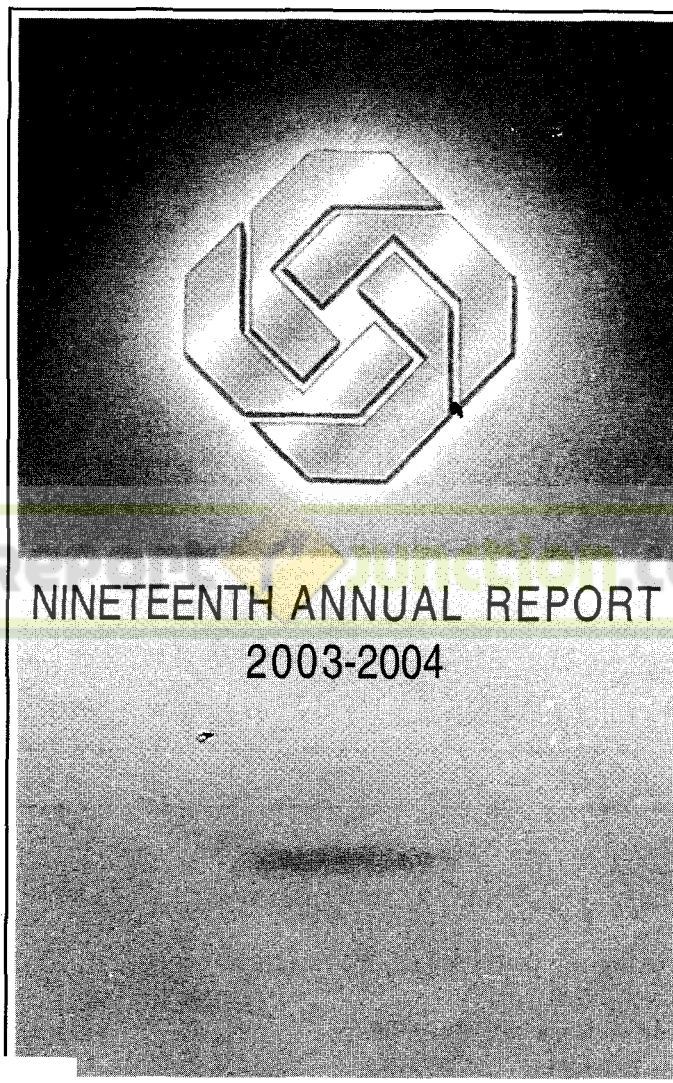


CFL CAPITAL FINANCIAL SERVICES LTD.



BOARD OF DIRECTORS

H.C. Mathur - Chairman & Managing Director

Sujit Dutta

B. N. Tripathi

Sudhamoy Chatterjee

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 Baroda

Bank of Rajasthan Ltd.

Dena Bank

Federal 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 & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited

1/17, Prince Ghulam Mohammed Road,

Flat No. 7, 3rd Floor, Kolkata - 700 026.

Phone : 033-24647895

Telefax : 033-24645145

E-mail : kolkata@intimespectrum.com

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CFL CAPITAL FINANCIAL SERVICES LTD.**NOTICE**

NOTICE is hereby given that the Nineteenth 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 Monday, the 27th day of September, 2004 at 10.30 A.M to transact, the following business: -

Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March 2004, 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. B. N. Tripathi 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

Kolkata : Dated 30th June, 2004

R. C. KURUP
Company Secretary

Registered Office:

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

**NOTES**

1. The Register of Members of the Company will remain closed from 17th September 2004 to 27th September 2004, 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. 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.
4. 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.
5. Pursuant to Section 205A of the Companies Act, 1956 dividends for the financial year ended 31st March, 1996 which remained unpaid/unclaimed have been transferred to the Investor Education and Protection Fund of the Central Government (IEPF).

Dividends for the financial years ended 31st March, 1997 and 31st March, 1998 which remain unpaid/unclaimed for a period of seven years will be transferred to IEPF. Members who have not encashed their dividend warrants for the aforesaid financial years are requested to lodge their claim with the Company at its Registered Office.

Members are advised that in terms of Section 205C of the Act once dividend is transferred to IEPF, no claim shall lie in respect thereof.

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 Nineteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

	(Rs. In Lakhs)	
	For the year ended 31-3-2004	For the year ended 31-3-2003
Gross Income	444	636
Less: Expenditure	1,863	1,935
Depreciation	713	1,194
Write off/Provision against doubtful and irrecoverable		
Debts and diminution/loss in value of Investments	4,702	3,130
Gross Profit /(Loss)	(6,834)	(5,623)
Provision for expenses / NPA no longer required /		
Bad debts recovered etc	5,702	2,060
(Loss) due to write-off/impairment of assets	(5,472)	-
Profit/(Loss) before Tax	(6,604)	(3,563)
Provision for Tax	-	-
Profit/(Loss) after Tax	(6,604)	(3,563)
Add : Balance brought forward from earlier years	(39,438)	(35,875)
(Loss) carried to Balance Sheet	(46,042)	(39,438)

DIVIDEND

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

OPERATIONS

Your Company earned some surpluses from trading in government securities being the carried over stocks lying in the erstwhile Primary Dealership business which was the only operation feasible. Your Company could neither increase the volume in this business nor undertake its core business of leasing and hire purchase due to the acute liquidity crisis as the available funds were being used for meeting liabilities and for operating expenses. Your Company reached one-time settlements with certain banks and institutions after prolonged negotiations and liabilities to the extent of Rs. 9,545 lakhs were settled for Rs. 2,356 lakhs. However, the Company is unable to continue this process due to non-availability of necessary funds.

Your Company has drastically reduced operating expenses and is carrying on with the bare minimum number of employees. In view of the continuing liquidity crisis your Company anticipated in October 2003 that it would not be possible to fully comply with the Order of the Hon'ble Company Law Board (CLB) for repayment of deposits and was compelled to approach CLB once again for further rescheduling of its outstanding deposits. The Company's plea was partially allowed by the CLB with some further reliefs in terms of the period of repayment and the percentages of the instalments. Despite the resources constraint, your Company managed to repay principal amount of deposits to the extent of Rs. 333 lakhs during the year under review. The outstanding Fixed Deposit liability on account of Principal as on 31st March, 2004 amounts to Rs. 7247 lakhs. 7449 deposits amounting to Rs. 826 lakhs have matured and remained unclaimed as on the date of the Balance Sheet.

Your Company relentlessly pursued its intensive recoveries efforts from clients, which continued to be a principal focus of activity during the period, using all available means such as persuasion, negotiation and legal action. 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. As part of this process the Company has taken over Burliar Plantation Private Limited with moderate immovable assets in settlement of a long pending claim against one of the group companies of the above company which was on the verge of becoming a bad debt. Accordingly, this company has become a subsidiary of the Company with effect from 10th October, 2003. However, the continuing legal cases pertain to difficult and sticky customers. Your Company has made write-off/provisions for doubtful and irrecoverable debts and diminution/loss in value of investments of Rs.4702 lakhs during the year (previous year Rs. 3150 lakhs) in compliance with prudential norms and accounting practices.

Due to its continued losses since last 4 to 5 years, the Company's net owned funds have been totally wiped out and presently it shows a negative figure of Rs. 21,359 lakhs.

The Reserve Bank of India vide its Order dated 18th May, 2004 cancelled the Certificate of Registration granted to your Company as your Company could not comply with the minimum net worth requirements provided in the Reserve Bank of India Act, 1934. This Order of the RBI debars the Company from carrying on the business of a non-banking financial company. The Company is exploring the possibility of entering into suitable non-banking non financial business. The Company will make its best efforts to repay the outstanding Fixed Deposits as per the Order of the Hon'ble Company Law Board, Eastern Region Bench, Kolkata.

CORPORATE GOVERNANCE

As per the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding the compliance of conditions of Corporate Governance are annexed and form part of this Report.

DIRECTORS

Members of the Company had accorded their approval at the last Annual General Meeting for the appointment and payment of remuneration to Mr. H. C. Mathur as the Managing Director of the Company for a period of 2 years with effect from 1st May, 2003 which was subject to the



approval of the Central Government. However, the Central Government has sanctioned payment of only Rs. 75,000/- per month as his remuneration.

Mr. B.N. Tripathi retires by rotation and, being eligible, offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

Mr. A. N. Misra, Vice President-Legal, is the only employee falling within the purview of Section 217 (2-A) of the Companies Act, 1956. Mr. Misra aged 40 years, with an experience of 20 years, is a B.A., LL. M., MBA, PGDCS and was head of the Legal Department of Indo Gulf Fertilisers & Chemicals Corporation Ltd. prior to joining the Company on 6th September, 1995. He has a contractual appointment with the Company and was in receipt of remuneration aggregating Rs. 33,24,923/- during the year under review. The remuneration is inclusive of salary, allowances, incentives, medical expenses, leave travel assistance, leave encashment, ex-gratia compensation, monetary value of perquisites, Company's contribution to Provident and other Funds.

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.

SUBSIDIARIES

The Directors' Report along with the Auditors' Report, Balance Sheet and Profit and Loss Account of Ceat Gilt and Bonds Private Limited for the year ended 31st March, 2004 and Burliar Plantation Private Limited for the year ended 30th September, 2003 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 was an outgo of Rs. 38.47 crores (previous year Rs 0.01 crores) in foreign exchange during the year under review. The huge outflow was on account of settlement of its dues to International Finance Corporation (Washington). The Company had no earnings in foreign exchange.

AUDITORS AND 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. As regards the comments in the Auditors' Report, the relevant notes in the Accounts are self explanatory and may be treated as 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 confirm that :

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation 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 loss of the Company for that period;
- (iii) that 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.

ACKNOWLEDGEMENT

The Directors wish to thank the Company's stakeholders, financial institutions, bankers and employees for their support extended to it throughout the year.

For and on behalf of the Board

Kolkata
Date: 30th June, 2004

H. C. MATHUR
Chairman

CFL CAPITAL FINANCIAL SERVICES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

During the year under review, your Company carried on the business of a non-banking finance company.

INDUSTRY STRUCTURE AND DEVELOPMENTS

In line with the general economic trend a few non-banking financial companies, which had exposure in healthy sectors, continued to do well with the growth in the economy. Companies with good assets and financial support could tap sources for raising funds and sustain their growth whereas other companies could not arrange funds for increasing their business. The challenge to NBFCs was the aggressive competition from banks with low cost funds available and the inability of the sector to raise low cost funds. Companies like yours which had to bear the brunt of massive NPAs and outstanding liabilities could not turnaround without massive capital infusion which was not feasible. Your Company had to approach the Hon'ble Company Law Board (CLB) for a further rescheduling of its outstanding Fixed Deposits and it continued negotiations with its secured creditors for restructuring its dues. The CLB has sanctioned a fresh Scheme and the Company could arrive at settlement with a few banks and institutions while negotiations are still on with the rest of them. Most of the banks have initiated proceedings against the Company.

OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK .

Your Company's expertise helped in generation of reasonable return from its securities trading business which could not be expanded due to lack of finance. Your Company could not cash in on the buoyant economic conditions due to the shortage of working capital. The entire efforts of the Company were directed towards managing its liabilities. The Reserve Bank of India has cancelled the Certificate of Registration granted by it to carry on the business of a non-banking financial company. The cancellation of Certificate of Registration will result in considerably weakening the Company's efforts to earn income from its securities trading business and also to repay its liabilities. Nevertheless, your Company would continue with its efforts to pay off its liabilities including repayment of fixed deposits. The future of the Company depends upon massive concessions that may be granted by its creditors and also recovery of its NPAs leading to strong liquidity position.

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 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 run.

HUMAN RESOURCES

The Company has 26 employees.

Your Company lays emphasis on building a motivated work force which can participate constructively for the betterment of the organization. During the year a few innovative ideas were received from the staff, many of which were implemented for improvement in cost control and for achieving greater efficiency.

For and on behalf of the Board

Kolkata
Date: 30th June, 2004

H. C. MATHUR
Chairman



CORPORATE GOVERNANCE

Your Company endeavours 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 Agreements.

BOARD OF DIRECTORS

The composition of the Board of Directors and other details as on 31st March, 2004 are given below :

Name of the Director	Executive / Independent/ Non-executive	No. of Board Meetings attended	Attendance at previous AGM on 17th Sep, 2003	No. of other directorships held	No. of other Committee Chairmanship/ membership
Mr. H.C. Mathur	Managing Director	8	Yes	2	NIL
Mr. B.N. Tripathi	Independent non-executive	8	Yes	NIL	NIL
Mr. Sujit Dutta	Independent non-executive	8	Yes	NIL	NIL
Mr. Sudhamoy Chatterjee	Independent non-executive	8	Yes	NIL	NIL

Mr. H. C. Mathur was reappointed as the Managing Director of the Company for a period of 2 years with effect from 1st May, 2003 on terms and conditions which were subject to the approval of the Central Government. The Central Government has sanctioned payment of remuneration of Rs. 75,000/- per month to Mr. Mathur.

Mr. B. N. Tripathi retires by rotation and, being eligible, offers himself for re-appointment. Mr. Tripathi is 50 years of age and had graduated in Arts from Gorakhpur University. He has about 23 years experience in Commercial and Finance management

During the year under review, 8 meetings of the Board of Directors were held on 3rd April, 2003, 17th April, 2003, 31st July, 2003, 19th September, 2003, 31st October, 2003, 17th December, 2003, 30th January, 2004 and 31st March, 2004. The meetings of the Board of Directors are generally held once in a quarter and are scheduled well in advance. 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. The present members of the Audit Committee are Messers Sujit Dutta, B. N.Tripathi and Sudhamoy Chatterjee. There were four meetings of the Audit Committee on 31st July, 2003, 31st October, 2003, 30th January, 2004 and 31st March, 2004. The attendance at the meetings was as follows:

Name of the Members	No. of Meetings attended
Mr. Sujit Dutta Chairman	4
Mr. B.N. Tripathi Member	4
Mr. Sudhamoy Chatterjee Member	4

All the members are Independent and Non Executive Directors.

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 Dutta and Sudhamoy Chatterjee being the other members. The Committee met once during the year on 3rd April, 2003 which was attended by all the members of the Committee.

Remuneration Policy

Payment of remuneration to the Managing Director is governed by the terms and conditions contained in the Agreement entered into with him which have been approved by the Board and Shareholders and are as per the approval of the Central Government. The remuneration structure comprises of salary, consolidated allowance and other perquisites such as medical benefits, leave travel concession, club subscription, contribution to provident, superannuation and gratuity funds, car and telephone. There is no separate provision for payment of severance fee. However, the statutory provisions will apply. Mr. Mathur is being paid remuneration of Rs. 75,000/- per month as per the approval of the Central Government.

The details of remuneration paid to Mr. H. C. Mathur during the year ended 31st March, 2004, who was re-appointed as Managing Director of the Company with effect from 1st May, 2003 for a term of 2 years, are Basic Salary Rs. 4,56,000/-, House Rent Allowance Rs. 2,73,600/- Consolidated Allowance Rs. 90,000/- and Perquisites including Provident Fund, Personal Accident Insurance, etc, Rs. 3,11,156/- aggregating Rs. 10,30,756/-. Either party to the Agreement is entitled to terminate the Agreement by giving not less than six calendar months' prior notice in writing to the other party. The Company shall also be entitled to terminate the incumbent's appointment at any time by payment of six months' salary in lieu of notice. Non-Executive Directors are entitled to receive sitting fees for attending meetings of the Board of Directors.

Messrs. Sujit Dutta, B. N. Tripathi and Sudhamoy Chatterjee each received a sum of Rs. 8,000/- as sitting fees during the year ended 31st March, 2004.

CFL CAPITAL FINANCIAL SERVICES LTD.

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 Messrs H. C. Mathur and Sujit Datta as the other members. The Board of Directors has delegated power of approving transfer/transmission of shares to senior executives of the Company. During the year the Committee met 6 times with all the members attending the meetings.

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

During the year under review, the total number of grievances received was 165 and all of them have been resolved to the satisfaction of the shareholders. No Share transfers/transmissions/issue of duplicate share certificates were pending as on 31st March, 2004.

GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
1999-00	Mini Auditorium, Science City JBS Haldane Avenue Kolkata - 700 046	23.03.2001	3.30 P.M.
2000-02	-Do-	26.09.2002	10.30 A.M.
2002-03	-Do-	17.09.2003	10.30 A.M.

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

POSTAL BALLOT

No Special Resolution requiring a postal ballot was put through during the year under review.

DISCLOSURES

- The Company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries, relatives etc, that may have a potential conflict with the interest of the Company at large.
- The Equity Shares of the Company were 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, 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 transactions with Non-Executive Directors.

MEANS OF COMMUNICATION

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

The Company presently has no official website. 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.

Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting :
Date and Time 27th September, 2004 (Monday) at 10.30 A.M.
Venue Mini Auditorium, Science City
JBS Haldane Avenue
Kolkata-700 046
- Financial Calendar (tentative and subject to change)
Financial results for quarter ending 30th June, 2004 End of July, 2004
Financial results for quarter ending 30th September, 2004 End of October, 2004
Financial results for quarter ending 31st December, 2004 End of January, 2005
Financial results for year ending 31st March, 2005 End of June, 2005
Annual General Meeting for the year ending 31st March, 2005 End of September, 2005
- Book Closure Date 17.09.2004 to 27.09.2004 (both days inclusive)
- List of Stock Exchanges 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 2004-2005.\



The Company has applied to the Calcutta Stock Exchange Association Limited and the National Stock Exchange of India Ltd. for delisting its Equity Shares from these Exchanges pursuant to Special Resolution passed by the shareholders at the last Annual General Meeting of the Company and is waiting for its approval for the same.

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 2004 at the Stock Exchange, Mumbai.

Months	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2003	0.90	0.70	3221.90	2904.44
May, 2003	2.10	0.75	3200.48	2934.78
June, 2003	2.20	1.45	3632.84	3170.38
July, 2003	2.45	1.56	3835.75	3534.06
August, 2003	4.00	1.57	4277.64	3722.08
September, 2003	2.75	1.15	4473.57	4097.55
October, 2003	1.75	0.89	4951.11	4432.93
November, 2003	1.81	0.66	5135.00	4736.70
December, 2003	4.79	1.37	5920.76	5082.82
January, 2004	4.00	1.85	6249.60	5567.68
February, 2004	2.39	1.50	6082.80	5550.17
March, 2004	2.00	1.25	5951.03	5324.78

g. **Address for correspondence for Share Transfer and Related Matters**

INTIME SPECTRUM REGISTRY LIMITED are the Registrar and Share Transfer Agents for both physical and electronic form. Hence application for transfer of shares, dematerialisation of shares and other related matters may be sent to them at the following address :

Intime Spectrum Registry Limited
1/17, Prince Ghulam Mohammed Road,
Flat No. 7, 3rd Floor, Kolkata - 700 026.
Phone : 033-24647895, Telefax : 033-24645145
E-mail : kolkata@intimespectrum.com

h. **Share Transfer System**

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

i. **Dematerialisation of shares**

18.48% of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31st March 2004.

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

j. **Shareholding Pattern (as at 31st March, 2004)**

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	13,01,22,231	93.83
Mutual Funds & UTI	Nil	0.00
Banks, Financial Institutions & Insurance Companies	Nil	0.00
Private Corporate Bodies	9,26,225	0.67
Indian Public	76,20,544	5.50
NRIs / OCBs	6,000	0.00
Total	13,86,75,000	100.00

CFL CAPITAL FINANCIAL SERVICES LTD.**k. Distribution of shareholding (as at 31st March, 2004)**

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
Upto 2500	29326	83.7742	3739264	2.6964
2501 to 5000	4034	11.5237	1491241	1.0753
5001 to 10000	994	2.8396	806434	0.5815
10001 to 20000	371	1.0598	565679	0.4080
20001 to 30000	112	0.3199	283826	0.2047
30001 to 40000	55	0.1571	195064	0.1407
40001 to 50000	29	0.0828	138600	0.0999
50001 to 100000	38	0.1086	272546	0.1965
100001 and above	47	0.1343	131182346	94.5970
Total	35006	100.0000	138675000	100.0000

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

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

n. E-mail : cfl@er.ceatfin.com
Phone No. : 033-2243 9332, 033-2243 9334
Fax : 033-2243 9340.

For and on behalf of the Board

Kolkata
Date: 30th June, 2004

H. C. MATHUR
Chairman


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

To the Members of

CFL Capital Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by CFL Capital Financial Services Limited for the year ended on 31st March, 2004 with the relevant records and documents maintained by the Company, furnished to us for our review and the Report on Corporate Governance as approved by the Board of Directors.

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

We further state 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.

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

for TARMASER & CO.
Chartered Accountants

Place : Kolkata
Date : 30th June, 2004

R.P. NANDY
Partner
M.No. 51027