008-09	For the year ended 2007-08
Income from operations	0.18	0.03
Less Expenditure including Diminution/Loss in the value/Sale of Investments	0.93	0.27
Loss for the year	0.75	0.24
Add Balance brought forward from previous year	(323.59)	(323.59)
(Loss) carried to Balance Sheet	(324.34)	(323.83)

### Operations

The loss is due to increase in expenditure of legal expenses.

### Directors

Mr. Suresh Mathew resigned from the Board with effect from 19<sup>th</sup> February, 2009. The Board has placed on record its deep appreciation of the services rendered by him during his tenure as Director of the Company. Mr Kishore C Shete was appointed as additional director of the Company with effect from 19<sup>th</sup> Feb., 2009. In accordance with the provisions of the Articles of Association of the Company and section 260 of the Companies Act 1956, he vacates his office at the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act has been received from a member proposing his appointment as Director of the Company.

Mr. A V Sudhakaran 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

R.C. Kurup  
Director

A.V. Sudhakaran  
Director

Date: 24<sup>th</sup> June, 2009  
Place: Kolkata

# CEAT SECURITIES LIMITED

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## AUDITORS' REPORT

To the Members of

### CEAT SECURITIES LIMITED

We have audited the attached Balance Sheet of **CEAT SECURITIES LIMITED**, as at 31<sup>st</sup> March, 2009 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 books;
- 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 31<sup>st</sup> March, 2009 and taken on records by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009
- 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 : 24th June, 2009

### 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, 2009. 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 outstanding 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 2009 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. 3,24,58,012/- 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 TARMMASTER & CO.  
Chartered Accountants

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

Place : Kolkata  
Dated : 24th June, 2009

# CEAT SECURITIES LIMITED

## BALANCE SHEET AS AT MARCH 31, 2009

	Schedule No.	As at 31.03.2009 ( in Rs.)	As at 31.03.2008 ( in Rs.)
<b>Source of Funds :</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	31,100,000.00	31,100,000.00
Reserves	2	3,086,867.23	3,086,867.23
<b>TOTAL</b>		<b>34,186,867.23</b>	<b>34,186,867.23</b>
<b>Application of Funds :</b>			
<b>FIXED ASSETS</b>	3	<b>1,000,000.00</b>	<b>1,000,000.00</b>
<b>INVESTMENTS</b>	4	<b>2,500.00</b>	<b>2,500.00</b>
<b>Current Assets, Loans &amp; Advances</b>			
<b>Current Assets</b>		<b>527,442.89</b>	<b>605,953.13</b>
<b>Loans &amp; Advances</b>		<b>253,311.09</b>	<b>249,581.50</b>
		<b>780,753.78</b>	<b>855,534.63</b>
<b>Current Liabilities &amp; Provisions</b>			
<b>Current Liabilities</b>	6	<b>54,399.00</b>	<b>54,708.00</b>
		<b>54,399.00</b>	<b>54,708.00</b>
<b>Net Current Assets</b>		<b>726,354.78</b>	<b>800,826.63</b>
<b>Profit &amp; Loss Account</b>		<b>32,458,012.45</b>	<b>32,383,540.60</b>
<b>TOTAL</b>		<b>34,186,867.23</b>	<b>34,186,867.23</b>
<b>Notes on Accounts</b>	9		

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

**R P Nandy**  
Partner  
M. No. 51027

Place : Kolkata  
Date : 24th June, 2009

For and on behalf of the Board of Directors

**R.C. Kurup**  
Director

**A.V. Sudhakaram**  
Director

Place : Kolkata  
Date : 24th June, 2009



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Schedule No.	Year ended 31.03.2009 (In Rs.)	Year ended 31.03.2008 (In Rs.)
<b>INCOME</b>			
Income	7		
Interest from Fixed Deposit with Bank (TDS 3610/- PY Nil)		18,493.15	0.00
Provision No Longer Required			3,180.00
		<u>18,493.15</u>	<u>3,180.00</u>
<b>EXPENDITURE</b>			
Operating and Administrative Expenses	8	92,965.00	27,454.00
Total Expenditure		<u>92,965.00</u>	<u>27,454.00</u>
<b>(LOSS) FOR THE YEAR</b>		<u>(74,471.85)</u>	<u>(24,274.00)</u>
Less : Provision for Tax			
<b>(LOSS) FOR THE YEAR AFTER TAX</b>		<u>(74,471.85)</u>	<u>(24,274.00)</u>
ADD Balance brought forward from previous year		<u>(32,383,540.60)</u>	<u>(32,359,266.60)</u>
<b>(LOSS) CARRIED TO BALANCE SHEET</b>		<u>(32,458,012.45)</u>	<u>(32,383,540.60)</u>
<b>EARNINGS PER SHARE (BASIC &amp; DILUTED)</b>		<u>(0.00)</u>	<u>(0.00)</u>
Face Value & Paid up Value per share Re. 1/-			
Notes on Accounts	9		

As per our Report attached

For and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants

**R P Nandy**

Partner

M. No. 51027

Place : Kolkata

Date : 24th June, 2009

**R.C. Kurup**

Director

Place : Kolkata

Date : 24th June, 2009

**A.V. Sudhakaram**

Director

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year ended 31.03.2009 (In Rs.)	Year ended 31.03.2008 (In Rs.)
<b>INFLOW</b>		
Income/Refund of Tax/Excess Cess Paid	18,493.15	
<b>OUTFLOW</b>		
Payment of Operational Expenses		
Audit Fees	16,545.00	16,854.00
Legal Expenses	89,670.00	
Bangalore SE Fees	3,100.00	3,100.00
Others	7,688.59	4,378.00
<b>Increase/(Decrease) in Cash &amp; Bank Balances</b>	<u>97,003.59</u>	<u>24,330.00</u>
<b>Cash and Bank at the beginning</b>	<u>(78,510.44)</u>	<u>(24,330.00)</u>
<b>Cash and Bank at the end</b>	<u>605,953.13</u>	<u>630,283.15</u>
	<u>527,442.69</u>	<u>605,953.13</u>

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 and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants

**R P Nandy**

Partner

M. No. 51027

Place : Kolkata

Date : 24th June, 2009

**R.C. Kurup**

Director

Place : Kolkata

Date : 24th June, 2009

**A.V. Sudhakaram**

Director

# CEAT SECURITIES LIMITED

## SCHEDULES TO THE BALANCE SHEET

SCHEDULE 1	As at 31.03.2009		As at 31.03.2008	
SHARE CAPITAL	(In Rs.)		(In Rs.)	
<b>Authorised</b>				
5,12,00,000 Equity Shares of Re.1/- each (PY5,12,00,000 Equity Shares of Re.1/- each)		<u>51,200,000.00</u>		<u>51,200,000.00</u>
<b>Issued, Subscribed &amp; Paid up</b>				
3,11,00,000 equity shares of Re. 1 each fully paid (PY 3,11,00,000 Equity Shares of Re.1/- each fully paid) The above shares were allotted as per the scheme of amalgamation and reduction of capital approved by the High Courts of Calcutta and Madras.		<u>31,100,000.00</u>		<u>31,100,000.00</u>
<b>SCHEDULE 2</b>				
<b>RESERVES</b>				
Capital Reserve		<u>3,086,867.23</u>		<u>3,086,867.23</u>
		<u>3,086,867.23</u>		<u>3,086,867.23</u>
<b>SCHEDULE 3</b>				
<b>FIXED ASSETS</b>				
Value of the Membership card of Bangalore Stock Exchange Ltd.		<u>1,000,000.00</u>		<u>1,000,000.00</u>
<b>SCHEDULE 4</b>				
<b>INVESTMENTS - LONG TERM</b>				
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	<u>2,500.00</u>	2,500	<u>2,500.00</u>
<b>Total</b>		<u>2,500.00</u>		<u>2,500.00</u>
<b>SCHEDULE 5</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>CURRENT ASSETS</b>				
Balances with Scheduled Banks				
- In Current Accounts		527,442.69		605,953.13
Sundry Debtors *				
- Considered Good (Due for more than 6 months)	31,233,177.68		31,233,177.68	
Less provision for Doubtful Debts	31,233,177.68		31,233,177.68	
		<u>527,442.69</u>		<u>605,953.13</u>
*(Due from Holding Company)				
<b>LOANS &amp; ADVANCES</b>				
Advances Recoverable in Cash or in kind or for value to be received (Unsecured, considered good)		39,311.09		35,581.50
Deposits		<u>214,000.00</u>		<u>214,000.00</u>
		<u>253,311.09</u>		<u>249,581.50</u>
<b>SCHEDULE 6</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors - Micro, Small or Medium Enterprises				
- other than Micro, Small & Medium Enterprises		0.00		0.00
Other Liabilities		<u>54,399.00</u>		<u>54,708.00</u>
		<u>54,399.00</u>		<u>54,708.00</u>



<b>SCHEDULE 7</b>	<b>Year ended 31.3.2009</b>	<b>Year ended 31.3.2008</b>
<b>INCOME FROM OPERATIONS</b>	<b>( in Rs. )</b>	<b>( in Rs. )</b>
<b>Other Income</b>		
Interest from Fixed Deposit with Bank(TDS 3810/- P.Y. Nil)	<b>18,493.15</b>	
Provision No Longer Required		3,180.00
	<b>18,493.15</b>	<b>3,180.00</b>

<b>SCHEDULE 8</b>		
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Professional Fees	<b>69,670.00</b>	250.00
Payment to Auditors	<b>16,545.00</b>	16,854.00
Bank Charges	<b>0.00</b>	150.00
Membership Fees	<b>3,100.00</b>	3,100.00
Miscellaneous Expenses	<b>3,650.00</b>	7,100.00
	<b>92,965.00</b>	<b>27,454.00</b>

**SCHEDULE 9**

**A. Statement of Accounting Policies**

**1. Basis of Accounting**

The Company prepares its financial statements in accordance with generally accepted accounting principles, industry specific practices and also in accordance with the requirements of The Companies Act, 1956 and Accounting Standards prescribed by the Institute of Chartered Accountants of India

**2. Income & Expenditure**

Income & Expenditure are accounted for on an accrual basis.

**B. Notes on Accounts**

**1. Payment to Auditors consists of,**

	<b>2008-09</b>	<b>2007-08</b>
	<b>Rs</b>	<b>Rs</b>
Statutory Audit	<b>15,000.00</b>	15,000.00
Other Services	<b>1,545.00</b>	1,854.00

2. The membership card and other assets which were held by the Secura Securities Ltd. are in the process of being transferred in the name of the Company.

3. Deferred Tax Asset has not being considered as the company does not expect to utilise the same in near future.

4. Provision has been made on the dues from the Holding Company due to the severe restriction on it by Reserver Bank of India on utilisation of its funds

**5. Related parties**

The Company is a Subsidiary of the CFL Capital Financial Services Ltd. Harrison Malayalam Ltd & RPG Life. Sciences Limited have substantial interest (over 20%) in the shareholding of CFL through their subsidiaries.

	<b>Year ended 31.3.2009</b>	<b>Year ended 31.3.2008</b>
	<b>(Rs.in lakhs)</b>	<b>(Rs.in lakhs)</b>
<b>Amount Receivable (Net of Payables)</b>	<b>312.33</b>	312.33
<b>Expenses paid by Holding Co.( Including TDS)</b>	<b>0.9</b>	0.2

6. The Company has no segment other than distribution of shares, mutual fund units etc.

7. The Accounting Standards on Leased Assets, Borrowing Costs, Foreign Exchange transactions are not applicable to the Company

8. Schedules 1 to 9 form an integral part of the accounts.

As per our Report attached

For **TARMASTER & CO.**

Chartered Accountants

**R P Nandy**

Partner

M. No. 51027

Place : Kolkata

Date : 24th June, 2009

For and on behalf of the Board of Directors

**R.C. Kurup**

Director

Place : Kolkata

Date : 24th June, 2009

**A.V. Sudhakaram**

Director

# CEAT SECURITIES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details :

Reg. No.  State Code

Balance Sheet Date     
Date Month Year

### II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

### III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/>	Total Assets	<input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/>
Source of Funds		Reserves & Surplus	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="7"/>
Paid-up Capital	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Secured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments	<input type="text" value="3"/>
Application of Funds		Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>		
Net Current Assets	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="6"/>		
Accumulated Losses	<input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/>		

### IV Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="1"/> <input type="text" value="8"/>	Misc. Expenditure	<input type="text" value="9"/> <input type="text" value="3"/>
Profit / Loss before tax	<input type="text" value="-"/> <input type="text" value="7"/> <input type="text" value="5"/>	Profit / Loss after tax	<input type="text" value="-"/> <input type="text" value="7"/> <input type="text" value="5"/>
(Please tick appropriate box + for Profit, - for Loss)			
Earning per share in Rs.	<input type="text" value="n"/> <input type="text" value="e"/> <input type="text" value="g"/> <input type="text" value="a"/> <input type="text" value="i"/> <input type="text" value="l"/> <input type="text" value="v"/> <input type="text" value="e"/>	Dividend rate %	<input type="text" value="0"/> <input type="text" value="0"/>

### V Generic Name of Three Principal Products / Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)

Product Description



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## **AUDITORS' REPORT ON CONSOLIDATED STATEMENTS-CFL CAPITAL FINANCIAL SERVICES LTD. & GROUP**

We have examined the attached Consolidated Balance Sheet of CFL Capital Financial Services Limited and its subsidiary viz., Ceat Securities Limited as at 31<sup>st</sup> March, 2009, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ending on that date.

These financial statements are the responsibility of the CFL Capital Financial Services Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the CFL Capital Financial Services Limited and the above mentioned subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the CFL Capital Financial Services Limited Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the CFL Capital Financial Services Limited and the above name subsidiary as at March 31, 2009;
- b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the CFL Capital Financial Services Limited and the above named subsidiary for the year/period then ended; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the CFL Capital Financial Services Limited and the above named subsidiary for the year/period then ended,

For Tarmaster & Co.  
Chartered Accountants

R P Nandy  
Partner  
(Membership No. 51027)

Place: Kolkata  
Date : 25th June, 2009

# CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

## BALANCE SHEET AS AT 31ST MARCH, 2009 - CONSOLIDATED

	Schedule	As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
<b>Share Capital</b>	1	1,636,205,230.00	1,636,205,230.00
<b>Reserves &amp; Surplus</b>	2	<u>1,264,842,275.90</u>	<u>1,269,694,055.90</u>
		<b>2,901,047,505.90</b>	<b>2,925,899,285.90</b>
Minority Interest		2,650,865.22	2,656,654.02
<b>Loan Funds</b>			
	3		
Secured Loans		1,414,484,533.32	1,324,761,525.32
Unsecured Loans		<u>759,719,184.15</u>	<u>889,179,619.15</u>
		<b>2,174,213,717.47</b>	<b>2,213,941,144.47</b>
<b>TOTAL</b>		<u><b>5,077,912,088.59</b></u>	<u><b>5,142,497,284.39</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	4		
Gross Block		427,803,733.66	427,703,336.82
Less : Depreciation		<u>391,280,510.59</u>	<u>390,185,487.59</u>
Net Block		<u>36,523,223.07</u>	<u>37,517,849.23</u>
<b>Investments</b>	5	90,226,083.48	93,647,071.17
<b>Current Assets, Loans &amp; Advances</b>			
	6		
Sundry Debtors		427,136,812.55	415,928,528.07
Cash & Bank		8,735,433.75	109,334,995.78
Loans and Advances		<u>163,178,414.54</u>	<u>171,341,546.23</u>
		<b>599,050,660.84</b>	<b>696,605,070.08</b>
<b>Less : Current Liabilities &amp; Provisions</b>	7		
Current Liabilities		40,770,401.39	38,803,740.99
Provisions		<u>542,144,827.27</u>	<u>535,679,749.98</u>
		<b>582,915,228.66</b>	<b>574,583,490.97</b>
<b>Net Current Assets</b>		<u><b>16,135,432.18</b></u>	<u><b>122,021,579.11</b></u>
<b>PROFIT &amp; LOSS ACCOUNT</b>		<u><b>4,935,027,349.86</b></u>	<u><b>4,889,310,784.88</b></u>
<b>TOTAL</b>		<u><b>5,077,912,088.59</b></u>	<u><b>5,142,497,284.39</b></u>
<b>Notes on Accounts</b>	12		

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

for and on behalf of the Board of Directors

R. P. Nandy  
Partner  
M. No. 51027

R. C. Kurup  
Company Secretary

H. C. Mathur  
Managing Director

B. N. Tripathi  
Director

Place : Kolkata  
Date : 25th June, 2009

Place : Kolkata  
Date : 25th June, 2009



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 -CONSOLIDATED**

	Schedule	Year ended 31-Mar-08 Rupees	Year ended 31-Mar-09 Rupees
<b>INCOME</b>			
Income from Operations	8	14,930,948.95	12,795,974.69
Income from Securities Trading Operations		-	-
Other Income		-	-
Other Income		-	-
<b>Total</b>		<b>14,930,948.95</b>	<b>12,795,974.69</b>
<b>EXPENDITURE</b>			
Operating Expenses	9	23,513,482.33	23,917,394.71
Interest	10	90,521,794.94	89,948,458.00
Depreciation		1,127,041.00	1,132,246.00
Equity Issue Expenses Written Off		-	-
<b>Total</b>		<b>115,162,318.27</b>	<b>114,998,098.71</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>(100,231,371.32)</b>	<b>(102,202,124.02)</b>
<b>ADD Write offs/Provisions against doubtful/ Irrecoverable Assets and diminution/ loss in value of Investments</b>			
	11	14,031,184.05	181,516,673.07
<b>LESS Non Performing Assets provision no longer required/bad debts recovered etc</b>			
	11	43,910,373.59	196,094,462.19
Interest on Income Tax refunds		-	30,952,635.00
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(70,352,181.78)</b>	<b>(56,671,699.90)</b>
Provision for Income Tax		136,000.00	172,550.00
Provision for Fringe Benefit Tax		234,372.00	204,234.00
<b>NET PROFIT/ (LOSS) AFTER TAX</b>		<b>(70,722,553.78)</b>	<b>(57,048,483.90)</b>
Less: Prior Period adjustments for Income tax		-	187,160.00
Less Minority Interest		(5,988.80)	(1,952.04)
		<b>(70,718,564.98)</b>	<b>(57,233,691.86)</b>
Add : Balance brought forward from previous year		(4,889,310,784.88)	(4,832,077,093.02)
Less Transferred from Special Reserve		25,000,000.00	
<b>LOSS CARRIED TO BALANCE SHEET</b>		<b>(4,935,027,349.86)</b>	<b>(4,889,310,784.88)</b>
<b>EARNING PER SHARE (Rs. 10/-) Basic &amp; Diluted</b>		<b>(0.74)</b>	<b>(0.87)</b>
(see note C-19 in Schedule 12)			
<b>Notes on Accounts</b>	12		
(see note C-2 in Schedule 12)			

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

for and on behalf of the Board of Directors

R P Nandy  
Partner  
M. No. 51027

R C Kurup  
Company Secretary

H C Mathur  
Managing Director

B N Tripathi  
Director

Place : Kolkata  
Date : 25th June, 2009

Place : Kolkata  
Date : 25th June, 2009

# CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

## CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2008 (CONSOLIDATED)

	Year ended 31-Mar-09 Rupees	Year ended 31-Mar-08 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax & Extraordinary items	(100,231,371.32)	(102,202,124.02)
Adjustments for :		
- Financial Expenses	90,521,794.94	89,948,458.00
- Adjust for Provisions no longer required/impairment	29,879,189.54	14,577,789.12
- Adjustment of Minority Share in Loss	5,988.80	1,952.04
- Amount Transferred from Special Reserve	25,000,000.00	-
- Depreciation	1,127,041.00	1,132,246.00
- Operating profit before Working Capital changes	46,302,642.96	3,458,321.14
Adjustments for :		
- (Increase) Decrease in Lease Assets Including LER	-	1.00
- (Increase) Decrease in Others Loans & Advances Assets	(3,045,152.79)	281,264,675.82
- Increase (Decrease) in Current Liabilities	8,331,737.69	(175,073,009.91)
Cash generated from Operations	51,589,227.86	109,649,988.05
Financial Expenses	(90,521,794.94)	(89,948,458.00)
Direct taxes paid	(370,372.00)	(563,944.00)
Interest Received on Income Tax Refunds	-	30,952,635.00
Net Cash from Operating Activities	(39,302,939.08)	50,090,221.05
<b>B. Cash Flow from Investing Activities</b>		
(Purchase) of Fixed Assets	(148,661.84)	(9,638,676.00)
(Purchase) / Sale of Investments (Net)	3,420,987.69	38,961,484.36
Sale of Investment in Subsidiary	-	-
Sale/ extinguishment of Fixed Assets (Net)	16,247.00	7,151,929.65
Net Cash used in Investing Activities	3,288,572.85	36,474,738.01
<b>C. Cash Flow from Financing Activities</b>		
Gain on extinguishment of Liability	(24,651,780.00)	650,000.00
Increase /(Decrease) in Minority Interest	(5,988.80)	(1,952.04)
Increase /(Decrease) in Minority Interest due to desubsidisation of a subsidiary	-	-
Proceeds from Bank borrowings	(39,727,427.00)	14,682,155.15
Proceeds from Other borrowings	(64,585,195.80)	15,330,203.11
Net Cash used in Financing Activities	(100,599,562.03)	101,895,162.17
Net Increase/(decrease) in Cash & Cash Equivalents	109,334,995.78	7,439,833.61
Cash & Cash equivalents as at opening	8,735,433.75	109,334,995.78
Cash & Cash equivalents as at closing		

**Notes**

- 1 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.
- 2 The Format used above is as prescribed for Financial organisation.
- 3 Cash equivalents as on 31.3.2009 include Rs 19.50 lakhs (PY-Rs28.98 lakhs) in Escrow account which has to be utilised first for repayment of Fixed Deposits of the holding company 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

R P Nandy  
Partner  
M. No. 51027

R C Kurup  
Company Secretary

H C Mathur  
Managing Director

B N Tripathi  
Director

Place : Kolkata  
Date : 25th June, 2009

Place : Kolkata  
Date : 25th June, 2009



## SCHEDULES TO ACCOUNTS

SCHEDULE 1	As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
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	250,500,000.00	250,500,000.00
	<u>2,200,000,000.00</u>	<u>2,200,000,000.00</u>
<b>Issued and Subscribed</b>		
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	249,900,000.00	249,900,000.00
	<u>1,636,650,000.00</u>	<u>1,636,650,000.00</u>
Paid-up		
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
Less : Calls in arrears	444,770.00	444,770.00
	<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	249,900,000.00	249,900,000.00
	<u>1,636,205,230.00</u>	<u>1,636,205,230.00</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
Opening Balance	940,885,050.90	940,335,050.90
Add : Amount on settlement of dues	148,220.00	650,000.00
	941,133,270.90	940,985,050.90
<b>Share Premium Account</b>		
Opening Balance	258,279,942.00	258,279,942.00
Less : Calls Unpaid	570,937.00	570,937.00
	257,709,005.00	257,709,005.00
<b>Statutory Reserve</b>		
	66,000,000.00	66,000,000.00
<b>Special Reserve</b>		
Opening Balance	25,000,000.00	25,000,000.00
Less : Transferred to P&L account	25,000,000.00	25,000,000.00
	<u>1,264,842,275.90</u>	<u>1,289,694,055.90</u>

# CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

## SCHEDULES TO ACCOUNTS

SCHEDULE 3	As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
From Banks	688,224,060.32	688,224,060.32
18% Secured Non Convertible Debentures of Rs.100 each (Due within one year Rs 185.00 lakhs Previous Year Rs. 195.00 lakhs)	19,500,000.00	19,500,000.00
Interest Accrued and Due	708,770,473.00	617,037,465.00
	<u>1,414,494,533.32</u>	<u>1,324,761,525.32</u>

Notes :

- i) The loans from Banks are secured by hypothecation of specified assets present and future, owned by the Company, Hire Purchase and Leased Stock and Book Debts. However, the value of the security offered to the banks is inadequate with respect to the amount due
- ii) The Company has entered into agreements with some banks for settlement of their dues and completed the settlement. The Company is negotiating with others including those who had initiated legal proceedings against the Company. The amount shown above are the principal outstanding and the interest accrued and due thereon are based on the earlier proposals/agreements entered into with the banks and approved in principle by most of them. The Company could not pay the dues as per the proposal and the amount as on the date of Balance Sheet is Rs.6882.23 lakhs and interest of Rs.6782.17 lakhs (shown under interest accrued and due on the principle amount). Amount due in respect of current year is Rs.13644.40 lakhs (previous year Rs.12784.12 lakhs). These creditors have filed claim with Debt Recovery Tribunal claiming their dues to the tune of around Rs.21984.29 lakhs which are being disputed by the Company.
- iii) The Company has preferred appeals in the Debt Recovery Appellate Tribunal against order of Debt Recovery Tribunal, Mumbai in respect of the 4 orders. Some cases are pending before the Debt Recovery Tribunal, Mumbai. The Company is in the process of filing an appeal against the order of Debt Recovery Appellate Tribunal in relation to Indusind Bank. The Company has preferred appeal in the Debt Recovery Appellate Tribunal against the order of the Debt Recovery Tribunal, New Delhi. The cases are pending before the Debt Recovery Tribunal in Chennai and Kolkata in respect of 2 banks.
- iv) The 18% Secured Non Convertible debentures are secured by an exclusive charge/mortgage over specific assets given on Lease/Hire Purchase. However the value of security including collateral 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. 305.53 lakhs has been provided on principal outstanding on Simple interest Basis. Due within a year - Rs 500.54 lakhs (P Y Rs. 463.49 lakhs). The amount claimed by the lenders is Rs. 2203.83 lakhs

**UNSECURED LOANS**

Fixed Deposits	321,552,981.00	-	407,029,532.00	-
Interest Accrued and Due	89,702,203.15	-	109,811,087.15	-
		411,255,184.15		516,840,619.15
Deposits from others		348,464,000.00		372,339,000.00
		<u>759,719,184.15</u>		<u>889,179,619.15</u>

- 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 1,186.56 lakhs (Installment plus hardship cases) (PY Rs. 1136.80 lakhs)



**SCHEDULE 4**  
**CONSOLIDATED FIXED ASSETS SCHEDULE AS ON 31.3.2009**

(Rupees)

DESCRIPTION	GROSS BLOCK(AT COST)				DEPRECIATION/AMORTISATION			NET BLOCK		
	As at 01.04.2008	Additions	Sales/Retirement Transfer	As at 31.03.2009	As at 01.04.2008	For the Year	Sales/ Transfer etc	As at 31.03.2009	As at 31.03.2008	As at 31.03.2009
<b>A) Leased Assets</b>										
Plant & Machinery	349,037,612.22	-	-	349,037,612.22	349,037,612.22	-	-	349,037,612.22	-	-
Vehicles	25,982,263.09	-	-	25,982,263.09	25,981,958.49	313.00	-	25,982,263.09	313.00	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	<b>374,999,875.91</b>	<b>-</b>	<b>-</b>	<b>374,999,875.91</b>	<b>374,999,562.91</b>	<b>313.00</b>	<b>-</b>	<b>374,999,875.91</b>	<b>313.00</b>	<b>-</b>
<b>B) Owned Assets</b>										
Vehicles	2,558,758.00	-	-	2,558,758.00	1,154,597.00	203,057.00	-	1,357,654.00	1,404,161.00	1,201,804.00
Office Equipment	7,476,527.18	133,661.84	-	7,610,229.02	7,212,299.43	66,598.00	-	7,276,896.43	261,268.75	331,232.98
Furniture and Fixture	759,467.06	15,000.00	49,265.00	726,202.06	214,653.28	56,547.00	32,018.00	409,998.26	344,807.77	307,213.77
Buildings	43,908,668.88	-	-	40,908,668.88	6,404,389.27	820,726.00	-	7,225,095.97	34,504,283.71	33,563,572.71
Berga core SE Cam	1,000,000.00	-	-	1,000,000.00	-	-	-	-	1,000,000.00	1,000,000.00
<b>TOTAL (B)</b>	<b>52,703,480.81</b>	<b>148,661.84</b>	<b>49,265.00</b>	<b>52,901,875.25</b>	<b>15,185,924.58</b>	<b>1,126,728.00</b>	<b>32,016.00</b>	<b>16,280,634.66</b>	<b>37,517,236.23</b>	<b>36,523,223.07</b>
<b>G. TOTAL (A+B)</b>	<b>427,703,336.82</b>	<b>148,661.84</b>	<b>49,265.00</b>	<b>427,903,733.06</b>	<b>390,185,487.59</b>	<b>1,127,041.00</b>	<b>32,016.00</b>	<b>391,280,510.59</b>	<b>37,517,849.23</b>	<b>36,523,223.07</b>
<b>Previous Year</b>	<b>543,738,541.64</b>	<b>9,638,678.00</b>	<b>125,673,880.82</b>	<b>427,703,336.82</b>	<b>567,675,181.76</b>	<b>1,132,246.00</b>	<b>118,521,958.17</b>	<b>380,185,487.59</b>	<b>36,163,346.86</b>	<b>37,517,849.23</b>

In case of most of the buildings the change to the new name of the Company in the records 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 C.7 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 transfer of title are not completed.

SCHEDULE 5	As at 31-Mar-09		As at 31-Mar-08	
	Qty	Value	Qty	Value
<b>INVESTMENTS</b>				
<b>LONG TERM</b>				
<b>a. Quoted non trade Investments at cost (In SGL account)</b>				
(FV Rs 100 per unit except where specified)				
C2008 11.40% Government of India 2008	-	-	100,000	10,210,000.00
C2008 12.00% Government of India 2008	-	-	200,000	20,216,000.00
C2008 11.50% Government of India 2009	40	4,239.00	40	4,239.00
C2010 12.25% Government of India 2010	181,000	19,309,900.00	-	-
C2011 11.50% Government of India 2011	100	11,237.00	100	11,237.00
C2014 6.72% Government of India 2014	500,000	49,050,000.00	500,000	49,050,000.00
C2015 11.50% Government of India 2015	160	19,200.00	160	19,200.00
C2016 10.71% Government of India 2016	200	23,253.00	200	23,253.00
C2016 12.30% Government of India 2016	500	55,125.00	500	55,125.00
C2017 7.46% Government of India 2017	20,000	1,913,800.00	20,000	1,913,800.00
C2017 7.43% Government of India 2017	100,000	9,816,500.00	100,000	9,816,500.00
c2018 12.60% Government of India 2018	20	2,022.00	20	2,022.00
S2008 11.50% Government of Maharashtra 2008	-	-	30	3,159.00
S2009 11.85% Government of Gujarat 2009	3,000	288,060.00	3,000	288,060.00
S2010 11.50% Government of Maharashtra 2010	20	2,322.00	20	2,322.00
<b>TOTAL A</b>		<b>80,495,658.00</b>		<b>91,614,917.00</b>

## CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

SCHEDULE 5	As at 31-Mar-08 Nos.	As at 31-Mar-09 Rupees	As at 31-Mar-08 Nos.	As at 31-Mar-08 Rupees
<b>b. Unquoted Shares (trade) fully paid up of Rs 10/- each</b>				
Ace Garments Export Ltd.	850,000	8,500,000.00	850,000	8,500,000.00
Bangalore Stock Exchange Ltd (FV Re 1 per share)	2,500	2,500.00	2,500	2,500.00
IAEC Industries Ltd.	150,000	11,778,933.00	150,000	11,778,933.00
Indo Dean 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
Interdriit Asia Ltd	-	-	81,119	1,827,490.00
Jind Textiles Ltd.	750,000	18,938,523.00	750,000	18,938,523.00
Kalpna 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.	582,500	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	30,000	720,000.00
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.	366,667	13,398,000.00	366,667	13,398,000.00
Worldom Multi Media Ltd.	100,000	2,500,000.00	100,000	2,500,000.00
<b>TOTAL B</b>		<b>225,344,831.00</b>		<b>227,172,321.00</b>
<b>CURRENT INVESTMENTS</b>				
<b>A: QUOTED EQUITY SHARES (TRADE) FULLY PAID UP OF RS.10/- EACH</b>				
Ankit Yarns Ltd	46	-	46	-
Autopina 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	1,200	54,960.00
Chennai Petroleum Ltd.* D	100	27,965.00	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	445,641.00	8,900	445,641.00
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	-
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	-	84,403	-
Lakshana Cotton Ltd	100	-	100	-
Matalvika Steel Co Ltd	237,400	-	237,400	-
Moolchand Export Ltd	10,400	-	10,400	-
Moulik Finance and Resorts Ltd	25,500	-	25,500	-
Nagarjuna Agritech Ltd. D	98,000	-	100,000	-
Naina Semi Conductor Ltd	47,200	-	47,200	-
NGL Fine Chem Ltd D	25,103	25,103.00	25,103	25,103.00
Nova Surgikos Ltd	25,800	-	25,800	-
N R International Ltd D	120,203	-	120,203	-
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 Apparele Ltd***	50,000	-	50,000	-



SCHEDULE 5	As at	As at	As at	As at
	31-Mar-09 Nos.	31-Mar-08 Rupees	31-Mar-08 Nos.	31-Mar-08 Rupees
Ranjeev Alloys Ltd	45,100	-	45,100	-
Reacto Paper Ltd	400,000	-	400,000	-
Reed Relays Ltd.	5,050	-	5,050	-
Shamrock Industrial Co Ltd D	85,165	-	86,165	-
Shree Rubbers Ltd	192,000	-	192,000	-
Solitaire Machine Tools Ltd. * D	1,400	16,226.00	1,400	16,226.00
Sun Earth Ceramics Ltd***	125	-	125	-
Tata Steel Limited * D	12	2,472.00	-	-
UTI - Mastershare Unit Scheme* D	110	4,559.00	110	4,559.00
Venkat Pharma Ltd D	4,496	-	4,496	-
Vitara Chemicals Co Ltd	198,000	-	198,000	-
Yogi Polyester Ltd.	55,800	-	55,800	-
<b>TOTAL C</b>		<b>647,188.50</b>		<b>644,716.50</b>
<b>TOTAL (A+B+C)</b>		<b>306,487,677.50</b>		<b>319,431,954.50</b>
Less : Write off / Provision for diminution in value of Investment		<b>216,261,584.02</b>		<b>225,784,863.33</b>
		<b>90,226,083.48</b>		<b>93,647,071.17</b>
Aggregate Book Value of Quoted Investments		<b>81,142,846.50</b>		<b>82,259,633.50</b>
Aggregate Market Value of Quoted Investments		<b>86,050,619.50</b>		<b>99,682,095.00</b>
Aggregate Book Value of Unquoted Investments		<b>9,083,236.98</b>		<b>1,387,437.67</b>

- 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 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.

# CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

SCHEDULE 6	As at 31-Mar-09 Rupees	As at 31-Mar-08 Rupees
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
Sundry Debtors - Unsecured		
(i) Outstandings for a period exceeding six months		
- considered good	165,908.80	352,446.00
(ii) Others - considered good	180,000.00	
(iii) Considered Doubtful	426,790,902.75	415,576,082.07
	<u>427,136,812.55</u>	<u>415,928,528.07</u>
<b>Cash and Bank Balances :</b>		
Cash in hand	133,320.00	56,418.50
Balances with Scheduled Banks :		
- in Current Accounts	4,237,751.44	6,615,679.78
- In Escrow Account	1,950,176.31	2,897,980.50
- In Deposit Account	2,413,686.00	99,762,917.00
	<u>8,735,433.75</u>	<u>109,334,995.78</u>
	<u>435,872,246.30</u>	<u>525,263,523.85</u>
<b>B. LOANS AND ADVANCES</b>		
Advances(unsecured) - receivable in cash or in kind or for value to be received		43,985,797.35
Tax Deducted at Source/Advance tax	44,310,730.35	111,708,295.56
Bills Discounted	108,936,552.17	4,950,366.00
Deposits	2,548,880.00	10,697,087.32
Other loans/advances	9,382,252.02	
		51,237,878.32
Considered Good	47,846,490.02	120,103,667.91
Considered Doubtful.	115,331,924.52	
	<u>163,178,414.54</u>	<u>171,341,546.23</u>
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors		
(i) Due to Micro or Small Scale Enterprises	2,344,545.00	8,301,152.16
(ii) Due to others	2,037,749.00	2,537,749.00
Bills Rediscounting	36,388,107.39	28,064,839.83
Other Liabilities	40,770,401.39	38,903,740.99
		<u>49,667,691.78</u>
None of the above creditors has informed the company of its status as a Micro, Small or Medium unit. Regarding transfer to Investor Education and Protection Fund (See note C.20 of Schedule 12)		
<b>Provisions :</b>		
As per Prudential Norms prescribed by Reserve Bank of India from time to time		
- On Sundry Debtors & Current Assets	426,790,902.75	415,576,082.07
- On Loans & Advances	115,331,924.52	120,103,667.91
- Provision for Tax (net of Advance)	22,000.00	
	<u>542,144,827.27</u>	<u>535,679,749.98</u>



<b>SCHEDULE 8</b>	<b>Year ended 31-Mar-09 Rupees</b>	<b>Year ended 31-Mar-08 Rupees</b>
<b>INCOME FROM OPERATIONS</b>		
Income from Old Recoveries of Funded Business.	408,884.00	325,000.00
Securities & Mutual Fund Units - Current Investments	-	669,043.87
Profit from Sale of Shares- Current Investments	23,980.00	482,622.54
Dividend - Long term investments	32,419.50	281,250.00
Dividend - Current investments	281,250.00	54,245.50
Interest on SLR Securities Long Term Investments	7,029,149.79	8,092,861.40
Interest on Bank Deposits (TDS Rs. 4,64,743/- PY Rs 4,30,543/-)	4,920,713.16	1,437,162.34
Rent Received (TDS Rs.16,480/- PY. Rs. 1,94,030/-)	684,016.00	833,016.00
Other Business Income (TDS Nil PYNil)	1,570,534.50	620,753.04
	<b>14,930,946.95</b>	<b>12,795,974.69</b>
<b>SCHEDULE 9</b>		
<b>OPERATING EXPENSES</b>		
Advertisement Expenses	19,335.00	17,268.00
Auditors Remuneration	335,429.00	332,666.50
Bank Charges	74,232.76	341,790.60
Books and Magazines	29,428.50	41,078.00
Communication costs	1,150,408.17	1,050,188.05
Directors' Fees	28,000.00	21,000.00
Electricity Expenses	142,219.00	132,095.00
Employee Costs		
Salaries and other benefits	11,427,181.00	11,215,733.63
Welfare Expenses	307,553.50	232,863.15
Contribution to Provident Fund, Gratuity Superannuation and other Funds	<b>1,258,349.00</b>	<b>1,796,147.00</b>
	<b>12,993,083.50</b>	<b>13,244,843.78</b>
Insurance	275,401.25	244,363.00
Legal & Professional Charges	3,329,948.99	3,744,706.54
Printing and Stationery	519,455.05	488,742.37
Rent,	1,026,470.00	801,499.00
Rates & Taxes	272,207.00	290,719.00
Repairs and Maintenance-Buildings	1,048,375.09	659,053.28
Repairs and Maintenance- Others	113,432.00	176,503.08
Travelling and Conveyance	886,568.37	1,046,839.35
Vehicle Expenses	1,024,405.99	988,704.13
Miscellaneous Expenses	244,883.66	295,335.03
	<b>23,513,482.33</b>	<b>23,917,394.71</b>
<b>SCHEDULE 10</b>		
<b>INTEREST &amp; OTHER COSTS</b>		
Interest - Fixed Loan	3,705,000.00	3,705,000.00
Interest - Others	88,816,794.94	86,243,458.00
	<b>90,521,794.94</b>	<b>89,948,458.00</b>
<b>SCHEDULE 11</b>		
Write offs/Provisions against doubtful/irrecoverable Assets and diminution/loss in value of Investments		
a) Bad debts written off	10,831,248.18	172,081,077.07
b) Loss on sale of assets	13,833.00	5,128.00
c) NPA provisions as per norms	2,759,943.89	8,509,721.00
d) Loss on redemption of securities.	426,159.00	920,747.00
	<b>14,031,184.05</b>	<b>181,516,673.07</b>
Provision No longer required, & others		
a) Provision for NPAs No Longer required	37,073,333.59	183,363,537.87
b) Bad debts recovered	6,837,940.00	4,041,925.00
c) Profit on Sale of Assets	-	51,424.00
d) Write back of earlier years expenses on settlement	-	5,942,438.97
e) Write back of impairment provided in earlier years	-	1,866,774.35
f) Profit on Sale of Investments Long Term Investments	-	828,362.00
	<b>43,910,373.59</b>	<b>196,094,462.19</b>

# CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

## SCHEDULE 12

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

#### A. BASIS OF CONSOLIDATION

- 1 The Consolidated Accounting Statements for the year ended 31st March, 2009 have been prepared by line by line addition of the respective financial statements for year ending 31st March, 2009 for CFL Capital Financial Services Limited (CFLCFSL) and its subsidiary viz. Ceal Securities Ltd. (CSL) (holding 91.96%)  
Though CFLCFSL holds more than 20% equity capital in the following companies, the same are not considered as Associates as CFLCFSL does not have effective control over its affairs:-  
Indo Dean Leather Ltd  
Spectrum Alkyd & Resins Ltd  
Ruia Hospitality Ltd

#### B. SIGNIFICANT ACCOUNTING POLICIES

- 1 The financial statements are prepared under historical cost and on accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act, 1956.
- 2 **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.
- 3 **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.
- 4 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 nil value.
- 5 **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.
- 6 **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.
- 7 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.
- 8 **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.
- 9 **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.

#### C. NOTES ON ACCOUNTS

- 1 **Going Concern**  
The net worth of the Company has become negative due to the accumulated losses in the previous years. The Company has drawn a plan to liquidate assets, borrow money, restructure its debts and liabilities, reduce expenditure and increase the capital. The Company is in the process of implementation of the same with the support from the creditors and shareholders. Hence, the Accounts have been drawn on a going concern basis. The winding up petition filed by one of the creditors in the previous year is pending before the Hon'ble Calcutta High Court.



- 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 significant 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, 2008 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 inspite of HP/Lease agreements with them. In case of NPA accounts where instalments 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.
- 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.
- 9 Audit fees include amounts paid to Auditors towards:

	Year ended 31-Mar-09 Rupees	Year ended 31-Mar-08 Rupees
As Auditors for : Statutory Audit	140,000	140,000
Tax Audit	25,000	25,000
For other matters	132,810	138,934
Out of Pocket expenses	37,619	28,733
	<u>335,429</u>	<u>332,667</u>

- 10 The provision for tax is on account of income from House Property and Fringe Benefit Tax.
- 11 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.  
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.
- 12 Contingent Liabilities :
- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 3,573.57 lakhs.  
(Previous Year Rs. 3,248.70 lakhs)
  - ii) Income Tax Rs 91.44 lakhs. ( Previous Year Rs 51.69 lakhs)
  - iii) Sales Tax Rs. 127.30 lakhs ( Previous Year Rs. 159.51 lakhs)
  - iv) Custom Duty Rs. 7.00 lakhs (Previous Year Rs. 7.00 Lakhs)
  - v) Pension Scheme Rs. 75.94 lakhs ( Previous Year Rs. 75.94 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.
- 13 Claims against the Company not acknowledged as debts, as the same are disputed by the Company.  
Amounts claimed by Banks & UTI Rs.10,023.93 lakhs  
Others Rs. 14.55 Lakhs (Previous Year Rs. 14.55 Lakhs)
- 14 Coal 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. 312.33 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.

# CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

15 Provisions	Tax	Debtors	Loans & Advances	Investments	Total
(Amount in Rs. Lakhs)					
Opening Balance	-	4,155.76	1,201.04	2,257.85	7,614.65
Additions during the year	2.34	27.60	-	-	27.60
	2.34	4,183.36	1,201.04	2,257.85	7,842.25
Less Paid/Adjusted / No Longer Required	2.12	227.78	47.72	95.23	370.73
Closing Balance	0.22	3,955.58	1,153.32	2,162.62	7,271.52
<b>16 Related Party Disclosures</b>					
1. Relationships:					
(i) 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:					
				Rupees	
1	Remuneration			899,931.00	
	Previous Year*			1,014,504.00	
* Rs 1.14 lakhs were recovered out of this amount during current year					
<b>17 Segment Information</b>					
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					
<b>18 Deferred Taxation</b>					
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.					
				Rupees	Rupees
<b>19. Earnings per share</b>					
a.	Profit/(Loss) after tax	(Rs in '000)	(70,716,565)	(57,048,484)	
b.	Adjustments for Preference Dividend		32,487,000	32,487,000	
	Interest on Income Tax Refunds		-	30,952,635	
	Taxation of earlier years		-	187,160	
c.	Adjusted Loss after tax		(103,203,565)	(120,675,279)	
d.	Weighted average number of Equity shares for Basic EPS	Nos.	138,675,000	138,675,000	
e.	Nominal value per Equity share	Rs.	10.00	10.00	
f.	Earning per share (Basic)	Rs.	(0.74)	(0.87)	
g.	Weighted average number of Equity shares for Diluted EPS	Nos.	138,675,000	138,675,000	
h.	Earning per share (Diluted)	Rs.	(0.74)	(0.87)	
20. A sum of Rs. 6.49 Lakhs (P Y Rs. 6.49 lakhs) is under transfer with the bankers as at year end for transfer to Investor Education & Protection Fund.					
21. 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 (Deposit accepting or holding) Prudential Norms (Reserve Bank) Directions, 2007. 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.					
22. In the years 1996-97 and 1997-98 the Company had appropriated a total of Rs 250 lakhs towards Special Reserve. The same is now adjusted against Profit and Loss account.					
23. Previous year's figures have been regrouped or recast wherever necessary to make them comparable with current year's figures.					

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

for and on behalf of the Board of Directors

R P Nandy  
Partner  
M. No. 51027

R C Kurup  
Company Secretary

H C Mathur  
Managing Director

B N Tripathi  
Director

Place : Kolkata  
Date : 25-Jun-09

Place : Kolkata  
Date : 25-Jun-09