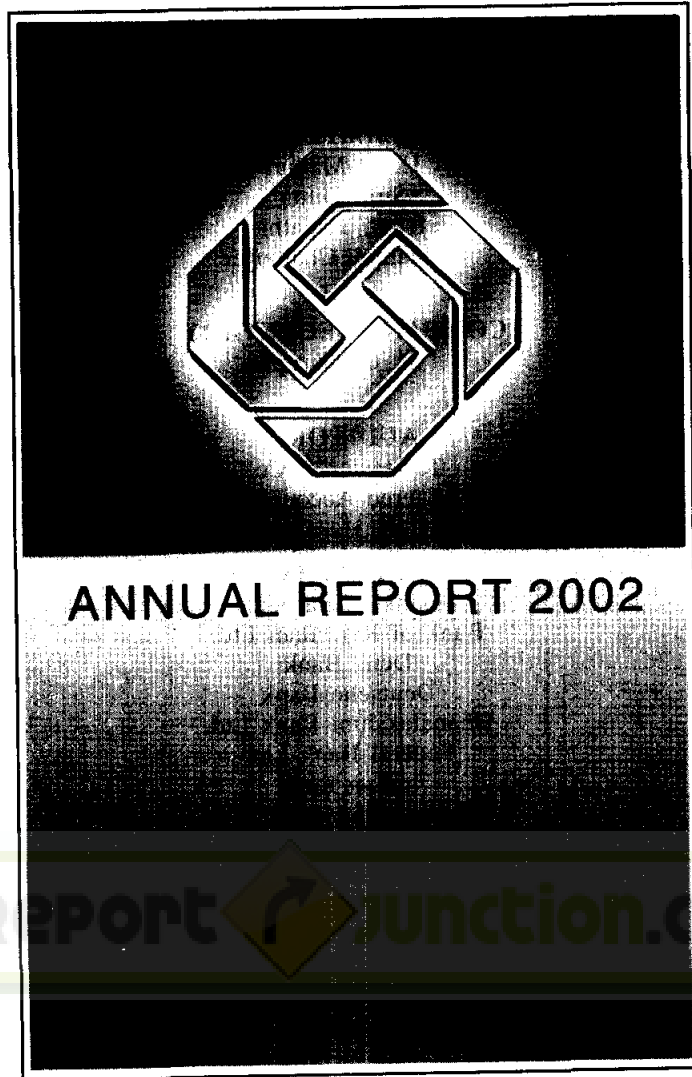


CFL CAPITAL FINANCIAL SERVICES LTD.



BOARD OF DIRECTORS

H.C. Mathur (Managing Director)
Sujit Dutta
B.N. Tripathi
Sudhamoy Chatterjee

AUDIT COMMITTEE

Sujit Dutta
B.N. Tripathi
Sudhamoy Chatterjee

**INVESTORS' / SHAREHOLDERS' GRIEVANCE
COMMITTEE**

H. C. Mathur
Sujit Dutta
B. N. Tripathi
Sudhamoy Chatterjee

COMPANY SECRETARY

R. C. Kurup

AUDITORS

Tarmaster & Co.
Chartered Accountants

BANKERS

Bank of Baroda
Bank of Rajasthan Ltd.
Dena Bank
Deutsche Bank
Dhanalakshmi Bank Ltd.
Federal Bank Ltd.
Indian Bank
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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

CFL CAPITAL FINANCIAL SERVICES LTD.**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at the Mini Auditorium, Science City, JBS Haldane Avenue, Kolkata-700 046 on Thursday the 26th day of September, 2002 at 10.30A.M to transact, with or without modifications, as may be permissible, the following business: -

1. To receive, consider and adopt the audited Profit and Loss Account for the financial period ended 31st March 2002, 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.H.C.Mathur who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to authorize the Board of Directors of the Company to fix their remuneration.

As a Special Business:

4. To consider and if thought fit to pass, the following resolution as an Ordinary Resolution
"RESOLVED THAT Mr. Sudhamoy Chatterjee be and is hereby appointed as a Director of the Company liable to retire by rotation."

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 29th July, 2002

NOTES

1. The Register of Members of the Company will remain closed from 19th September, 2002 to 26th September, 2002 both days inclusive.
2. 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.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business as above to be transacted at this Annual General Meeting is attached
4. Members holding shares in physical form are requested to notify immediately any change in their address to the Company, quoting their Folio Number, to ensure prompt receipt of communication from the Company. Shareholders who have not furnished their PIN CODE numbers are requested to furnish the same immediately.
5. 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 Annual General Meeting so as to enable the information to be kept ready.
6. 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.
7. Pursuant to Section 205A of the Companies Act, 1956 dividends for the financial year ended 31st March 1996 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund constituted by the Central Government and thereafter no claim shall lie in respect thereof. Therefore, members who have not encased their dividend warrant(s) for the financial year ended 31st March 1996, 31st March 1997 and 31st March, 1998 are requested in their own interest to make their claim to the Registered Office of the Company. All unpaid /unclaimed dividends paid upto the financial year ended 31.03.1995 have been transferred to the General Revenue Account of the Central Government. Concerned shareholders are requested to claim the amount from the Registrar of Companies, West Bengal.
8. The Equity Shares of the Company have already come under compulsory dematerialised trading with effect from 28th August 2000 and Agreements have already been executed with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose. The number allotted to the Company is INE 481A01014. Members are at liberty, therefore, to dematerialise their holdings in the Company through a Depository Participant.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item 4

The Board of Directors of the Company had appointed Mr.Sudhamoy Chatterjee as an Additional Director on the Board with effect from 10th June 2002 and his term of office expires at the ensuing Annual General Meeting pursuant to Article 116 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. As required by Section 257 of the said Act, the Company has received a notice from a member of the Company together with the requisite deposit, signifying his intention to propose Mr.Chatterjee's name as a candidate for the office of a Director of the Company.

Mr Sudhamoy Chatterjee possesses extensive experience in Accounts, finance and corporate management of about 24 years. It is, therefore, considered desirable to continue to avail of his services as a member of the Board.

Your Directors recommend that the resolution set out at item 4 of the annexed Notice be passed in the interest of the Company.

None of the Directors other than Mr.Sudhamoy Chatterjee is interested in the resolution.

CFL CAPITAL FINANCIAL SERVICES LTD.**DIRECTORS' REPORT**

Your Directors hereby present their Seventeenth Annual Report together with the Audited Statement of Accounts of the Company for the 18 months period ended 31st March 2002.

1. FINANCIAL RESULTS

| | For the Period ended 31-3-2002 | (Rs. In Lakhs) For the year ended 30-9-2000 |
|---|--------------------------------------|--|
| Gross Income | 4,656 | 16,972 |
| Less: Expenditure | 10,070 | 11,300 |
| Depreciation | 1,929 | 2,942 |
| Write off/Provision against doubtful and irrecoverable | | |
| Debts and diminution/loss in value of Investments | 17,237 | 7,717 |
| Profit/(Loss) before Tax | (24,580) | (4,988) |
| Less : Provision for Tax | Nil | Nil |
| Add : Prior period adjustments for Income tax | 36 | Nil |
| Profit (Loss) after tax | (24,616) | (4,988) |
| Add/Deduct : Balance brought forward from earlier years | (13,935) | (8,945) |
| Less : Amount transferred from General Reserve | 2,676 | Nil |
| Loss carried to Balance Sheet | (35,875) | (13,934) |

2. DIVIDEND

In view of the loss for the year, your Directors have not recommended any dividend on the Preference Shares or the Equity Shares.

3. ENVIRONMENT

The environmental conditions facing Non Banking Finance Companies like your Company continued to be difficult. The negative emotional legacy of a few rogue NBFCs continued to hamper the smooth functioning of NBFCs in general. Further, the lack of a level playing field between Banks and NBFCs with regard to debt collection continued to make things difficult for such companies to function.

Much wanted legislation for debt recovery is now available to banks and institutions for speedy recovery of their outstanding dues. Regrettably, NBFCs are left out of the purview of such speedy remedial action, though, NBFCs have historically been an effective channel to fund lesser organised sectors such as the goods transport sector. It is necessary to realise that NBFCs too carry Non Performing Assets just like Banks. The lack of an adequate recovery mechanism through the courts will only translate to the NBFC becoming an NPA in the books of the bank from which it has availed facilities, if the NBFC does not have an effective way to recover its own dues.

Further, the poor credibility of this industry has affected its ability to raise resources from both the banking/institutional sector and the retail sector. This lack of resources too has severely affected the sector.

The impact of multiple point taxation of lease/hire purchase transactions has also done its bit to make the products offered by the industry non-competitive.

4. OPERATIONS

Your Company commenced the period on a hopeful note, in view of the recapitalisation by way of Rights Issue in the month of August 2000. The Primary Dealership operations of the Company carved out a niche for itself in the market as an active trader in Government Securities and in retail distribution of such securities to Co-operative Banks and Provident Fund Trusts. As per the discussion with Reserve Bank of India (RBI) your Company also promoted a subsidiary company, Ceat Gilts and Bonds Private Limited, for hiving off the Primary Dealership business. Regrettably, in light of the deteriorating environment within the financial services industry and in view of losses registered by your company in its other business, RBI did not accord final approval for hiving off the business and also did not renew the licence for continuation of this activity. Accordingly, the Primary Dealership activity has been discontinued by your Company effective from September 2001.

In light of resource constraints, your Company could not revive the business of leasing and hire purchase. The recoveries of dues from clients were a principal focus of activity during the period, using all available means such as persuasion, negotiation and legal action. It is, however, a well-established phenomenon in this industry that financial intermediaries are able to significantly influence recoveries only when they are in a position to commit fresh resources for lending, which your Company was not in a position to do. Despite this handicap, your Company was successful in recovering significant sums from parties to whom it had advanced funds, which were utilised for servicing your Company's dues to banks and financial institutions as well as for meeting operational expenses and payments to other creditors. Your Company has made write-off/ provisions for doubtful and irrecoverable debts and diminution/loss in value of investments of Rs.17,237 lakhs (previous year Rs.7,717 lakhs) in compliance with prudential norms of the Reserve Bank of India.

Keeping in mind the strained liquidity position, your Company had approached Banks and Financial Institutions for restructuring of the amounts due as well as for reduction in the interest rates on the outstanding. Despite the support of a majority of the lenders, your Company did not receive final approval for the restructuring package proposed. The interest expenditure of Rs.8,662 lakhs (previous year Rs.10,032 lakhs), along with the aforementioned write-offs and provisions have contributed to the Company registering a net loss of Rs.24,614 lakhs (previous year Rs.4,989 lakhs) during the period.

5. RESOURCES RAISING

In view of the current poor financial position, your Company is facing severe constraints in raising resources. Despite this, your Company has reduced its fixed deposit liability from Rs.13,729 lakhs to Rs.9,228 lakhs. Your Company was also permitted by the Hon'ble Company Law Board to reschedule its Fixed Deposit payment and repay the deposits over a four year period at a reduced rate. Repayment as per this Scheme is being implemented. Due to the precarious fiscal health of the Company your Company has been compelled once again to apply to the Hon'ble Company Law Board for further rescheduling the repayment of the Fixed Deposits. Your Company remains committed to strive for meeting its liabilities to the extent possible. 11,385 deposits amounting to Rs. 11,64,63,911/- have matured and remained unclaimed as on the date of the Balance Sheet.

CORPORATE GOVERNANCE

As per the listing agreement with the Stock Exchanges, a Management Discussion and Analysis Report and Auditor's Certificate regarding the compliance of conditions of Corporate Governance forms part of this Report.

DIRECTORS

Messrs N. N. Kampani, E. A. Kshirsagar, E. B. Desai, S. S. Thakur and A. D. Cooper resigned from the Board with effect from 23.03.01, 29.03.01, 29.03.01, 30.03.01 and 30.04.2001 respectively. Mr. S. Chakrabarti was appointed as an additional director on 30th January 2002 and resigned with



effect from 10.06.2002. Messers B. C. Malu and O. P. Malhotra also resigned from the Board with effect from 10.06.2002. The Board wish to place on record its deep appreciation of the valuable services rendered by the aforesaid Directors.

Messers, Sujit Dutta and B. N. Tripathi were appointed in the casual vacancies caused by the resignations of Messers. B. C. Malu and O. P. Malhotra respectively. Mr. Sudhamoy Chatterjee was appointed as an Additional Director on the Board on 10.06.2002 and he vacates his office at the ensuing Annual General Meeting. The Company has received a notice from a member signifying his intention to propose Mr. Chatterjee's name as a candidate for the office of a Director at the ensuing Annual General Meeting.

Mr. H.C. Mathur 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 are not applicable as no employee was in receipt of remuneration to the extent of remuneration laid down therein.

SUBSIDIARY

The Audited Accounts of Ceat Finance (Mauritius) Limited for the year ended on 30th June, 2001 and period ended on 31st March, 2002 together with the Reports of the Directors and Auditors and the Audited Accounts of Ceat Gilts and Bonds Private Limited for the period ended 31st March, 2002 together with the Reports of the Directors and Auditors are attached.

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

Your Company being a finance company, does not consume energy of any significant level and, therefore, there is no significant scope for taking any measures for energy conservation or 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 under review, no comments are made in this regard as well.

There was an outgo of Rs. 5.18 crores (previous year Rs.6.83 crores) in foreign exchange during the year under review. The Company had no earnings in foreign exchange.

AUDITORS AND AUDIT REPORT

Messers Tarnaster & Co. Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. As regards the comments in the Auditors Report, the relevant notes in the Accounts are self explanatory and may be treated as information / explanation submitted by the Board as contemplated under Section 217(3) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) 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;
- (ii) The accounting policies have been selected and applied consistently, and judgement and estimates have been reasonably and prudently made when required 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 loss of the Company for that period;
- (iii) Proper and sufficient care has been taken for 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 frauds and other irregularities; and
- (iv) Annual Accounts for the financial year have been prepared on a going concern basis.

ACKNOWLEDGMENT

The Directors wish to thank the Company's stakeholders for the support extended to it.

For and on behalf of the Board

Kolkata
Date: 29th July, 2002

B.N. TRIPATHI
Director

H. C. MATHUR
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

The business of the Company is that of a non-banking finance company.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The non-banking financial segment barring a handful of companies, who had manageable debt exposures and portfolios in healthy sectors, continued to reel under the impact of massive NPAs. This resulted in a causative effect where the affected companies including yours Company faced massive deficit in meeting its debts and consequently with no funds available for carrying on the business of finance. There was no improvement in the condition of the sectors to which the Company had exposures and wherever there were improvements the recoveries were not matching with the pace of improvement in these sectors. However, a few finance companies, which had exposures in healthy sectors, stabilised their operations. The working of your Company has been extremely adverse due to the above reasons.

OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK

Your Company is trying very hard to raise resources by speeding up recoveries through the legal process, which is painfully slow, reduce its expensive debts by negotiating for reduction/waiver of principal and interest and rescheduling the repayment. This has however, not met with substantial success till now though the Company is continuing with the negotiations. The Company is also trying to leverage the expertise gained in the money market and the Debt Recovery Segment so that the same could be used for generating fee based income. The Company has already started operations in these areas with mixed results. However, in view of the massive losses incurred, the future of the Company depends upon a restructuring exercise including concessions that may be granted by its creditors and also any support in the form of capital reduction and fresh capital infusion. This could lead to income generation in the long run.

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 OPERATIONAL PERFORMANCE

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

CFL CAPITAL FINANCIAL SERVICES LTD.

CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

The Board of Directors consists of 4 directors out of which three are non executive and independent directors

| Name of the Director | Executive / Independent/ Non-executive | No. of meetings attended | Attendance at previous AGM on 23rd March, 2001 | No. of outside directorships held | No. of other Committees Chairmanship/ membership |
|-------------------------|--|--------------------------|--|-----------------------------------|--|
| Mr. H.C. Mathur | Managing Director | 8 | Yes | 15 | 2 |
| Mr. B.N. Tripathi | Independent Director | Appointed after 31.03.02 | Appointed after last AGM | NIL | NIL |
| Mr. Sujit Dutta | Independent Director | -Do- | Appointed after last AGM | NIL | NIL |
| Mr. Sudhamoy Chatterjee | Independent Director | -Do- | Appointed After last AGM | NIL | NIL |
| Mr. B.C. Malu | Independent Director | 6 | Yes | 13 | NIL |
| Mr. O.P. Malhotra | Independent Director | 8 | Yes | 14 | 1 |
| Mr. S. Chakrabarti | Independent Director | 1 | Appointed after last AGM | 11 | NIL |
| Mr. E.A. Kshirsagar | Independent Director | 2 | No | Resigned from the Board | |
| Mr. N.N. Kampani | Independent Director | Nil | - | Resigned from the Board | |
| Mr. A.D. Cooper | Independent Director | 3 | Yes | 6 | NIL |
| Mr. E.B. Desai | Independent Director | 3 | Yes | Resigned from the Board | |
| Mr. S.S. Thakur | Independent Director | 2 | No | Resigned from the Board | |

Mr. S. Chakrabarti was appointed as a director on 30th January 2002. Messers B.N. Tripathi, Sujit Dutta and Sudhamoy Chatterjee were appointed as directors on 10.06.2002

Messers N.N. Kampani, E.A. Kshirsagar, E.B. Desai, S.S. Thakur and A.D. Cooper resigned from the Board with effect from 23.03.01, 29.03.01, 29.03.01, 30.03.01 and 30.04.2001 respectively. Messers B.C. Malu, O.P. Malhotra and S. Chakrabarti, resigned from the Board with effect from 10.06.2002.

Mr. H.C. Mathur retires by rotation at this Annual General Meeting and, being eligible, offers himself for reappointment. He is a post graduate from Lucknow University and possesses over 40 years of commercial experience related in various aspects of management including legal, secretarial, administration, finance etc. Mr. Sudhamoy Chatterjee's candidature has been proposed at this Annual General Meeting by a share holder. Mr. Chatterjee graduated in Commerce from Calcutta University and has about 24 years experience in Accounts, Finance and corporate management.

During the period under review, 8 Board meetings were held on 29th December, 2000, 29th January, 2001, 23rd March, 2001, 30th April, 2001, 31st July, 2001, 30th October, 2001, 12th November, 2001 and 30th January, 2002.

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, and the requirements of the Reserve Bank of India and of the Listing Agreements with Stock Exchanges. The present members of the Audit Committee are Messers Sujit Dutta, B.N. Tripathi and Sudhamoy Chatterjee who were appointed on 10th June, 2002. There were six meetings of the Audit Committee on 29.12.2002, 29.01.2001, 31.07.2001, 30.10.2001, 12.11.2001 & 30.01.2002. The attendance at the meetings were as follows :

| Name of the Members | No. of Meetings attended |
|----------------------|--------------------------|
| Mr. A.D. Cooper* | Chairman 2 |
| Mr. B.C. Malu* | Chairman+ 5 |
| Mr. E.A. Kshirsagar* | Member 2 |
| Mr. E.B. Desai* | Member 1 |
| Mr. S.S. Thakur* | Member 1 |
| Mr. O.P. Malhotra* | Member 4 |
| Mr. S. Chakrabarti* | Member 1 |
| Mr. H.C. Mathur# | Member 6 |

All the members are Independent and Non Executive Directors except Mr. H.C. Mathur who is a Managing Director.

* Ceased as members following their resignation from the Board of Directors

+ Mr. B.C. Malu was appointed Chairman on resignation of Mr. A.D. Cooper

Resigned from the Audit Committee with effect from 30.01.2002



REMUNERATION COMMITTEE

A Remuneration Committee was constituted on 30th January, 2002, to recommend / review the remuneration package of the executive directors of the Company comprising Messrs B.C. Malu, O.P. Malhotra and S Chakrabarti. The Committee was reconstituted on 10th June, 2002 following the resignations of Messrs B.C. Malu, O.P. Malhotra and S. Chakrabarti. The Committee now comprises of the following three non-executive directors :

Mr. B. N. Tripathi
Mr. Sujit Dutta
Mr. Sudhamoy Chatterjee

Remuneration Policy

Payment of remuneration to the Managing Director is governed by the terms and conditions contained in the Agreement entered into with him. The terms have been approved by the Board and the Shareholders. The remuneration structure comprises of salary, consolidated allowance and other perquisites such as, medical benefits, leave travel concession, club subscription fees, membership of professional body, contribution to provident, superannuation and gratuity fund, car and telephone. The non-executive directors do not draw any remuneration from the Company other than sitting fees for attending meetings.

The details of remuneration paid to Mr. H.C. Mathur who was appointed as Managing Director of the Company with effect from 1st May, 2000 for a term of 3 years are basic salary Rs. 6,24,240/- Consolidated Allowance Rs. 5,70,240/- and Perquisites including Provident Fund Rs. 7,01,713/- aggregating Rs. 18,96,193/-. Either party to the Agreement is entitled to terminate the Agreement by giving not less than six calendar months prior notice in writing to the other party. The Company shall also be entitled to terminate the incumbent's appointment at any time by payment of six months' salary in lieu of notice.

Details of Sitting fees paid to Non-Executive Directors are as follows :

Mr. E.A. Kshirsagar Rs. 20,000/- Mr. A.D. Cooper Rs. 25,000/- Mr. E.B. Desai Rs. 20,000/- Mr. S.S. Thakur Rs. 15,000/-
Mr B.C. Malu Rs. 55,000/- Mr. O.P. Malhotra Rs. 60,000/-.

INVESTORS' / SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has a Shareholders'/Investors' Grievance Committee of the Board of Directors under the Chairmanship of a Non-executive Director to look into the redressal of grievances relating to transfer of shares, non receipt of Balance Sheet or dividend, grievances referred by the Stock Exchanges and SEBI. The Board of Directors has delegated power of approving transfer/transmission of shares to senior executives of the Company. During the year the Committee met five times. The details of the Members and their attendance are as below:

| Name of Director | No of meetings attended |
|-------------------------|-------------------------|
| Mr. B.C. Malu* | 4 |
| Mr. O. P. Malhotra* | 5 |
| Mr. H. C. Mathur | 5 |
| Mr. S. Chakrabarti* | 1 |
| Mr. Sujit Dutta | Not applicable |
| Mr. B. N. Tripathi | -do |
| Mr. Sudhamoy Chatterjee | -do |

*Ceased as members of the Committee following their resignations from the Board of Directors of the Company.

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

During the year under review, the total number of grievances received and replied to the satisfaction of the shareholders was 60. No share transfers/transmissions/issue of duplicate share certificates were pending as on 31st March, 2002.

GENERAL BODY MEETINGS

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

| Year | Venue | Date | Time |
|---------|---|------------|------------|
| 1997-98 | G.D. Birla Sabhagarh, 29, Ashutosh Choudhary Avenue, Kolkata - 700 019. | 14.09.1998 | 11.00 A.M. |
| 1998-99 | Mini Auditorium, Science City JBS Haldane Avenue Kolkata - 700 046 | 10.03.2000 | 4.45 P.M. |
| 1999-00 | - Do - | 23.03.2001 | 3.30 P.M. |

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

No Special Resolution requiring postal ballot was placed before the last Annual General Meeting. No Special Resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

DISCLOSURES

(a) The Company follows disclosure practices prescribed by the Companies Act, 1956, Institute of Chartered Accountants of India, etc.

(b) During the period from 30.04.2001 to 29.01.2002 the Audit Committee was composed of two non-Executive Directors and one Executive Director which was not in accordance with the code of corporate governance. However, since 30th January, 2002 the Committee has been properly constituted.

(c) There were no non-compliance, penalties, strictures by Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years. There was no pecuniary relationship or transaction with Non-Executive Directors.

CFL CAPITAL FINANCIAL SERVICES LTD.**MEANS OF COMMUNICATION**

Quarterly results are published in renowned daily publications such as Financial Express, Pratidin or Kalantar. Management Discussion and Analysis Report forms part of the Annual Report

GENERAL SHAREHOLDER INFORMATION

- a. Annual General Meeting :
Date and Time 26.09.2002 10.30 A.M.
Venue Mini Auditorium, Science City
JBS Haldane Avenue
Kolkata-700 046
- b. Financial Calendar (tentative and subject to change)
Financial results for quarter ending 30th September, 2002 End of October, 2002
Financial results for quarter ending 31st December, 2002 End of January, 2003
Financial results for quarter ending 31st March, 2003 End of June, 2003
Annual General Meeting for the year ending 31st March, 2003 End of September, 2003
- c. Book Closure Date 19.09.2002 to 26.09.2002 (both days inclusive)
- d. List of Stock Exchange where shares are listed
The Calcutta Stock Exchange 7, Lyons Range, Kolkata-700 001.
Association Ltd.
The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 023.
The National Stock Exchange Exchange Plaza, Plot C-1,
of India Ltd., IFB Center, G Block,
Bandra Kurla Complex (BKC),
Bandra (East), Mumbai - 400 051.

Listing fee in respect of all the above Stock Exchanges have been paid for the year 2002-2003.

- e. **Stock Code**
Calcutta Stock Exchange (The Regional Exchange) 13042
The Stock Exchange, Mumbai 511272
National Stock Exchange CEATFIN
- f. **Market Price Data**
Monthly High and Low of Company's Equity Shares (Rs. 10 per share) for the year ended March 2002 at the Stock Exchange, Mumbai.

| Months | Company's Share | | BSE Sensex | |
|------------|-----------------|-----------|------------|------|
| | High (Rs.) | Low (Rs.) | High | Low |
| Oct. 2000 | 9.00 | 6.60 | 4197 | 3492 |
| Nov. 2000 | 9.60 | 7.25 | 4046 | 3735 |
| Dec. 2000 | 9.90 | 7.35 | 4333 | 3804 |
| Jan. 2001 | 9.00 | 7.00 | 4409 | 3929 |
| Feb. 2001 | 7.90 | 6.00 | 4462 | 4021 |
| Mar. 2001 | 7.20 | 3.80 | 4387 | 3437 |
| April 2001 | 4.50 | 2.90 | 3677 | 3097 |
| May 2001 | 4.00 | 3.15 | 3760 | 3420 |
| June 2001 | 4.20 | 3.50 | 3651 | 3288 |
| July 2001 | 3.80 | 2.35 | 3514 | 3242 |
| Aug. 2001 | 3.00 | 1.90 | 3359 | 3241 |
| Sep. 2001 | 2.80 | 2.00 | 3268 | 2595 |
| Oct. 2001 | 2.50 | 1.85 | 3084 | 2718 |
| Nov. 2001 | 2.90 | 2.00 | 3378 | 3004 |
| Dec. 2001 | 2.95 | 1.95 | 3500 | 3101 |
| Jan. 2002 | 2.05 | 1.70 | 3467 | 3237 |
| Feb. 2002 | 2.25 | 1.75 | 3758 | 3290 |
| Mar. 2002 | 2.35 | 2.15 | 3758 | 3454 |

- g. **Share Transfer System**
Application for physical transfers are processed in-house by the Secretarial Department and returned to the shareholders within the stipulated time. Senior executives of the Company have been authorised to process and approve transfer and transmission. In case of bad deliveries relevant documents are returned promptly.
- h. **Address for correspondence for Share Transfer and related matters**
Application for transfer of shares, dematerialisation of shares and other related matters may be sent to the Registered Office of the Company at Century Plaza, 81, Netaji Subhas Road, Unit No. 233, Kolkata-700 001.
- i. **Dematerialisation of shares**
16.65% of total Equity Share Capital is held in dematerialized form with NSDL and CDSL as at 31st March 2002.
International Securities Identification Number INE 481A01014

j. **Shareholding Pattern**

| Category | No. of Shares held | Percentage of Shareholding |
|---|-----------------------|-------------------------------|
| Promoters | 13,01,21,754 | 93.83 |
| Mutual Funds & UTI | 2,000 | 0.00 |
| Banks, Financial Institutions & Insurance Companies | 900 | 0.00 |
| Private Corporate Bodies | 6,64,610 | 0.49 |
| Indian Public | 78,79,136 | 5.68 |
| NRI's / OCBs | 6,600 | 0.00 |
| Total | 13,86,75,000 | 100.00 |

k. **Distribution of shareholding (as at 31st March, 2002)**

| Shareholding of nominal value of Rs. | No. of Holders | % | No. of Shares | % |
|---|-------------------|---------------|------------------|---------------|
| Upto 5000 | 35909 | 95.52 | 5133727 | 3.69 |
| 5001 to 10000 | 1066 | 2.84 | 861163 | 0.62 |
| 10001 to 20000 | 369 | 0.98 | 553361 | 0.40 |
| 20001 to 30000 | 111 | 0.30 | 280458 | 0.20 |
| 30001 to 40000 | 37 | 0.10 | 132567 | 0.10 |
| 40001 to 50000 | 31 | 0.08 | 146185 | 0.11 |
| 50001 to 100000 | 23 | 0.06 | 161397 | 0.12 |
| 100001 and above | 44 | 0.12 | 131406142 | 94.76 |
| Total | 37590 | 100.00 | 138675000 | 100.00 |

l. **Plant location-Not applicable**m. **Address for correspondence**

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

n. **E-mail cfl@er.ceatfin.com****AUDITORS CERTIFICATE****CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA**

To the Shareholders

We have examined the compliance of the conditions of Corporate Governance by CFL Capital Financial Services Limited for the year ended on 31st March 2002, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us we certify that except for the composition of the Audit Committee during the period from 30.04.2001 to 29.01.2002, which was not in accordance with the stipulation of Corporate Governance prescribed by the Stock Exchanges, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state in respect of investor grievances received during the year ended 31st March, 2002, no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investor Grievance Redressal Committee.

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

CFL CAPITAL FINANCIAL SERVICES LTD.**AUDITORS' REPORT**

TO THE MEMBERS OF
CFL CAPITAL FINANCIAL SERVICES LIMITED
 (formerly Ceat Financial Services Limited)

1. We have audited the attached Balance Sheet of CFL Capital Financial Services Limited as at 31st March 2002 and also the Profit and Loss Account for the period 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 5, 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 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:
5. i) *The net worth of the company is negative. The accounts of the company has been prepared on 'Going Concern' basis and the assets and liabilities continue to appear at their book value without any adjustments to the amounts and classification that may be necessary, if the entity is unable to continue as a Going Concern. (Refer note No. B1 on Schedule 11)*
 ii) *Attention is drawn to :-*
 a) *In respect of assets given on lease, confirmations from the lessees have not been received. (Refer Para 1 of Annexure).*
 b) *In case of NPA Accounts where interest payments and repayments of principal amounts are not as per stipulation. (Refer Para 9 of Annexure)*
 c) *Non compliance of the provisions of the Non-Banking Financial Companies (Reserve Bank of India) Directions 1977. (Refer note B17 on Schedule 11).*
 d) *The company has not been able to maintain minimum Capital Adequacy Ratio (CAR) as prescribed by the Reserve Bank of India. (Refer note B17 on Schedule 11).*
 e) *The loans from Banks and IFC (W) and interest charged thereon during the period have not been confirmed. (Refer note in Schedule 3).*
 f) *Due to change in accounting policy refer Note B19 Schedule 11, loss for the period is understated by Rs. 34.41 lakhs.*
6. Subject to our foregoing observations in Para 5, and its consequential effects on Loss for the period and assets and liabilities as at 31st March, 2002, we further report that:-
 i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 ii) *In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books except our observation under Para 5 above;*
 iii) The Balance Sheet and Profit and Loss Account dealt with in this report are in agreement with books of account;
 iv) The Profit and Loss Account and the Balance Sheet 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, 2002 and taken on records by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
7. *Subject to the effects of such adjustments, if any, as referred to in paragraph 5, as might have been determined to be necessary had we been able to satisfy ourselves, in our opinion and to the best of our information and according to explanation 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, 2002,
 and
 ii) In the case of the Profit and Loss Account of the Company loss for the period ended on that date.

For TARMASER & CO.
 Chartered Accountants

Place : Kolkata
 Dated : 29th July, 2002

R. P. NANDY
 Partner