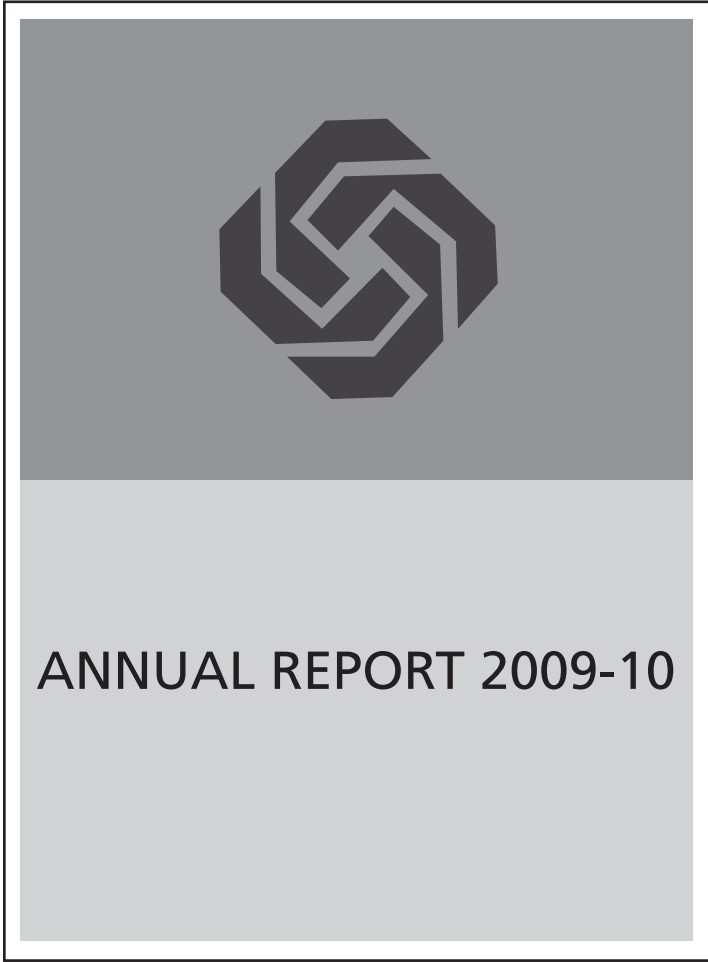


CFL CAPITAL FINANCIAL SERVICES LTD.



BOARD OF DIRECTORS

H.C. Mathur *Chairman & Managing Director*
Sujit Dutta
B.N. Tripathi
Sudhamoy Chatterjee
A.V. Sudhakaran

COMPANY SECRETARY

R.C. Kurup

AUDITORS

Tarmaster & Co.
Chartered Accountants

REGISTERED OFFICE

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

CORPORATE OFFICE

207-215, Bezzola Complex
B Wing, 71, Sion Trombay Road
Chembur, Mumbai 400 071

BANKERS

Bank of Rajasthan Ltd.
Dena bank
Federal Bank Ltd.
HDFC Bank Ltd.
The IndusInd Bank Ltd.
Oriental Bank of Commerce
State Bank of India
State Bank of Travancore
The Catholic Syrian Bank Ltd.
The South Indian Bank Ltd.
UTI Bank Ltd.
Vijaya Bank

REGISTRARS & TRANSFER AGENTS

Link Intime India Private Limited
59 C, Chowringhee Road, 3rd Floor
Kolkata 700 020
Phone : 033 - 2289 0540, Telefax : 033 - 2289 0539
E-mail : kolkata@linkintime.co.in

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CFL CAPITAL FINANCIAL SERVICES LTD.



NOTICE

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at Birla Academy of Art and Culture, 108-109, Southern Avenue, Kolkata-700 029 on Friday, the 23rd day of July, 2010 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 31st March 2010, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Sudhamoy Chatterjee who retires by rotation and is eligible for reappointment
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

By Order of the Board

R C Kurup
Company Secretary

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

Dated : 28th May, 2010

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members of the Company will remain closed from 16th July, 2010 to 23rd July, 2010, both days inclusive.
3. Brief profile of Mr.Sudhamoy Chatterjee who is seeking re-appointment at the ensuing Annual General Meeting required to be provided pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges is furnished in the statement on Corporate Governance published elsewhere in this Report.
4. Shareholders desiring any information as regards the Accounts are requested to write to the Company at least seven days in advance of the date of the Meeting to enable the Company to keep the information ready, as far as possible.
5. Due to the prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report with them for the meeting.
6. The Equity Shares of the Company have already come under compulsory dematerialised trading with effect from 28th August 2000. Members are, therefore, at liberty to dematerialise their holdings in the Company through a Depository Participant.

CFL CAPITAL FINANCIAL SERVICES LTD.

DIRECTORS' REPORT

Your Directors hereby present their Twenty-fifth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in Lakhs)

	For the year ended 31-3-2010	For the year ended 31-3-2009
Gross Income (including Interest on Income Tax Refunds)	230	149
Less: Expenditure	1130	1140
Less: Depreciation	11	11
Gross Profit/(Loss)	(911)	(1022)
Add Write off/provision against doubtful and irrecoverable debts and diminution/loss in value of investments	1	140
Less Provision for expenses/NPA no longer required/ bad debts recovered etc	124	439
Profit/(Loss) before tax	(788)	(703)
Provision for tax	-	4
Profit/ (Loss) after tax	(788)	(707)
Transfer from Special Reserve	-	(250)
Add: Balance brought forward from earlier years	(49339)	(48882)
Loss carried to Balance Sheet	(50127)	(49339)

DIVIDEND

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

OPERATIONS

The Company, during the year under review, was able to carry on only residual activities, such as managing its existing investments portfolio and pursuing the litigations for speedy recovery of its debts. All the deposits due for payment during the year as per CLB Order dated 13.10.2009 have been paid on time. There were 4691 unclaimed deposits aggregating to Rs. 702.75 lakhs at the close of the year. Certain plans of commencing new activities other than NBFC activities were considered. However the same could not be commenced due to lack of support for the required funds. The Directors will continue their efforts to firm up new viable plans for revival of the Company.

DIRECTORS

Mr. Sudhamoy Chatterjee retires by rotation and, being eligible, offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

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

Designation	Remuneration (Rs.)	Nature of Employment whether contractual or otherwise	Nature of Duties	Qualification and total service Experience (Years)	Date Of Commencement of employment	Age	Last employment held and Designation
Vice-President- Legal	Rs 45,36,036	Contractual	In-charge of Legal functions and recoveries	B.A., LL.M., MBA, PGDCS 26 Years	06.09.1995	45	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, 2010 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 (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007 and non-maintenance of minimum Capital Risk Asset Ratio (CRAR) as prescribed by the Reserve Bank of India your Directors draw your attention respectively to Note B26 in Schedule 12 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: 28th May, 2010

CFL CAPITAL FINANCIAL SERVICES LTD.

Annexure 'A' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Arranging resources for current activities has become a difficult proposition in view of the absence of any viable revenue generating activity in the recent past and the gradual depletion of the recoverable assets. 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 2009 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

The Company does not have adequate resources to take up new viable business as available resources are 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 on 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's relations with the employees continued to be cordial and the number of employees at the year end was 18

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: 28th May, 2010

**CORPORATE GOVERNANCE REPORT****Company's Philosophy on Corporate Governance**

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

Board of Directors

The composition of the Board of Directors and other details as on 31st March, 2010 are given below:

Names of the Directors	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 Chairman- ship/Member
Mr.H.C.Mathur	Managing Director	6	Yes	NIL	NIL
Mr.B.N.Tripathi	Independent Non-executive	6	Yes	NIL	NIL
Mr.Sujit Datta	Independent Non-executive	6	Yes	NIL	NIL
Mr.Sudhamoy Chatterjee	Independent Non-executive	6	Yes	NIL	NIL
Mr.A.V.Sudhakaran	Independent Non-executive	6	No	NIL	NIL

The re-appointment of Mr.H.C.Mathur as Managing Director of the Company for a further period of two years with effect from 1st May, 2009 has been approved by the Central Government vide letter reference SRN/A64054679/3/2010-CL.VII dated 1st April, 2010.

Mr. Sudhamoy Chatterjee retires by rotation and, being eligible, offers himself for re-appointment. Mr.Chatterjee is 60 years of age and has graduated in Commerce from Calcutta University. He has about 31 years experience in Commercial and Finance management.

During the year under review, 6 meetings of the Board of Directors were held on 20th April, 2009, 25th June, 2009, 31st July, 2009, 30th October, 2009, 29th January, 2010 and 23rd March, 2010. 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 25th June, 2009, 31st July, 2009, 30th October, 2009, 29th January, 2010 and 23rd March, 2010. The names of the 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 did not have any meetings during the year as there was no business necessitating such meeting.

CFL CAPITAL FINANCIAL SERVICES LTD.

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 paid during the year under review is as under:-

Directors' Remuneration

Non Executive Directors

Name of the Director	Sitting Fees Paid(Rs)
1 Mr Sujit Datta	6,000/-
2 Mr. B N Tripathi	6,000/-
3 Mr. Sudamoy Chatterjee	6,000/-
4 Mr. A V Sudhakaran	6,000/-

Executive Director

Name Business Relation	Mr. H C Mathur Chairman & Managing Director
Remuneration paid	
Salary	Rs.7,08,000/-
Allowances & Perquisites	Rs. 84902/-
Contribution to PF etc	Rs.1,06,195/-
Total	Rs.8,99,097/-

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 some 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, no grievances were received from any shareholder. No share transfer/transmission/issue of duplicate share certificates was pending as on 31st March, 2010.

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
22nd	2006-07	Birla Academy 108-109 Southern Avenue Kolkata-700 029	27.07.2007	10.30 A.M.	Yes
23rd	2007-08	- Do -	30.07.2008	10.30 A.M.	No
24th	2008-09	- Do -	24.07.2009	10.30 A.M	Yes

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

- a) 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.
- b) 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.
- c) The Company does not have any Whistle Blower Policy as of now but no employee is being denied any access to the Audit Committee.
- d) The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreements with the Stock Exchanges. Out of the non-mandatory requirements the requirement as to Remuneration Committee is in place.

Means of Communication

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

The Company has a website www.cfltd.in. The Company's Email ID for the purpose of investors for any grievance is cfl-shhldgrievance@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	23rd July, 2010(Friday) at 10.30 A.M
Venue	Birla Academy of Art & Culture 108-109 Southern Avenue Kolkata-700029
- b. Financial Calendar (Tentative and subject to change)

Financial results for quarter ending 30th June, 2010	End of July, 2010
Financial results for quarter ending 30th September, 2010	End of October, 2010
Financial results for quarter ending 31st December, 2010	End of January, 2011
Financial results for the year ending 31st March, 2011	End of June, 2011
Annual General Meeting for the year ending 31st March, 2011	End of September,2011
- c. Book Closure Date 16th July, 2010 to 23rd July, 2010 (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 2009-2010

The Company has applied to the Calcutta Stock Exchange Association Limited and the National Stock Exchange for delisting its Equity Shares from these Exchanges pursuant to Special Resolution passed by the shareholders at the Annual General Meeting of the Company held on 17th September, 2003 and is waiting for their approval. As such the Company has not paid the listing fees to these exchanges up to the year 2009-10.

CFL CAPITAL FINANCIAL SERVICES LTD.

e. Market Price Data

Monthly High and Low of Company's Equity Shares (Rs.10 per share) for the year ended March 2010 at the Stock Exchange, Mumbai

Months	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	2.11	1.63	11492.10	9546.29
May, 2009	2.38	1.70	14930.54	11621.30
June, 2009	3.66	2.49	15600.30	14016.95
July, 2009	3.54	2.00	15732.81	13219.99
August, 2009	3.69	2.15	16002.46	14684.45
September, 2009	4.02	3.00	17142.52	15356.72
October, 2009	4.44	3.57	17493.17	15805.20
November, 2009	4.50	3.47	17290.48	15330.56
December, 2009	4.20	3.26	17530.94	16577.78
January, 2010	4.31	3.20	17790.33	15982.08
February, 2010	4.15	2.99	16669.25	15651.99
March, 2010	4.15	2.67	17793.01	16438.45

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 (as at 31st March, 2010)

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	100330715	72.35
Mutual Funds & UTI	Nil	0.00
Banks, Financial Institutions & Insurance Companies	10600	0.01
Private Corporate Bodies	29649102	21.38
Indian Public	8671872	6.25
NRIs/OCBs	12711	0.01
Total	138675000	100.00



i. Distribution of shareholding (as at 31st March, 2010)

Shareholding of nominal value of Rs.			No. of Holders	%	No. of Shares	%
01	to	250	25824	82.49	3248295	2.34
251	to	500	3511	11.21	1314464	0.95
501	to	1000	1065	3.40	899231	0.65
1001	to	5000	741	2.37	1722136	1.24
5001	to	10000	78	0.25	594020	0.43
10001	to	50000	69	0.22	1381158	1.00
50001	to	100000	3	0.01	248800	0.18
100001	and	above	16	0.05	129266896	93.21
Total			31307	100.00	138675000	100.00

j. Dematerialisation of shares

76.15 % of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31st March 2010. Members can hold shares in electronic form and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number INE 481A01014.

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

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

l. Plant location-Not applicable

m. Address for correspondence

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

(ii) Company
(For any other matter, unresolved complaints)
Company Secretary
CFL Capital Financial Services Limited
Century Plaza
81, Netaji Subhas Road, Unit No. 233, Second Floor
Kolkata-700 001

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

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

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

p. Fax No. 2243-9340

q. Website : www.cfltd.in

The Annual Report is available on our website.

For and on behalf of the Board

H C Mathur
Chairman

Place : Kolkata,
Dated: 28th May, 2010

CFL CAPITAL FINANCIAL SERVICES LTD.

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 ("the Company") for the year ended on 31st March 2010 as stipulated in Clause 49 of the Listing Agreements of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, issued by the Institute of Chartered Accountants of India and 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 of the financial statements 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 the above mentioned Listing Agreements.

We state that 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.

For **Tarmaster & Co.**
Chartered Accountants
Firm Regn. No 302016E

Place : Kolkata
Dated : 28th May, 2010

R P Nandy
Partner
(Membership No.51027)

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 31st March, 2010.

H C Mathur
Managing Director

Place : Kolkata,
Dated: 28th May, 2010



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

1. We have audited the attached Balance Sheet of **CFL CAPITAL FINANCIAL SERVICES LIMITED**, as at 31st March, 2010 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 12)
 - 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 (Deposit Accepting or Holding) Companies (Reserve Bank) 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 Non-Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note B-26 on Schedule-12)**
- 6) Subject to our foregoing observations in Para 4, and its consequential effects on Loss for the year and assets and liabilities as at 31st March, 2010, we further report that –
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) **In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the book except our observations under Para 4 above;**
 - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with in this report are in agreement with books of account;
 - iv) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the Directors as on 31st March, 2010 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 4, as might have been determined to be necessary had we been able to satisfy ourselves, in our opinion and to the best of our information and according to explanations given to us**, the accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view :-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - 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 **TARMASTER & CO.**
Chartered Accountants
Firm Regn. No 302016E
R P Nandy
Partner
Membership No. 51027

Place : Kolkata
Dated : 28 May, 2010

CFL CAPITAL FINANCIAL SERVICES LTD.

Annexure to the Auditors' Report

The annexure referred to in the Auditors' Report to the members of CFL Capital Financial Services Limited (the Company) for the year ended March 31, 2010. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification..
2. The Stock of Shares and Securities of the Company has been physically verified by the Management during the year and no discrepancies were noticed between physical and book stock
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not come across any major weakness in the Internal Control procedures.
5. In our opinion, and according to the information and explanations given to us, there are no transactions during the year that need to be entered in the register in pursuance of section 301 of the Act..
6. In our opinion and according to the information and explanations given to us, (a) the Company has neither accepted nor renewed any deposits during the year, (b) it had accepted deposits in earlier years by complying the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules thereunder and also the directives of the Reserve Bank of India with regard to acceptance of deposits from the public. The Company had defaulted in repayment of deposits and has got an order from the Company Law Board as per the provisions of Section 58AA of the Companies Act 1956. The Company Law Board has permitted the Company to repay the depositors in installments by 31st December, 2012. (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 31st March 2010 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. 50,127.55 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)
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 **TARMASER & CO.**
Chartered Accountants
Firm Regn. No 302016E
R P Nandy
Partner
Membership No. 51027

Place : Kolkata
Dated : 28th May, 2010

Annexure I

Annexure to Auditors' Report for year ended 31st March 2010

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
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 to Auditors' Report for year ended 31ST March, 2010

Annex - II
(Rs. in Lakhs)

Default to Banks / FIs	Default Principal	Default Interest	Total Default as on 31.3.2010
Bank of Rajasthan	551	621	1172
Catholic Syrian	387	436	823
Dena Bank	1377	1551	2928
Federal Bank	290	220	510
IndusInd Bank	893	1011	1904
Oriental Bank of Commerce	448	509	957
South Indian Bank	674	759	1433
State Bank of Travancore	826	931	1757
UTI Bank Ltd	518	551	1069
Vijaya Bank	918	1034	1952
Total - Banks	6882	7623	14505
Financial Institution			
Unit Trust of India	195	343	538

CFL CAPITAL FINANCIAL SERVICES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31ST March, 2010		As at 31ST March, 2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,636,205,230.00		1,636,205,230.00	
Reserves & Surplus	2	1,264,353,592.80		1,262,003,592.80	
			2,900,558,822.80		2,898,208,822.80
Loan Funds					
Secured Loans	3	1,504,227,544.32		1,414,494,533.32	
Unsecured Loans		710,119,421.15		759,719,184.15	
			2,214,346,965.47		2,174,213,717.47
TOTAL			5,114,905,788.27		5,072,422,540.27
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block			426,826,918.66		426,803,733.66
Less : Depreciation			392,249,947.59		391,280,510.59
Net Block			34,576,971.07		35,523,223.07
Investments	5		99,249,508.48		118,822,615.48
Current Assets, Loans & Advances	6				
Sundry Debtors		389,464,069.47		395,903,634.87	
Cash & Bank		24,120,297.35		8,207,991.06	
Loans and Advances		138,078,187.97		162,925,103.45	
			551,662,554.79		567,036,729.38
Less : Current Liabilities & Provisions	7				
Current Liabilities		80,350,425.11		71,949,180.07	
Provisions		502,987,798.59		510,911,649.59	
			583,338,223.70		582,860,829.66
Net Current Assets			(31,675,668.91)		(15,824,100.28)
PROFIT & LOSS ACCOUNT			5,012,754,977.63		4,933,900,802.00
TOTAL			5,114,905,788.27		5,072,422,540.27
Notes on Accounts	12				

As per our Report attached

For **TARMASTER & CO.**

Chartered Accountants

Firm Registration No 302016E

R P Nandy

Partner

M. No. 51027

Place : Kolkata

Date : 28th May, 2010

R C Kurup

Company Secretary

H C Mathur

Managing Director

Place : Kolkata

Date : 28th May, 2010

B N Tripathi

Director

For and on behalf of the Board of Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	Year ended 31ST March, 2010 Rupees	Year ended 31ST March, 2009 Rupees
INCOME			
Income from Operations	8	7,745,600.49	14,912,453.80
Other Income		15,292,246.00	-
		-	-
Total		23,037,846.49	14,912,453.80
EXPENDITURE			
Operating Expenses	9	23,335,062.73	23,420,517.33
Interest	10	89,763,011.00	90,521,794.94
Depreciation		1,101,699.00	1,127,041.00
Total		114,199,772.73	115,069,353.27
GROSS LOSS		(91,161,926.24)	(100,156,899.47)
ADD Write offs/Provisions against doubtful/ Irrecoverable Assets and diminution/ loss in value of Investments			
	11	105,236.00	14,031,184.05
LESS Non Performing Assets provision no longer required/bad debts recovered etc			
	11	12,412,986.61	43,910,373.59
LOSS BEFORE TAX		(78,854,175.63)	(70,277,709.93)
Provision for Income Tax		-	136,000.00
Provision for Fringe Benefit Tax		-	234,372.00
NET LOSS AFTER TAX		(78,854,175.63)	(70,648,081.93)
Add : Balance brought forward from previous year		(4,933,900,802.00)	(4,888,252,720.07)
Less Transferred from Special Reserve		-	25,000,000.00
LOSS CARRIED TO BALANCE SHEET		(5,012,754,977.63)	(4,933,900,802.00)
EARNING PER SHARE (Rs. 10/-) Basic & Diluted		(0.91)	(0.74)
(see note B-24 in Schedule 12)			
Notes on Accounts		12	
(see note B-2 in Schedule 12)			

As per our Report attached

For **TARMASTER & CO.**

Chartered Accountants

Firm Registration No 302016E

R P Nandy

Partner

M. No. 51027

Place : Kolkata

Date : 28th May, 2010

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 : 28th May, 2010

CFL CAPITAL FINANCIAL SERVICES LTD.

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2010

	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
A. Cash Flow from Operating Activities		
Net Profit Before Tax & Extraordinary items	(91,161,926.24)	(100,156,899.47)
Adjustments for :		
- Financial Expenses	89,763,011.00	90,521,794.94
- Adjust for Provisions no longer required/impairment/bad debts & provisions	12,307,750.61	29,879,189.54
- Depreciation	1,101,699.00	1,127,041.00
- Operating profit before Working Capital changes	12,010,534.37	21,371,126.01
Adjustments for :		
- (Increase) Decrease in Others Loans & Advances Assets	31,286,480.88	28,191,754.48
- Increase (Decrease) in Current Liabilities	477,394.04	(22,901,130.99)
Cash generated from Operations	43,774,409.29	26,661,749.50
Financial Expenses	(89,763,011.00)	(90,521,794.94)
Direct taxes paid	-	(370,372.00)
Net Cash from Operating Activities	<u>(45,988,601.71)</u>	<u>(64,230,417.44)</u>
B. Cash Flow from Investing Activities		
(Purchase) of Fixed Assets	(273,185.00)	(148,661.84)
(Purchase) / Sale and / or Diminution of Investments (Net)	19,573,107.00	3,420,987.69
Sale/ extinguishment of Fixed Assets (Net)	117,738.00	16,247.00
Net Cash used in Investing Activities	<u>19,417,660.00</u>	<u>3,288,572.85</u>
C. Cash Flow from Financing Activities		
Gain on extinguishment of Liability	2,350,000.00	148,220.00
Proceeds from / (Settlement) of Other borrowings, Public Deposits	40,133,248.00	(39,727,427.00)
Net Cash used in Financing Activities	42,483,248.00	(39,579,207.00)
Net Increase/(decrease) in Cash & Cash Equivalents	15,912,306.29	(100,521,051.59)
Cash & Cash equivalents as at opening	8,207,991.06	108,729,042.65
Cash & Cash equivalents as at closing	24,120,297.35	8,207,991.06

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 31.3.2010 include Rs 19.45 lakhs (Rs. 19.50 lakhs) 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
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027

Place : Kolkata
Date : 28th May, 2010

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 : 28th May, 2010



SCHEDULES TO ACCOUNTS

	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
19,49,50,000(Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each	1,949,500,000.00	1,949,500,000.00
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each	250,500,000.00	250,500,000.00
	<u>2,200,000,000.00</u>	<u>2,200,000,000.00</u>
Issued and Subscribed		
13,86,75,000 (Previous Year 13,86,75,000) Equity Shares of Rs. 10 each	1,386,750,000.00	1,386,750,000.00
24,99,000 (Previous Year 24,99,000,)13% Redeemable Cumulative Preference Shares of Rs 100/- each redeemable at par at the end of five years from the extended date i.e. from 20.01.2008 to 19.01.2013	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	<u>444,770.00</u>	<u>444,770.00</u>
	1,386,305,230.00	1,386,305,230.00
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>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserves		
Opening Balance	938,294,587.80	938,146,367.80
Add : Amount on settlement of dues	<u>2,350,000.00</u>	<u>148,220.00</u>
	940,644,587.80	938,294,587.80
Share Premium Account		
Opening Balance	258,279,942.00	258,279,942.00
Less : Calls Unpaid	<u>570,937.00</u>	<u>570,937.00</u>
	257,709,005.00	257,709,005.00
Statutory Reserve		
	66,000,000.00	66,000,000.00
Special Reserve		
Opening Balance	-	25,000,000.00
Less Transferred to General Reserve	-	<u>25,000,000.00</u>
	-	-
	<u>1,264,353,592.80</u>	<u>1,262,003,592.80</u>

CFL CAPITAL FINANCIAL SERVICES LTD.

SCHEDULES TO ACCOUNTS

	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
SCHEDULE 3		
LOAN FUNDS		
SECURED LOANS		
From Banks	688,224,060.32	688,224,060.32
19% Secured Non Convertible Debentures of Rs 100 each	19,500,000.00	19,500,000.00
Interest Accrued and Due	796,503,484.00	706,770,473.00
	<u>1,504,227,544.32</u>	<u>1,414,494,533.32</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 settlements in earlier years. The Company is negotiating with the others including those who have initiated legal proceedings against the Company. The amounts shown above are the Principal outstanding and the interest accrued and due thereon are based on the principal as per the Company's calculations that were based upon the earlier proposal / 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. 6,882.24 lakhs and interest of Rs. 7,622.45 lakhs (Shown under Interest Accrued and due on th Principal amount.) Amount due in respect of the current year is Rs. 14,504.69 lakhs (P Y Rs.13,644.40 lakhs). These creditors have filed claims with the Debt Recovery Tribunals claiming various dues to the tune of around Rs. 21984.29 lakhs which are being disputed by the Company.
- (iii) Debts Recovery Tribunals (DRT) I & II Mumbai have passed decrees in favour of five banks, who have filed suits against the Company. DRT II Delhi had also passed a decree against the Company in favour of one of the banks and consequently the Recovery Officer DRT-II Delhi had ordred an auction of properties of the Company, which is contested by the Company before the concerned authority. DRT-I Kolkata, DRT-II Delhi and the Recovery Officer DRT-I Mumbai have passed injunction / status quo orders in respect of assets / properties. Recovery Officer DRT-I Mumbai has also directed the Company to disclose its assets. The Company has preferred appeals before the Debts Recovery Appellate Tribunals (DRAT) Mumbai against the decree orders of the Debt Recovery Tribunals in Mumbai in respect of the claims of 4 Banks. The Company had also filed two writs in Delhi & Bombay High Courts against the orders of DRATs at Delhi & Mumbai for reliefs against two further decrees of the DRTs passed in favour of banks, wherein conditional stay orders passed by DRATs could not be complied with. Pursuant to dismissal of the said writs, the Company is in process of approaching the Supreme Court by way of SLPs. Cases are also pending before the Deb Recovery Tribunals at Kolkata and Chennai in respect of two 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 colateral 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. 342.58 lakhs has been provided on principal amount outstanding on Simple Interest Basis. Due with in one year is Rs. 537.58 lakhs (P Y Rs. 500.54 lakhs). The amount claimed by the lenders is Rs. 2819.09 lakhs.

UNSECURED LOANS

Fixed Deposits	251,831,232.00	-	321,552,981.00	-
Interest Accrued and Due	74,674,189.15	-	89,702,203.15	-
		<u>326,505,421.15</u>		411,255,184.15
Deposits from others		<u>383,614,000.00</u>		<u>348,464,000.00</u>
		<u>710,119,421.15</u>		<u>759,719,184.15</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 & 13.10.2009
- ii) As all Fixed Deposits have matured as per the Original terms, the full amount including interest is shown as accrued and due.
- iii) Amount of deposits repayable, as per CLB Order dated 13.10.2009, within one year is Rs 1,125.35 lakhs (installment plus hardship cases) (PY Rs. 1186.56 lakhs)



SCHEDULES TO ACCOUNTS

SCHEDULE 4

FIXED ASSETS SCHEDULE AS ON 31.3.2010

(Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2009	Additions	Sales/ Retirement Transfer	As at 31.03.2010	As at 01.04.2009	For the Year	Sales/ Transfer etc	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010
A) Assets given on Lease (All prior to 1.4.2001)										
Plant & Machinery	349,037,612.22	-	-	349,037,612.22	349,037,612.22	-	-	349,037,612.22	-	-
Vehicles	25,962,263.69	-	-	25,962,263.69	25,962,263.69	-	-	25,962,263.69	-	-
TOTAL (A)	374,999,875.91	-	-	374,999,875.91	374,999,875.91	-	-	374,999,875.91	-	-
B) Owned Assets										
Vehicles	2,558,758.00	-	-	2,558,758.00	1,357,654.00	193,435.00	-	1,551,089.00	1,201,104.00	1,007,669.00
Office Equipment	7,610,229.02	91,285.00	43,250.00	7,658,264.02	7,278,896.43	57,337.00	22,741.00	7,313,492.43	331,332.59	344,771.59
Furniture and Fixture	726,202.05	181,900.00	206,750.00	701,352.05	418,988.28	30,201.00	109,521.00	339,668.28	307,213.77	361,683.77
Buildings	40,908,668.68	-	-	40,908,668.68	7,225,095.97	820,726.00	-	8,045,821.97	33,683,572.71	32,862,846.71
TOTAL (B)	51,803,857.75	273,185.00	250,000.00	51,827,042.75	16,280,634.68	1,101,699.00	132,262.00	17,250,071.68	35,523,223.07	34,576,971.07
G . TOTAL (A+B)	426,803,733.66	273,185.00	250,000.00	426,826,918.66	391,280,510.59	1,101,699.00	132,262.00	392,249,947.59	35,523,223.07	34,576,971.07
Previous Year	426,703,336.82	148,661.84	48,265.00	426,803,733.66	390,185,487.59	1,127,041.00	32,018.00	391,280,510.59	36,517,849.23	35,523,223.07

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 B. 8 in Schedule 12)

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

As at 31-Mar-10 Nos. QUANTITY	As at 31-Mar-10 Rupees VALUE	As at 31-Mar-09 Nos. QUANTITY	As at 31-Mar-09 Rupees VALUE
--	---------------------------------------	--	---------------------------------------

SCHEDULE 5

INVESTMENTS

LONG TERM

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

(FV Rs 100 per unit except where specified)

C2009 11.50% Government of India 2009	-	-	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 7.49% 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
S2009 11.85% Government of Gujarat 2009	-	-	3,000	288,060.00
S2010 11.50% Government of Maharashtra 2010	20	2,322.00	20	2,322.00
TOTAL A		60,893,459.00		80,495,658.00

b. Unquoted Shares (trade) fully paid up of Rs 10/- each

Ace Garments Export Ltd.	850,000	8,500,000.00	850,000	8,500,000.00
IAEC Industries Ltd.	150,000	11,778,933.00	150,000	11,778,933.00
Indo Deain Leather Ltd.	600,000	26,400,000.00	600,000	26,400,000.00
Indo Deutsche Metallo Chimique Ltd.	171,500	30,012,500.00	171,500	30,012,500.00

CFL CAPITAL FINANCIAL SERVICES LTD.

SCHEDULES TO ACCOUNTS

	As at 31-Mar-10 Nos. QUANTITY	As at 31-Mar-10 Rupees VALUE	As at 31-Mar-09 Nos. QUANTITY	As at 31-Mar-09 Rupees VALUE
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.	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
TOTAL B		225,342,331.00		225,342,331.00
c. Investment in Subsidiary Company (unquoted)				
Ceat Securities Ltd. (FV Re. 1 per share) (Face Value Rs 10 per share except where specified)	28,599,032	28,599,032.00	28,599,032	28,599,032.00
TOTAL C		28,599,032.00		28,599,032.00
CURRENT INVESTMENTS				
A: QUOTED EQUITY SHARES (TRADE)FULLY PAID UP OF RS.10/- EACH				
Ankit Yarns Ltd	46	-	46	-
Autopins Ltd. D	417,300	-	417,300	-
Balaji Industrial Corporation Ltd. D	45,498	-	45,498	-
Carol Info Services Limited * D	200	12,020.00	-	-
Chambal Fertilzers & 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	-
Mala'vika 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	99,000	-	99,000	-
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	-



SCHEDULES TO ACCOUNTS

	As at 31-Mar-10 Nos. QUANTITY	As at 31-Mar-10 Rupees VALUE	As at 31-Mar-09 Nos. QUANTITY	As at 31-Mar-09 Rupees VALUE
Radan Tapes & Tubes Ltd	17,400	-	17,400	-
Range Appearels Ltd***	50,000	-	50,000	-
Ranjeev Alloys Ltd	45,100	-	45,100	-
Reacto Paper Ltd	400,000	-	400,000	-
Reed Relays Ltd.	5,050	-	5,050	-
Reliance Industries Limited * D	20	21,631.00	-	-
Shamrock Industrial Co Ltd D	86,165	-	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	12	2,472.00
UTI - Mastershare Unit Scheme* D	-	-	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	-
TOTAL D		676,280.50		647,188.50
TOTAL (A+B+C+D)		315,511,102.50		335,084,209.50
Less : Provision for diminution in value of Investment		216,261,594.02		216,261,594.02
		99,249,508.48		118,822,615.48
Aggregate Book Value of Quoted Investments		61,569,739.50		81,142,846.50
Aggregate Market Value of Quoted Investments		65,176,131.40		99,682,095.00
Aggregate Book Value of Unquoted Investments		37,679,768.98		37,679,768.98

Details of Investments purchased or received on clearance of title/ sold or redeemed on maturity during the year:

1,81,000 units of Rs. 100 each of 12.25% Government of India 2010 sold

200 equity shares of Rs. 10 each of Carol Info Services Limited received on removal of defects

20 equity shares of Rs. 10 each of Reliance Industries Limited received on removal of defects

40 units of Rs. 100 each redeemed on maturity of 11.50% Government of India 2009

3,000 units of Rs. 100/- each redeemed on maturity of 11.50% Government of Gujarat 2009

110 Mastershares of UTI were encashed

- 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.
- H. No charge of SLR securities has been created in favour of the Public Depositors. This has been permitted by RBI

CFL CAPITAL FINANCIAL SERVICES LTD.

SCHEDULES TO ACCOUNTS

	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
SCHEDULE 6		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors - Unsecured		
(i) Outstandings for a period	1,808,195.40	165,909.80
exceeding six months - considered good	-	180,000.00
(ii) Others - considered good	387,655,874.07	395,557,725.07
(ii) Considered Doubtful	389,464,069.47	395,903,634.87
Cash in hand	96,343.00	133,820.00
Balances with Scheduled Banks :		
- in Current Accounts	19,480,741.43	3,710,308.75
- in Escrow Account	1,944,874.92	1,950,176.31
- in Deposit Account	2,598,338.00	2,413,686.00
	<u>24,120,297.35</u>	8,207,991.06
	<u>413,584,366.82</u>	<u>404,111,625.93</u>
B. LOANS AND ADVANCES		
Advances(unsecured) - receivable in cash or in kind or for value to be received		
Tax Deducted at Source/Advance tax	19,048,494.35	44,310,730.35
Bills Discounted	106,936,552.17	106,936,552.17
Deposits	3,207,831.00	2,334,880.00
Other loans/advances	8,885,310.45	9,342,940.93
Considered Good	-	
Considered Doubtful.	22,746,263.45	47,593,178.93
	115,331,924.52	115,331,924.52
	<u>138,078,187.97</u>	<u>162,925,103.45</u>
SCHEDULE 7		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
(i) Due to Micro or Small Scale Enterprises	-	-
(ii) Due to others	32,680,027.68	33,577,722.68
Bills Rediscounting	2,037,749.00	2,037,749.00
Other Liabilities	45,632,648.43	36,333,708.39
	<u>80,350,425.11</u>	<u>71,949,180.07</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)		
Provisions :		
As per Prudential Norms prescribed by Reserve Bank of India from time to time		
- On Sundry Debtors & Current Assets	387,655,874.07	395,557,725.07
- On Loans & Advances	115,331,924.52	115,331,924.52
- Provision for Tax (net of Advance)	-	22,000.00
	<u>502,987,798.59</u>	<u>510,911,649.59</u>



SCHEDULES TO ACCOUNTS

	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
SCHEDULE 8		
INCOME FROM OPERATIONS		
Income from Old Recoveries of Funded Business.	1,509,369.00	408,884.00
Profit from Sale of Shares- Current Investments	641.00	23,980.00
Dividend - Long term investments	34,172.00	32,419.50
Dividend - Current investments	281,250.00	281,250.00
Interest on SLR Securities Long Term Investments	4,850,578.52	7,029,149.79
Interest on Bank Deposits (TDS Rs. 15,999/- PY Rs 4,30,543/-)	202,731.00	4,902,220.01
Rent Received (TDS Rs.62,791/- PY. Rs. 1,94,030/-)	575,004.00	664,016.00
Other Business Income (TDS 21,708 PYNil)	291,854.97	1,570,534.50
	<u>7,745,600.49</u>	<u>14,912,453.80</u>
SCHEDULE 9		
OPERATING EXPENSES		
Advertisement Expenses	49,080.00	19,335.00
Auditors Remuneration	387,218.00	318,884.00
Bank Charges	113,759.28	74,232.76
Communication costs	1,898,637.07	1,150,406.17
Directors' Fees	24,000.00	28,000.00
Electricity Expenses	138,260.00	142,219.00
Employee Costs		
Salaries and other benefits	11,525,508.00	11,427,181.00
Welfare Expenses	216,257.00	307,553.50
Contribution to Provident Fund, Gratuity Superannuation and other Funds	<u>1,221,909.75</u>	<u>1,258,349.00</u>
	12,963,674.75	12,993,083.50
Insurance	329,201.00	275,401.25
Legal & Professional Charges	2,733,096.09	3,260,279.99
Printing and Stationery	372,076.41	519,455.05
Rent,	1,032,373.00	1,026,470.00
Rates & Taxes	5,000.00	272,207.00
Repairs and Maintenance-Buildings	1,032,653.47	1,049,375.09
Repairs and Maintenance- Others	154,923.63	113,432.00
Travelling and Conveyance	946,764.00	886,568.37
Vehicle Expenses	915,032.53	1,024,405.99
Miscellaneous Expenses	239,313.50	266,762.16
	<u>23,335,062.73</u>	<u>23,420,517.33</u>

CFL CAPITAL FINANCIAL SERVICES LTD.

SCHEDULES TO ACCOUNTS

	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
SCHEDULE 10		
INTEREST & OTHER COSTS		
Interest - Fixed Loan	3,705,000.00	3,705,000.00
Interest - Others	<u>86,058,011.00</u>	<u>86,816,794.94</u>
	<u>89,763,011.00</u>	<u>90,521,794.94</u>
 SCHEDULE 11		
Write offs/Provisions against doubtful/irrecoverable		
Assets and diminution/loss in value of Investments		
a) Bad debts written off	-	10,831,248.16
b) Loss on sale of assets	105,236.00	13,833.00
c) NPA provisions as per norms	-	2,759,943.89
d) Loss on redemption of securities. - Long Term Investment	-	426,159.00
	<u>105,236.00</u>	<u>14,031,184.05</u>
Provision No longer required, & others		
a) Provision for NPAs No Longer required	7,901,851.00	37,073,333.59
b) Bad debts recovered	4,312,892.00	6,837,040.00
c) Profit on Sale of Investments Long Term Investments	<u>198,243.61</u>	-
	<u>12,412,986.61</u>	<u>43,910,373.59</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 account 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 of 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.
11. Taxes on Income
Current Tax is provided on the basis of provision of the Income Tax Act 1961. Deferred Tax is recognized on timing difference between the accounting income and taxable income for the year and quantified using tax rate and laws enacted on Balance Sheet date.

B. NOTES ON ACCOUNTS

- 1 Going Concern
The networth 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 and increase the capital. The Company is in the process of implementation of the same with

CFL CAPITAL FINANCIAL SERVICES LTD.

the support from the creditors and shareholders. Hence, the Accounts have been drawn up 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. The CLB has subsequently amended its orders. CLB vide its latest order dated October 13, 2009 permitted the company to pay the total dues in four annual installments by December 31 every year from 2009 to 2012. During the current year, the Company has paid the installment before 31st December, 2010 as permitted by CLB to all the depositors who have lodged their claims for repayments.
- 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 in spite of HP/Lease agreements with them. In case of NPA accounts where installments and /or finance charges are not received regularly, the steps as considered necessary, having regard to the operations of the borrowers and overall objectives of the company, are taken from time to time.
- 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-10	Year ended 31-Mar-09
As Auditors for :	Rupees	Rupees
Statutory Audit	125,000	125,000
Tax Audit	25,000	25,000
For other matters	129,057	131,265
Out of Pocket expenses	108,161	37,619
	387,218	318,884

- 9 Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for the purpose of Managerial

	Year ended 31-Mar-10	Year ended 31-Mar-09
	Rupees	Rupees
Remuneration		
Profit/(Loss) as per Profit & Loss Account	(78,854,176)	(70,648,082)
Add : Directors Salary & Fees	923,097	927,931
Bad Debts written off / Loss on Investments	-	10,831,248
NPA provisions	-	2,759,944
Income Tax Liability of earlier years	-	-
Loss on Sale of Assets	105,236	13,833
Loss on sale / redemption of Investments	-	426,159
Sub-total	(77,825,843)	(55,688,967)
Less : Bad debts Recovered	4,312,892	6,837,040



	Year ended 31-Mar-10	Year ended 31-Mar-09
	Rupees	Rupees
Provisions on NPAs no longer required	7,901,851	37,073,334
Profit on sale / Redemption of Investments	198,244	-
Interest on Refund of Income Tax	15,292,246	-
Net (Loss) under Section 349	(90,238,829)	(99,599,340)
Remuneration , Sitting Fees etc paid to directors	923,097	927,931
Sitting fees paid to Directors	24,000	28,000
Salary paid to Managing Director	899,097	899,931
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 2009.		
10 Managerial Remuneration		
	2009-10	2008-09
Salary	708,000	706,000
Contributions to PF, Superannuation & Gratuity Funds	106,195	124,050
Perquisites	84,902	69,881
	<u>899,097</u>	<u>899,931</u>
11 There is no provision for Income Tax during the year.		
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. 50,127.55 lakhs (Previous Year Rs.49,339.01 Lakhs) includes unabsorbed depreciation of Rs.16,982.40 lakhs (Previous Year Rs.16,971.38 Lakhs)		
14 Contingent Liabilities :		
i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 3,898.44 lakhs. (Previous Year Rs. 3,573.57 lakhs)		
ii) Income Tax Rs 51.68 lakhs. (Previous Year Rs 91.44 lakhs)		
iii) Sales Tax Rs. 155.99 lakhs (Previous Year Rs. 127.30 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.		
15 Claims against the Company not acknowledged as debts, as the same are disputed by the Company. Amounts claimed by Banks & UTI Rs.13,239.49 lakhs Others Rs. 14.55 Lakhs (Previous Year Rs. 14.55 Lakhs)		
16 Ceat Securities Limited (CSL) has become a subsidiary of the Company with effect from 1st April, 2003 as per the scheme of amalgamation approved by the Hon. High Courts of Madras and Calcutta. An amount of Rs. 312.33 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		

CFL CAPITAL FINANCIAL SERVICES LTD.

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	0.22	3,955.58	1,153.32	2,162.62	7,271.74
Additions during the year	-	-	-	-	-
	0.22	3,955.58	1,153.32	2,162.62	7,271.74
Less Paid/Adjusted / No Longer Required	0.22	79.02	-	-	79.02
Closing Balance	-	3,876.56	1,153.32	2,162.62	7,192.50

18 The Company has paid an amount of Rs 12.26 lakhs (PY Rs. 17.67 lakhs) towards Provident & Pension Funds and Gratuity & Superannuation Schemes. It has provided on actuarial basis a liability of Rs. 10.55 lakhs as at the year end on account of leave benefit due to the employees. From 1.4.2009 the Employees Provident Fund Scheme has been transferred to the Regional PF Commissioner Kolkata. Hence the Employees PF Scheme, Employees Pension Scheme and Superannuation Scheme are Defined Contribution Schemes and the same are fully funded on the Balance Sheet date as per the schemes. Executive Provident Fund managed by the Trust and Gratuity managed by Life Insurance Corporation of India are defined benefit schemes and are fully funded on the Balance Sheet date as per the requirements of AS-15. During the year and amount of Rs. 3.43 lakhs was paid by the Company to the Trust due to lower income. 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:

	2009-10	2008-09
Employer's Contribution to Superannuation Fund	443,293	481,790
Employer's Contribution to Pension Scheme	65,268	56,430
Employer's Contribution to Provident Fund (RPFO)	34,022	-
Defined Benefit Plan	2009-10	2008-09
Employer's Contribution to Provident Fund (Trust)	658,604	401,455
Employer's Contribution to Gratuity Scheme	8,285	285,307

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)	
	2009-10	2008-09	2009-10	2008-09
Mortality Rate	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)
Discount Rate	8% p.a.	8% p.a.	8% 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				
Withdrawal Rate	1%-3% depending on age		1% throughout	1% throughout
Retirement age Years	58		58	58
Expected average remaining service			18	18
Period of accounting	1.4.2009- to 31.3.2010			
I. Data information on	31.03.2010	31.3.2009	31.03.2010	31.03.2009



	Gratuity (Funded)		Leave Encashment (not Funded)	
	2009-10	2008-09	2009-10	2008-09
I Assumptions as at				
Number of members	18	18	18	18
Average /Total monthly salaries Rs	18,235.61	16,343.61	300,768	328,241
Average age	42.44	41.44	42	41
Average Past Service (yrs)/Leave balance (days)	11.44	10.50	63	57
II Changes in present value of obligations				
PVO at beginning of year	2,897,268		1,803,616	
Interest cost	231,781		144,289	full yr. exposure
Current Service Cost	212,533		180,154	as worked out
Benefits Paid (as intimated by Company)	-		-	as given
Actuarial (gain)/ loss on obligation	(468,517)		(1,072,963)	
PVO at end of year	2,873,065		1,055,096	as valued
III Changes in fair value of plan assets				
Fair value of Plan Assets at beginning of year	2,839,330		-	final after adjustment
Expected return on Plan Assets	297,343		-	-
Contributions	374,695		-	as given
Benefits Paid (as intimated by Company)	-		-	as given
Actuarial (gain)/ loss on plan assets	-		-	-
Fair Value of Plan Assets at end of year (estimate)	3,511,368		-	-
IV Fair Value of Plan Assets				
Fair value of Plan Assets at beginning of year	2,839,330		-	final after adjustment
Actual return on Plan Assets	297,343		-	as given
Contribution	374,695		-	as given
Benefits Paid (as intimated by Company)	-		-	as given
Fair value of Plan Assets at the end of year	3,511,368		-	
Funded Status	638,303		(1,055,096)	(1,803,616)
Excess of actual over estimated return on Plan				
V Actuarial Gain/ (Loss) Recognized				
Actuarial Gain /(Loss) for the year(Obligation)	468,517		1,072,963	(481,017)
Actuarial Gain/(Loss) for the year (Plan Assets)			-	-
Total Gain/(loss) for the year	(468,517)		1,072,963	(481,017)
Actual Gain/(loss) recognized for the year	(468,517)		1,072,963	(481,017)
Unrecognized Actuarial Gain/(loss) at end of year			-	-
VI Amounts to be recognized in the balance sheet and statement of profit & loss account				
PVO at end of year	2,873,065		1,055,096	1,803,616
Fair value of Plan Assets at the end of year	3,511,368		-	-
Funded Status	638,303		(1,055,096)	(1,803,616)
Unrecognized Actuarial Gain/ (loss)	(638,303)		-	-
Net assets/ (Liability) recognized in the balance sheet			(1,055,096)	(1,803,616)
VII Expense recognized in the statement of P & L A/c				
Current Service Cost	212,533		180,154	210,184
Interest cost	231,781		144,289	72,775
Expected Return on Plan Assets	(297,343)		-	-
Net Actuarial Gain/(Loss) recognised for the year	(468,517)		(1,072,963)	481,017
Expense recognized in the statement of P & L A/c	(321,546)		(748,520)	763,976

CFL CAPITAL FINANCIAL SERVICES LTD.

		Gratuity (Funded)		Leave Encashment (not Funded)	
I	Assumptions as at	2009-10	2008-09	2009-10	2008-09
VIII	Movements in the Liability recognised in Balance Sheet				
	Opening Net Liability			1,803,616	1,039,640
	Expenses as above			(748,520)	763,976
	Contribution paid			-	-
	Closing Net Liability			1,055,096	1,803,616
20.	Quantitative Information (for Current Investments)				
		As at 31-Mar-10 Nos	As at 31-Mar-10 Rupees	As at 31-Mar-09 Nos	As at 31-Mar-09 Rupees
	Equity Shares (listed)				
	Opening Stock	2,819,863	647,189	2,820,851	644,717
	Purchases/Transfers	220	33,652	12	2,472
	Sales /Transfer	110	4,559	1,000	23,980
	Closing stock	2,819,973	676,281	2,819,863	647,189
21	Related Party Disclosures				
	1. Relationships				
	(i) Shareholders in the Company				
	Harrisons Malayalam Financial Services Ltd (a subsidiary of Harrisons Malayalam Ltd) holds 34.27% equity share capital of the Company. Instant Holdings Limited held over 20% of the Equity share Capital of the Company for part of the year.				
	(ii) Subsidiary of the Company				
	Ceat Securities Ltd				
	(iii) Other related parties				
	Indo Dean Leather Ltd**				
	Spectrum Alkyd & Resins Ltd**				
	Ruia Hospitality Ltd**				
	** (The Company holds over 20% shareholding in these companies. These investments were made as Merchant Bankers. The Company does not have any significant influence over their managements and are hence not considered as Associates for related parties disclosures.)				
	(iv) Directors and other executives (including those who were associated for part of the period)				
	Mr H C Mathur - Managing Director				
	2. The following transactions were carried out with the related parties in the ordinary course of business:				
	a. Details relating to parties referred to in (i), (ii) and (iii) above				
				Rupees	
		Parties referred in Note 18.1.(i) above	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)	-	31,233,177.68	-	
	3 Advance given /returned	-	15,800,000.00	-	
	4 Advances taken / returned	-	15,800,000.00	-	
	5 ICDs paid during the year/repayments made during the year	-	-	-	



		Rupees		
		Parties referred in Note 18.1.(i) above	Parties referred in Note 18.1.(ii) above	Parties referred in Note 18.1.(iii) above
6	Expenses recharged to other Companies Previous Year	-	180,000.00	-
b.	Details relating to persons referred to in item 1(iv) above	-	(33,722,802.00)	-
1	Remuneration Previous Year			Rupees 899,097.00 899,931.00

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-10 Rupees	As at 31-Mar-09 Rupees
24	Earnings per share		
a.	Profit/(Loss) after tax	(78,854,176)	(70,648,082)
b.	Adjustments for Preference Dividend	32,487,000	32,487,000
	Interest on Income Tax Refunds	15,292,246	-
	Taxation of earlier years	-	-
c.	Adjusted Loss after tax	(126,633,422)	(103,135,082)
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. (0.91)	(0.74)
g.	Weighted average number of Equity shares for Diluted EPS	Nos. 138,675,000	138,675,000
h.	Earning per share (Diluted)	Rs. (0.91)	(0.74)

25 A sum of Rs. 45.79 Lakhs (P Y Rs. 37.96 lakhs) is under transfer with the bankers as at year end for transfer to Investor Education & Protection Fund. After the year end a sum of Rs. 39.30 lakhs (P Y Rs. 31.47 lakhs) have been transferred to the said Fund.

26 The Company follows the directions given by Reserve Bank of India (RBI) to Non Banking Financial Companies and maintains Statutory Liquidity Ratio (SLR) as per RBI's instructions in the matter. The Company continues to be governed by the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007. However Consequent to the Net Worth of the Company having become negative, the restrictions placed by para 16 of these norms pertaining to a minimum Capital Adequacy of 12% and Para 19 (pertaining to acquisition of land and building other than for own use) and Para 20 (pertaining to Concentration of Credit/Investment) could not be met.

27 The details required as per Para 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are annexed.

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 **TARMASTER & CO.**
Chartered Accountants
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027
Place : Kolkata
Date : 28th May, 2010

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 : 28th May, 2010

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/period of the the Subsidiary Company	17,8,796.51
	b) For the previous financial period of the Subsidiary Company	(74,391.85)
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 : 28th May, 2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details :

Reg. No.

U	9	9	9	9	9	W	B	1	9	8	3	P	L	C	0	3	6	8	0	5
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code

2	1
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month Year

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

	5	1	1	4	9	0	6
--	---	---	---	---	---	---	---

Total Assets

	5	1	1	4	9	0	6
--	---	---	---	---	---	---	---

Source of Funds

Paid-up Capital

	1	6	3	6	2	0	5
--	---	---	---	---	---	---	---

Reserves & Surplus

	1	2	6	4	2	5	4
--	---	---	---	---	---	---	---

Secured Loans

	1	5	0	4	2	2	8
--	---	---	---	---	---	---	---

Unsecured Loans

		7	1	0	1	1	9
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

			3	4	5	7	7
--	--	--	---	---	---	---	---

Investments

			9	9	2	5	0
--	--	--	---	---	---	---	---

Net Current Assets

		(-)	3	1	6	7	5
--	--	-----	---	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

	5	0	1	2	7	5	4
--	---	---	---	---	---	---	---

IV Performance of Company (Amount in Rs. Thousands)

Turnover

			1	4	9	1	2
--	--	--	---	---	---	---	---

Misc. Expenditure

			8	5	1	9	0
--	--	--	---	---	---	---	---

Profit / Loss before tax

			(-)	7	0	2	7	8
--	--	--	-----	---	---	---	---	---

Profit / Loss after tax

			(-)	7	0	5	4	8
--	--	--	-----	---	---	---	---	---

(Please tick appropriate box + for Profit, - for Loss)

Earning per share in Rs.

			(-)	0	.	9	1
--	--	--	-----	---	---	---	---

Dividend rate %

	0
--	---

Basic & Diluted

V Generic Name of Three Principal Products / Services of Company

(as per Monetary Terms)

Item Code No. (ITC Code)

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

Product Description

D	I	S	T	R	I	B	U	T	I	O	N	O	F
S	E	C	U	R	I	T	I	E	S				

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, 2010

(Rs. in Lakhs)

Particulars		
<u>Liabilities Side :</u>		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
(a) Debentures : Secured (x)	537.58	537.58
: Unsecured		
(other than falling within the meaning of public deposits *)		
(x) (security is inadequate as on date.)		
(b) Deferred Credits		
(c) Term Loans	14504.68	14504.68
(d) Inter-corporate loans and borrowing	3836.14	
(e) Commercial Paper		
(f) Public Deposits*	3265.05	0.00
(g) Other Loans (specify nature)		
* Please see note 1 below		
(2) Break- up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of Security		
(c) Other public deposits	3265.05	0.00
* Please see note 1 below		
<u>Assets side :</u>		
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured		
(b) Unsecured	1380.78	1380.78
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities EL/ HP activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease (all debtors)	3894.64	3894.64
(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) Break – up of Investments :		
<u>Current Investments :</u>		
1	<u>Quoted :</u>	
	(i) Shares : (a) Equity	
	(b) Preference	6.76
	(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	608.93
	(v) Others (please specify)	
2	<u>Unquoted :</u>	
	(i) Shares : (a) Equity	376.81
	(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			0.00
(b) Copanies in the same group			0.00
© Other related parties			0.00
2. Other than related parties		5275.42	5275.42
Total	0.00	5275.42	5275.42

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)
1. Related Parties **		
(a) Subsidiaries	285.99	285.99
(b) Companies in the same group	0.00	0.00
© Other related parties		
2. Other than related parties	742.51	706.51
Total	1028.56	992.50

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

(8) Other information		Amount
Particulars		
(i) Gross Non-Performing Assets		7283.30
(a) Related parties		0.00
(b) Other than related parties		7283.30
(ii) Net non-Performing Assets		90.81
(a) Related parties		0.00
(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 Fifteenth Annual Report together with the statement of accounts of the Company for the year ended 31st March 2010.

Financial Results

(Rs. in lakhs)

	For the year ended 2009-10	For the year ended 2008-09
Income from operations	4.22	0.18
Less Expenditure	2.11	0.93
Profit/(Loss) for the year before Tax	2.11	(0.75)
Provision for Tax	0.33	-
Profit / (Loss) after Tax	1.78	(0.75)
Add Balance brought forward from previous year	(324.58)	(323.83)
(Loss) carried to Balance Sheet	(322.80)	(324.58)

Operations

The Company earned a profit of Rs.1,78,796.51 after taxation which was possible from income from interest and profit from sale of investments on funds received during the period compared to loss in the previous year.

Directors

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

Particulars of Employees

The provisions of Section 217(2A) of the Companies Act, 1956 and the rules made there under 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:

- a) 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;
- b) 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;
- c) 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.
- d) Annual Accounts for the financial year have been prepared on a going concern basis.

Auditors

Messers.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

Place : Kolkata,

Date : 27th May, 2010

CEAT SECURITIES LIMITED

AUDITORS' REPORT

To the Members of

CEAT SECURITIES LIMITED

We have audited the attached Balance Sheet of CEAT SECURITIES LIMITED, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the book;
- iii) The Balance Sheet, Profit and Loss Account dealt with in this report are in agreement with books of accounts;
- iv) The Balance Sheet and Profit and Loss Account comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on records by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (l) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to explanations given to us, the accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view :-

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
- ii) In case of the Profit and Loss Account of the Company Profit 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 **TARMASTER & CO.**

Chartered Accountants
Firm Regn. No. 302016E

(R.P. Nandy)

Partner
Membership No. 51027

Place : Kolkata,
Date : 27th May, 2010

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, 2010. 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 2010 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. 3,22,79,216/- at the end of the financial year. It has made cash profit during the current financial year. Its accumulated losses are over fifty percent of its net worth as at the end of the current year.
13. On the basis of the books and records examined by us and the information and explanations given to us, the company has no dues to financial institutions and banks.
14. On the basis of the books and records examined by us, and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
15. The Company is registered as Stock Broker with the Securities & Exchange Board of India through some of the companies that have merged with it. The process of transfer of membership to its name is under completion.
16. There has been no trading in respect of shares, securities, debentures and other investments during the year. The investments are in the Company's present or in name(s) of merged companies.
17. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
18. According to the information and explanations given to us, the Company has not taken any term loans.
19. On the basis of the overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no short term or long term borrowings.
20. The Company has not made any preferential allotment of the shares to the parties and companies covered in the register maintained under section 301 of the Act during the year.
21. The Company has not borrowed any amount by way of issue of Debentures.
22. The Company has not raised any money by public issue during the year.
23. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **TARMASER & CO.**
Chartered Accountants
Firm Regn. No. 302016E

R P Nandy
Partner
Membership No. 51027

Place : Kolkata
Dated : 27th May, 2010

CEAT SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at 31.03.2010 (in Rs.)	As at 31.03.2009 (in Rs.)
Sources of Funds :			
Shareholders' Fund			
Share Capital	1	31,100,000.00	31,100,000.00
Reserves	2	3,086,867.23	3,086,867.23
TOTAL		<u>34,186,867.23</u>	<u>34,186,867.23</u>
Application of Funds :			
FIXED ASSETS	3	1,000,000.00	1,000,000.00
INVESTMENTS	4	2,500.00	2,500.00
Current Assets, Loans & Advances	5		
Current Assets		700,992.51	527,442.69
Loans & Advances		298,703.78	253,311.09
		<u>999,696.29</u>	<u>780,753.78</u>
Current Liabilities & Provisions	6		
Current Liabilities		61,545.00	54,399.00
Provisions		33,000.00	-
		<u>94,545.00</u>	<u>54,399.00</u>
Net Current Assets		905,151.29	726,354.78
Profit & Loss Account		32,279,215.94	32,458,012.45
TOTAL		<u>34,186,867.23</u>	<u>34,186,867.23</u>
Notes on Accounts	9	-	-

As per our Report attached

For and on behalf of the Board of Directors

For **TARMASTER & CO.**
Chartered Accountants
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027

Place : Kolkata
Date : 27th May, 2010

R. C. Kurup
Director

A.V. Sudhakaram
Director

Place : Kolkata
Date : 27th May, 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	Year ended 31.03.2010 (in Rs.)	Year ended 31.03.2009 (in Rs.)
INCOME			
Income	7	422,385.51	0.00
Provision No Longer Required		0.00	18,493.15
		<u>422,385.51</u>	<u>18,493.15</u>
EXPENDITURE			
Operating and Administrative Expenses	8	<u>210,589.00</u>	<u>92,965.00</u>
Total Expenditure		<u>210,589.00</u>	<u>92,965.00</u>
Profit/(Loss) FOR THE YEAR		211,796.51	(74,471.85)
Less : Provision for Tax		33,000.00	-
Profit/(LOSS) FOR THE YEAR AFTER TAX		178,796.51	(74,471.85)
ADD : Balance brought forward from previous year		(32,458,012.45)	(32,383,540.60)
Profit/(LOSS) CARRIED TO BALANCE SHEET		<u>(32,279,215.94)</u>	<u>(32,458,012.45)</u>
EARNINGS PER SHARE (BASIC & DILUTED) (Face Value & Paid up Value per share Re. 1/-)		0.01	(0.00)
Notes on Accounts	9		

As per our Report attached
For **TARMASTER & CO.**
Chartered Accountants
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027

Place : Kolkata
Date : 27th May, 2010

For and on behalf of the Board of Directors

R. C. Kurup
Director

A.V. Sudhakaram
Director

Place : Kolkata
Date : 27th May, 2010

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (in Rs.)	Year ended 31.03.2010 (in Rs.)
A. Cash Flow from Operating Activities	Rupees	Rupees
Net Profit Before Tax & Extraordinary items	211,796.51	(74,471.85)
Adjustments for :		
- Income from Investments	(369,078.14)	-
- Operating profit before Working Capital changes	(157,281.63)	(74,471.85)
Adjustments for :		
- Increase (Decrease) in Current Liabilities	7,146.00	(309.00)
Cash generated from Operations	(150,135.63)	(74,780.85)
Direct taxes paid	(45,392.69)	(3,729.59)
Net Cash from Operating Activities	(195,528.32)	(78,510.44)
B. Cash Flow from Investing Activities		
Income from Investments	369,078.14	-
Net Cash used in Investing Activities	369,078.14	-
C. Cash Flow from Financing Activities		
Net Cash used in Financing Activities	-	-
Net Increase/(decrease) in Cash & Cash Equivalents	173,549.82	(78,510.44)
Cash & Cash equivalents as at opening	527,442.69	605,953.13
Cash & Cash equivalents as at closing	700,992.51	527,442.69

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.

As per our Report attached
For **TARMASTER & CO.**
Chartered Accountants
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027

Place : Kolkata
Date : 27th May, 2010

For and on behalf of the Board of Directors

R. C. Kurup
Director

A.V. Sudhakaram
Director

Place : Kolkata
Date : 27th May, 2010

CEAT SECURITIES LIMITED

SCHEDULES TO THE BALANCE SHEET

SCHEDULE 1		As at 31.03.2010 (in Rs.)	As at 31.03.2009 (in Rs.)
SHARE CAPITAL			
Authorised			
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>
Issued, Subscribed & Paid up			
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)		<u>31,100,000.00</u>	<u>31,100,000.00</u>
The above shares were allotted as per the scheme of amalgamation and reduction of capital approved by the High Courts of Calcutta and Madras.			
SCHEDULE 2			
RESERVES			
Capital Reserve		<u>3,086,867.23</u>	<u>3,086,867.23</u>
SCHEDULE 3			
FIXED ASSETS			
Value of the Membership card of Bangalore Stock Exchange Ltd.		<u>1,000,000.00</u>	<u>1,000,000.00</u>
SCHEDULE 4			
INVESTMENTS - LONG TERM			
Unquoted Equity Shares fully paid up of Re. 1/- each	No.of Shares	Amount (in Rs.)	No.of Shares
Bangalore Stock Exchange Ltd.	2,500	<u>2,500.00</u>	2,500
Total		<u>2,500.00</u>	<u>2,500.00</u>
SCHEDULE 5			
CURRENT ASSETS, LOANS & ADVANCES			
CURRENT ASSETS			
Balances with Scheduled Banks			
- in Current Accounts		700,992.51	527,442.69
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	-
		700,992.51	527,442.69
*(Due from Holding Company)			
LOANS & ADVANCES			
Advances Recoverable in Cash or in kind or for value to be received		84,703.78	39,311.09
Deposits		<u>214,000.00</u>	<u>214,000.00</u>
		<u>298,703.78</u>	<u>253,311.09</u>
SCHEDULE 6			
CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors -Micro, Small or Medium Enterprises		-	-
- other than Micro, Small & Medium Enterprises		-	-
Other Liabilities		61,545.00	54,399.00
Provision for Tax		33,000.00	-
		<u>94,545.00</u>	<u>54,399.00</u>
SCHEDULE 7			
		Year ended 31.3.2010 (in Rs.)	Year ended 31.3.2009 (in Rs.)
INCOME FROM OPERATIONS			
Other Income			
Interest from Fixed Deposit with Bank(TDS 5393/- P.Y. 3810)		53,307.37	
Provision No Longer Required		-	18,493.15
Sale of Investments - Long Term		369,078.14	
		<u>422,385.51</u>	<u>18,493.15</u>



SCHEDULE 8

OPERATING AND ADMINISTRATIVE EXPENSES

	Year ended 31.3.2010 (in Rs.)	Year ended 31.3.2009 (in Rs.)
Professional Fees	-	69,670.00
Payment to Auditors	15,000.00	16,545.00
Bank Charges	70.00	-
Service Charges	180,000.00	-
Membership Fees	3,409.00	3,100.00
Miscellaneous Expenses	12,110.00	3,650.00
	210,589.00	92,965.00

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

- Payment to Auditors consists of,

	2009-10 Rs	2008-09 Rs
Statutory Audit	15,000.00	15,000.00
Other Services	-	1,545.00
- 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.
- Deferred Tax Asset has not being considered as the company does not expect to utilise the same in near future.
- 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
- 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.

	Year ended 31.3.2010 (Rs. in lakhs)	Year ended 31.3.2009 (Rs. in lakhs)
Amount Receivable (Net of Payables)	312.33	312..33
Expenses paid by Holding Co.(Including TDS) (Services charges paid by Holding Co.)	1.8	0.9

- The Company has no segment other than distribution of shares, mutual fund units etc.
- The Accounting Standards on Leased Assets, Borrowing Costs, Foreign Exchange transactions are noy applicable to the Company
- Investment made during the year

	PURCHASE		SALES	
	Qty	Value	Qty	Value
Units of HDFC Growth Fund	353453.321	25500000	353453.321	25869078.14

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

As per our Report attached

For **TARMASTER & CO.**
Chartered Accountants
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027

Place : Kolkata
Date : 27th May, 2010

For and on behalf of the Board of Directors

R. C. Kurup
Director

Place : Kolkata
Date : 27th May, 2010

A.V. Sudhakaram
Director



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 31st March, 2010, 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, 2010;
- 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 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 then ended,

For **TARMASTER & CO.**
Chartered Accountants
Firm Regn. No 302016E

R P Nandy
Partner
Membership No. 51027

Place : Kolkata
Dated : 28 May, 2010

CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

BALANCE SHEET AS AT 31ST MARCH, 2010 CONSOLIDATED

	Schedule	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,636,205,230.00	1,636,205,230.00
Reserves & Surplus	2	<u>1,267,192,275.90</u>	<u>1,264,842,275.90</u>
		2,903,397,505.90	2,901,047,505.90
Minority Interest		2,665,243.49	2,650,865.22
Loan Funds			
Secured Loans	3	1,504,227,544.32	1,414,494,533.32
Unsecured Loans		<u>710,119,421.15</u>	<u>759,719,184.15</u>
		2,214,346,965.47	2,174,213,717.47
TOTAL		<u>5,120,409,714.86</u>	<u>5,077,912,088.59</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	427,826,918.66	427,803,733.66
Less : Depreciation		<u>392,249,947.59</u>	<u>391,280,510.59</u>
Net Block		35,576,971.07	36,523,223.07
Investments	5	70,652,976.48	90,226,083.48
Current Assets, Loans & Advances			
Sundry Debtors	6	420,697,247.15	427,136,812.55
Cash & Bank		24,821,289.86	8,735,433.75
Loans and Advances		<u>138,376,891.75</u>	<u>163,178,414.54</u>
		583,895,428.76	599,050,660.84
Less : Current Liabilities & Provisions			
Current Liabilities	7	49,178,792.43	40,770,401.39
Provisions		<u>534,253,976.27</u>	<u>542,144,827.27</u>
		583,432,768.70	582,915,228.66
Net Current Assets		462,660.06	16,135,432.18
PROFIT & LOSS ACCOUNT		5,013,717,107.25	4,935,027,349.86
TOTAL		<u>5,120,409,714.86</u>	<u>5,077,912,088.59</u>
Notes on Accounts	12	-	-

As per our Report attached

For and on behalf of the Board of Directors

For **TARMASTER & CO.**
Chartered Accountants
Firm Registration No 302016E

R P Nandy
Partner
M. No. 51027

R C Kurup
Company Secretary

H C Mathur
Managing Director

B N Tripathi
Director

Place : Kolkata
Date : 28th May, 2010

Place : Kolkata
Date : 28th May, 2010



PROFIT AND LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
INCOME			
Income from Operations	8	7,987,986.00	14,930,946.95
Other Income		15,292,246.00	-
		-	-
Total		23,280,232.00	14,930,946.95
EXPENDITURE			
Operating Expenses	9	23,365,651.73	23,513,482.33
Interest	10	89,763,011.00	90,521,794.94
Depreciation		1,101,699.00	1,127,041.00
Total		114,230,361.73	115,162,318.27
GROSS LOSS			
		(90,950,129.73)	(100,231,371.32)
ADD Write offs/Provisions against doubtful/ Irrecoverable Assets and diminution/ loss in value of Investments			
	11	105,236.00	14,031,184.05
LESS Non Performing Assets provision no longer required/bad debts recovered etc			
	11	12,412,986.61	43,910,373.59
LOSS BEFORE TAX			
		(78,642,379.12)	(70,352,181.78)
Provision for Income Tax			
		33,000.00	136,000.00
Provision for Fringe Benefit Tax			
		-	234,372.00
NET LOSS AFTER TAX			
		(78,675,379.12)	(70,722,553.78)
Less: Minority Interest			
		14,378.27	(5,988.80)
		(78,689,757.39)	(70,716,564.98)
Add : Balance brought forward from previous year			
		(4,935,027,349.86)	(4,889,310,784.88)
Less Transferred from Special Reserve			
		-	25,000,000.00
LOSS CARRIED TO BALANCE SHEET			
		(5,013,717,107.25)	(4,935,027,349.86)
EARNING PER SHARE (Rs. 10/-) Basic & Diluted			
		(0.91)	(0.74)
(see note C-13 in Schedule 12)			
Notes on Accounts			
	12		
(see note C-2 in Schedule 12)			

As per our Report attached

For and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants

Firm Registration No 302016E

R P Nandy

Partner

M. No. 51027

R C Kurup

Company Secretary

H C Mathur

Managing Director

B N Tripathi

Director

Place : Kolkata

Date : 28th May, 2010

Place : Kolkata

Date : 28th May, 2010

CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2010 (CONSOLIDATED)

	Year ended 31.3.2010 Rupees	Year ended 31.3.2009 Rupees
A. Cash Flow from Operating Activities		
Net Profit Before Tax & Extraordinary items	(90,950,129.73)	(100,231,371.32)
Adjustments for :		
- Financial Expenses	89,763,011.00	90,521,794.94
- Adjust for Provisions no longer required/impairment	12,307,750.61	29,879,189.54
- Interest received on Income Tax refunds	(15,292,246.00)	-
- Adjustment of Minonity Share in Loss	(14,378.27)	5,988.80
- Depreciation	1,101,699.00	1,127,041.00
- Operating profit before Working Capital changes	(3,084,293.39)	21,302,642.96
Adjustments for :		
- (Increase) Decrease in Others Loans & Advances Assets	31,241,088.19	(3,045,152.79)
- Increase (Decrease) in Current Liabilities	517,540.04	8,331,737.69
Cash generated from Operations	28,674,334.84	26,589,227.86
Financial Expenses	(89,763,011.00)	(90,521,794.94)
Direct taxes paid	(33,000.00)	(370,372.00)
Interest Received on Income Tax Refunds	15,292,246.00	-
Net Cash from Operating Activities	(45,829,430.16)	(64,302,939.08)
B. Cash Flow from Investing Activities		
(Purchase) of Fixed Assets	(273,185.00)	(148,661.84)
(Purchase) / Sale of Investments (Net)	19,573,107.00	3,420,987.69
Sale/ extinguishment of Fixed Assets (Net)	117,738.00	16,247.00
Net Cash used in Investing Activities	19,417,660.00	3,288,572.85
C. Cash Flow from Financing Activities		
Gain on extinguishment of Liability	2,350,000.00	148,220.00
Increase /(Decrease) in Minority Interest	14,378.27	(5,988.80)
Proceeds from Other borrowings	40,133,248.00	(39,727,427.00)
Net Cash used in Financing Activities	42,497,626.27	(39,585,195.80)
Net Increase/(decrease) in Cash & Cash Equivalents	16,085,856.11	(100,599,562.03)
Cash & Cash equivalents as at opening	8,735,433.75	109,334,995.78
Cash & Cash equivalents as at closing	24,821,289.86	8,735,433.75

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 31.3.2010 include Rs 19.45 lakhs (PY Rs 19.50 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

Firm Registration No 302016E

R P Nandy

Partner

M. No. 51027

R C Kurup

Company Secretary

H C Mathur

Managing Director

B N Tripathi

Director

Place : Kolkata

Date : 28th May, 2010

Place : Kolkata

Date : 28th May, 2010



SCHEDULES TO ACCOUNTS

	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
19,49,50,000 (Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each	1,949,500,000.00	1,949,500,000.00
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each	250,500,000.00	250,500,000.00
	<u>2,200,000,000.00</u>	<u>2,200,000,000.00</u>
Issued and Subscribed		
13,86,75,000 (Previous Year 13,86,75,000) Equity Shares of Rs. 10 each	1,386,750,000.00	1,386,750,000.00
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs 100/- each redeemable at par at the end of five years from the extended date i.e. from 20.01.2008 to 19.01.2013	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	<u>444,770.00</u>	<u>444,770.00</u>
	1,386,305,230.00	1,386,305,230.00
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>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserves		
Opening Balance	941,133,270.90	940,985,050.90
Add : Amount on settlement of dues	2,350,000.00	148,220.00
	943,483,270.90	941,133,270.90
Share Premium Account		
Opening Balance	258,279,942.00	258,279,942.00
Less : Calls Unpaid	<u>570,937.00</u>	<u>570,937.00</u>
	257,709,005.00	257,709,005.00
Statutory Reserve		
	66,000,000.00	66,000,000.00
Special Reserve		
Opening Balance	-	25,000,000.00
Less Transferred to General Reserve	<u>-</u>	<u>25,000,000.00</u>
	-	-
	<u>1,267,192,275.90</u>	<u>1,264,842,275.90</u>

CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
SCHEDULE 3		
LOAN FUNDS		
SECURED LOANS		
From Banks	688,224,060.32	688,224,060.32
19% Secured Non Convertible Debentures of Rs.100 each (Due within one year Rs 195.00 lakhs Previous Year Rs. 195.00 lakhs)	19,500,000.00	19,500,000.00
Interest Accrued and Due	796,503,484.00	706,770,473.00
	<u>1,504,227,544.32</u>	<u>1,414,494,533.32</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 settlements in earlier years. The Company is negotiating with the others including those who have initiated legal proceedings against the Company. The amounts shown above are the Principal outstanding and the interest accrued and due thereon are based on the principal as per the Company's calculations that were based upon the earlier proposal/ agreements entered into with the banks are 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. 6,882.24 lakhs and interest of Rs. 7,622.45 lakhs (Shown under Interest Accrued and due on the Principal amount.) Amount due in respect of the current year is Rs. 14,504.69 lakhs (P Y Rs.13,644.40 lakhs). These creditors have filed claims with the Debt Recovery Tribunals claiming various dues to the tune of around Rs. 21984.29 lakhs which are being disputed by the Company.
- (iii) Debts Recovery Tribunals (DRT) I & II Mumbai have passed decrees in favour of five banks, who have filed suits against the Company. DRT II Delhi had also passed a decree against the Company in favour of one of the banks and consequently the Recovery Officer DRT-II Delhi had ordered an auction of properties of the Company, which is contested by the Company before the concerned authority. DRT-I Kolkata, DRT-II Delhi and Recovery Officer DRT-I Mumbai have passed injunction / status quo orders in respect of assets / properties. Recovery Officer DRT-I Mumbai has also directed the Company to disclose its assets. The Company has preferred appeals before the Debts Recovery Appellate Tribunals (DRAT) Mumbai against the decree orders of the Debt Recovery Tribunals in Mumbai in respect of the claims of 4 Banks. The Company had also filed two writs in Delhi & Bombay High Courts against the orders of DRATs at Delhi & Mumbai for reliefs against two further decrees of the DRTs passed in favour of banks, wherein conditional stay orders passed by DRATs could not be complied with. Pursuant to dismissal of the said writs, the Company is in process of approaching the Supreme Court by way of SLPs. Cases are also pending before the Debt Recovery Tribunals at Kolkata and Chennai in respect of two 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. 342.58 lakhs has been provided on principal amount outstanding on Simple Interest Basis. Due within one year is Rs. 537.58 lakhs (P Y Rs. 500.54 lakhs). The amount claimed by the lenders is Rs. 2819.09 lakhs.

UNSECURED LOANS

Fixed Deposits	2,51,831,232.00	-	321,552,981.00	-
Interest Accrued and Due	74,674,189.15	-	89,702,203.15	-
		326,505,421.15		411,255,184.15
Deposits from others		383,614,000.00		348,464,000.00
		<u>710,119,421.15</u>		<u>759,719,184.15</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 & 13.10.2009
- 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 13.10.2009, within one year is Rs 1,125.35 lakhs (installment plus hardship cases) (P Y Rs. 1186.56 lakhs)



SCHEDULE 4

CONSOLIDATED FIXED ASSETS SCHEDULE AS ON 31.3.2010

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2009	Additions	Sales/ Retirement Transfer	As at 31.03.2010	As at 01.04.2009	For the Year	Sales/ Transfer etc	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010
A)Leased Assets										
Plant & Machinery	349,037,612.22	-	-	349,037,612.22	349,037,612.22	-	-	349,037,612.22	-	-
Vehicles (All Prior to 1-4-2001)	25,962,263.69	-	-	25,962,263.69	25,962,263.69	-	-	25,962,263.69	-	-
TOTAL (A)	374,999,875.91	-	-	374,999,875.91	374,999,875.91	-	-	374,999,875.91	-	-
B)Owned Assets										
	-	-	-	-	-	-	-	-	-	-
Vehicles	2,558,758.00	-	-	2,558,758.00	1,357,654.00	193,435.00	-	1,551,089.00	1,201,104.00	1,007,669.00
Office Equipment	7,610,229.02	91,285.00	43,250.00	7,658,264.02	7,278,896.43	57,337.00	22,741.00	7,313,492.43	331,332.59	344,771.59
Furniture and Fixture	726,202.05	181,900.00	206,750.00	701,352.05	418,988.28	30,201.00	109,521.00	339,668.28	307,213.77	361,683.77
Buildings	40,908,668.68	-	-	40,908,668.68	7,225,095.97	820,726.00	-	8,045,821.97	33,683,572.71	32,862,846.71
Bangalore SE Card	1,000,000.00	-	-	1,000,000.00	-	-	-	-	1,000,000.00	1,000,000.00
TOTAL (B)	52,803,857.75	273,185.00	250,000.00	52,827,042.75	16,280,634.68	1,101,699.00	132,262.00	17,250,071.68	36,523,223.07	35,576,971.07
G . TOTAL (A+B)	427,803,733.66	273,185.00	250,000.00	427,826,918.66	391,280,510.59	1,101,699.00	132,262.00	392,249,947.59	36,523,223.07	35,576,971.07
Previous Year	427,703,336.82	148,661.84	48,265.00	427,803,733.66	390,185,487.59	1,127,041.00	32,018.00	391,280,510.59	37,517,849.23	36,523,223.07

* Buildings (work in progress) are buildings or rights in property acquired in settlement of dues from debtors pending registration in Company's name.

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	As at	As at	As at
	31-Mar-10	31-Mar-10	31-Mar-09	31-Mar-09
	Nos.	Rupees	Nos.	Rupees
INVESTMENTS	QUANTITY	VALUE	QUANTITY	VALUE
LONG TERM				
a. Quoted non trade investments at cost (in SGL account)				
(FV Rs 100 per unit except where specified)				
C2009 11.50% Government of India 2009	-	-	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 7.49% 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
S2009 11.85% Government of Gujarat 2009	-	-	3,000	288,060.00
S2010 11.50% Government of Maharashtra 2010	20	2,322.00	20	2,322.00
TOTAL A		60,893,459.00		80,495,658.00

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SCHEDULE 5 (Contd.)	As at	As at	As at	As at
	31-Mar-10 Nos.	31-Mar-10 Rupees	31-Mar-09 Nos.	31-Mar-09 Rupees
b. Unquoted Shares (trade) fully paid up of Rs 10/- each				
Ace Garments Export Ltd.	850,000	8,500,000.00	850,000	8,500,000.00
Bangalore Stock Exchange Limited (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 Deain Leather Ltd.	600,000	26,400,000.00	600,000	26,400,000.00
Indo Deutsche Metallo Chimique Ltd.	171,500	30,012,500.00	171,500	30,012,500.00
Jind Textiles Ltd.	750,000	18,938,523.00	750,000	18,938,523.00
Kalpana 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
TOTAL B		225,344,831.00		225,344,831.00
CURRENT INVESTMENTS				
A: QUOTED EQUITY SHARES (TRADE)FULLY PAID UP OF RS.10/- EACH				
Ankit Yarns Ltd	46	-	46	-
Autopins Ltd. D	417,300	-	417,300	-
Balaji Industrial Corporation Ltd. D	45,498	-	45,498	-
Carol Info Services Limited * D	200	12,020.00	-	-
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	-
Mala\wika 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	99,000	-	99,000	-
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 Appearels Ltd***	50,000	-	50,000	-



SCHEDULE 5 (Contd.)	As at	As at	As at	As at
	31-Mar-10	31-Mar-10	31-Mar-09	31-Mar-09
	Nos.	Rupees	Nos.	Rupees
Ranjeev Alloys Ltd	45,100	-	45,100	-
Reacto Paper Ltd	400,000	-	400,000	-
Reed Relays Ltd.	5,050	-	5,050	-
Reliance Industries Limited * D	20	21,631.00	-	-
Shamrock Industrial Co Ltd D	86,165	-	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	12	2,472.00
UTI - Mastershare Unit Scheme* D	-	-	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	-
TOTAL C		676,280.50		647,188.50
TOTAL (A+B+C)		286,914,570.50		306,487,677.50
Less : Write off / Provision for diminution in value of Investment		216,261,594.02		216,261,594.02
		70,652,976.48		90,226,083.48
Aggregate Book Value of Quoted Investments		61,569,739.50		81,142,846.50
Aggregate Market Value of Quoted Investments		65,176,131.40		86,050,619.50
Aggregate Book Value of Unquoted Investments		9,083,236.98		9,083,236.98

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

1,81,000 units of Rs. 100 each of 12.25% Government of India 2010 sold 200 equity shares of Rs. 10 each of Carol Info Services Limited received on removal of defects 20 equity shares of Rs. 10 each of Reliance Industries Limited received on removal of defects 40 units of Rs. 100 each redeemed on maturity of 11.50% Government of India 2009 3,000 units of Rs. 100/- each redeemed on maturity of 11.50% Government of Gujarat 2009 110 Mastershares of UTI were encashed

- 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.
- H. No charge of SLR securities has been created in favour of the Public Depositors. This has been permitted by RBI.

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SCHEDULE 6	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors - Unsecured		
(i) Outstandings for a period exceeding six months - considered good	1,808,195.40	165,909.80
(ii) Others - considered good	-	180,000.00
(ii) Considered Doubtful	418,889,051.75	426,790,902.75
	<u>420,697,247.15</u>	<u>427,136,812.55</u>
Cash and Bank Balances :		
Cash in hand	96,343.00	133,820.00
Balances with Scheduled Banks :		
- in Current Accounts	20,181,733.94	4,237,751.44
- in Escrow Account	1,944,874.92	1,950,176.31
- in Deposit Account	2,598,338.00	2,413,686.00
	<u>24,821,289.86</u>	8,735,433.75
	<u>445,518,537.01</u>	<u>435,872,246.30</u>
B. LOANS AND ADVANCES		
Advances(unsecured) - receivable in cash or in kind or for value to be received		
Tax Deducted at Source/Advance tax	19,048,494.35	44,310,730.35
Bills Discounted	106,936,552.17	106,936,552.17
Deposits	3,421,831.00	2,548,880.00
Other loans/advances	8,970,014.23	9,382,252.02
	-	-
Considered Good	23,044,967.23	47,846,490.02
Considered Doubtful.	115,331,924.52	115,331,924.52
	<u>138,376,891.75</u>	<u>163,178,414.54</u>
SCHEDULE 7		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
(i) Due to Micro or Small Scale Enterprises	-	-
(ii) Due to others	1,508,395.00	2,344,545.00
Bills Rediscounting	2,037,749.00	2,037,749.00
Other Liabilities	45,632,648.43	36,388,107.39
	<u>49,178,792.43</u>	<u>40,770,401.39</u>
None of the above creditors has informed the company of its status as a Micro,Small or Medium unit.		
Provisions :		
As per Prudential Norms prescribed by Reserve Bank of India from time to time		
- On Sundry Debtors & Current Assets	418,889,051.75	426,790,902.75
- On Loans & Advances	115,331,924.52	115,331,924.52
- Provision for Tax (net of Advance)	33,000.00	22,000.00
	<u>534,253,976.27</u>	<u>542,144,827.27</u>



SCHEDULE 8	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
INCOME FROM OPERATIONS		
Income from Old Recoveries of Funded Business.	1,509,369.00	408,884.00
Profit from Sale of Shares/MF Units- Current Investments	369,719.14	23,980.00
Dividend - Long term investments	34,172.00	32,419.50
Dividend - Current investments	281,250.00	281,250.00
Interest on SLR Securities Long Term Investments	4,850,578.52	7,029,149.79
Interest on Bank Deposits (TDS Rs. 15,999/- PY Rs 4,30,543/-)	256,038.37	4,920,713.16
Rent Received (TDS Rs.62,791/- PY. Rs. 1,94,030/-)	575,004.00	664,016.00
Other Business Income (TDS Nil PYNil)	111,854.97	1,570,534.50
	<u>7,987,986.00</u>	<u>14,930,946.95</u>
SCHEDULE 9		
OPERATING EXPENSES		
Advertisement Expenses	49,080.00	19,335.00
Auditors Remuneration	402,218.00	335,429.00
Bank Charges	113,829.28	74,232.76
Communication costs	1,898,637.07	1,150,406.17
Directors' Fees	24,000.00	28,000.00
Electricity Expenses	138,260.00	142,219.00
Employee Costs		
Salaries and other benefits	11,525,508.00	11,427,181.00
Welfare Expenses	216,257.00	307,553.50
Contribution to Provident Fund, Gratuity Superannuation and other Funds	<u>1,221,909.75</u>	<u>1,258,349.00</u>
	<u>12,963,674.75</u>	<u>12,993,083.50</u>
Insurance	329,201.00	275,401.25
Legal & Professional Charges	2,733,096.09	3,329,949.99
Printing and Stationery	372,076.41	519,455.05
Rent,	1,032,373.00	1,026,470.00
Rates & Taxes	5,000.00	272,207.00
Repairs and Maintenance-Buildings	1,032,653.47	1,049,375.09
Repairs and Maintenance- Others	154,923.63	113,432.00
Travelling and Conveyance	946,764.00	886,568.37
Vehicle Expenses	915,032.53	1,024,405.99
Miscellaneous Expenses	254,832.50	273,512.16
	<u>23,365,651.73</u>	<u>23,513,482.33</u>
SCHEDULE 10		
INTEREST & OTHER COSTS		
Interest - Fixed Loan	3,705,000.00	3,705,000.00
Interest - Others	86,058,011.00	86,816,794.94
	<u>89,763,011.00</u>	<u>90,521,794.94</u>
SCHEDULE 11		
Write offs/Provisions against doubtful/irrecoverable Assets and diminution/loss in value of Investments		
a) Bad debts written off	-	10,831,248.16
b) Loss on sale of assets	105,236.00	13,833.00
c) NPA provisions as per norms	-	2,759,943.89
d) Loss on redemption of securities.	-	426,159.00
	<u>105,236.00</u>	<u>14,031,184.05</u>
Provision No longer required, & others		
a) Provision for NPAs No Longer required	7,901,851.00	37,073,333.59
b) Bad debts recovered	4,312,892.00	6,837,040.00
c) Profit on Sale of Investments Long Term Investments	198,243.61	-
	<u>12,412,986.61</u>	<u>43,910,373.59</u>

CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

SCHEDULE 12

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

A. BASIS OF CONSOLIDATION

The Consolidated Accounting Statements for the year ended 31st March, 2010 have been prepared by line by line addition of the respective financial statements for year ending 31st March, 2010 for CFL Capital Financial Services Limited (CFLCFSL) and its subsidiary viz. Ceat 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
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 account 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.



11. Taxes on Income

Current Tax is provided on the basis of provision of the Income Tax Act 1961. Deferred Tax is recognized on timing difference between the accounting income and taxable income for the year and quantified using tax rate and laws enacted on Balance Sheet date.

B. NOTES ON ACCOUNTS

1. Going Concern

The networth 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 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 up 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. The CLB has subsequently amended its orders. CLB vide its latest order dated October 13, 2009 permitted the company to pay the total dues in four annual installments by December 31 every year from 2009 to 2012. During the current year, the Company has paid the installment before 31st December, 2010 as permitted by CLB to all the depositors who have lodged their claims for repayments.

4. 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.

5. 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.

6. Audit fees include amounts paid to Auditors towards:

	Year ended 31-Mar-10 Rupees	Year ended 31-Mar-09 Rupees
As Auditors for : Statutory Audit	140,000	140,000
Tax Audit	25,000	25,000
For other matters	129,057	132,810
Out of Pocket expenses	108,161	37,619
	<u>402,218</u>	<u>335,429</u>

7. Contingent Liabilities :

- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 3,898.44 lakhs. (Previous Year Rs. 3,573.57 lakhs)
- ii) Income Tax Rs 51.68 lakhs. (Previous Year Rs 91.44 lakhs)
- iii) Sales Tax Rs. 155.99 lakhs (Previous Year Rs. 127.30 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.

8. Claims against the Company not acknowledged as debts, as the same are disputed by the Company. Amounts claimed by Banks & UTI Rs.13,239.49 lakhs Others Rs. 14.55 Lakhs (Previous Year Rs. 14.55 Lakhs).

9. Provisions

(Amount in Rs. Lakhs)

	Tax	Debtors	Loans & Advances	Investments	Total
Opening Balance	0.22	3,955.58	1,153.32	2,162.62	7,271.74
Additions during the year	-	-	-	-	-
	0.22	3,955.58	1,153.32	2,162.62	7,271.74
Less Paid/Adjusted / No Longer Required	0.22	79.02	-	-	79.02
Closing Balance	-	3,876.56	1,153.32	2,162.62	7,192.50

CFL CAPITAL FINANCIAL SERVICES LTD. CONSOLIDATED

10. Related Party Disclosures

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

	Rupees
1 Remuneration Previous Year	899,097.00 899,931.00

11. 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.

12. 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.

13. Earnings per share

		As at 31 Mar-10 Rupees	As at 31 Mar-09 Rupees
a. Profit/(Loss) after tax	(Rs in '000)	(78,689,757)	(70,716,565)
b. Adjustments for			
Preference Dividend		32,487,000	32,487,000
Interest on Income Tax Refunds		15,292,246	-
Taxation of earlier years		-	-
c. Adjusted Loss after tax		(126,469,003)	(103,203,565)
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.	(0.91)	(0.74)
g. Weighted average number of Equity shares for Diluted EPS	Nos.	138,675,000	138,675,000
h. Earning per share (Diluted)	Rs.	(0.91)	(0.74)

14. The Company follows the directions given by Reserve Bank of India (RBI) to Non Banking Financial Companies and maintains Statutory Liquidity Ratio (SLR) as per RBI's instructions in the matter. The Company continues to be governed by the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007. However consequent to the Net Worth of the Company having become negative, the restrictions placed by para 16 of these norms pertaining to a minimum Capital Adequacy of 12% and Para 19 (pertaining to acquisition of land and building other than for own use) and Para 20 (pertaining to Concentration of Credit/Investment) could not be met.

15. 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

Firm Registration No 302016E

R P Nandy

Partner

M. No. 51027

Place : Kolkata

Date : 28th May, 2010

R C Kurup

Company Secretary

H C Mathur

Managing Director

Place : Kolkata

Date : 28th May, 2010

For and on behalf of the Board of Directors

B N Tripathi

Director

NOTES

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CFL CAPITAL FINANCIAL SERVICES LTD.

REGISTERED OFFICE

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

TWENTY FIFTH ANNUAL GENERAL MEETING

FRIDAY, 23RD JULY, 2010 AT 10.30 A.M.

AT THE BIRLA ACADEMY, 108-109, SOUTHERN AVENUE, KOLKATA 700 029

A member / proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance. If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office, at least 48 hours before the time of holding the meeting.

Folio No.	DP ID No.	Client HD No.

I record my presence at the 25th AGM

Signature of Member/Proxy

Signature of Proxy (if any) in Block Letters

CFL CAPITAL FINANCIAL SERVICES LTD.

REGISTERED OFFICE

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

I/We _____

of _____

being a member of CFL Capital Financial Services Limited, hereby appoint _____

_____ of _____

_____ of _____

as my/our proxy to attend vote for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Friday, 23rd day of July, 2010 at 10.30 a.m.

As witness my/our hand/s this _____ day of _____ 2010.

Signed by the said _____

Affix
Revenue
Stamp
here

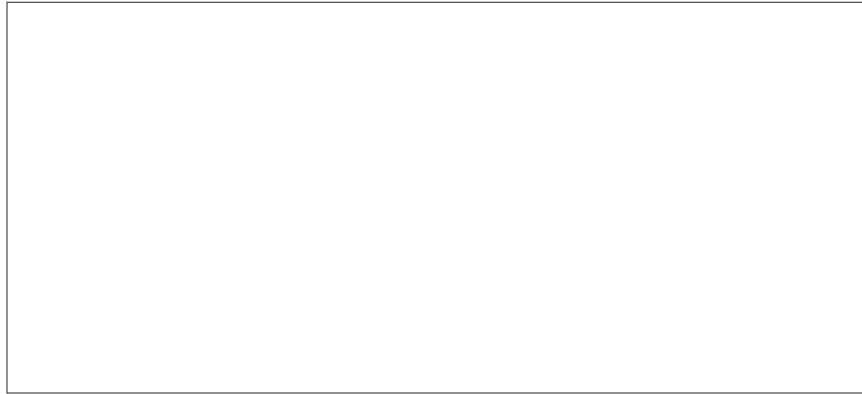
Folio No.	DP ID No.	Client HD No.

This Proxy Form duly completed must be received at the Company's Registered Office at least 48 hours before the time of holding the Meeting.

ADMISSION SLIP

PROXY FORM

BOOK-POST



If undelivered, please return to:

CFL Capital Financial Services Limited
Century Plaza, Unit No. 233, Second Floor,
81, Netaji Subhas Road, Kolkata 700 001

