

# **17th Annual Report 2007-2008**

**TCFC FINANCE LIMITED**

## BOARD OF DIRECTORS

MR. ATUL DESAI	CHAIRMAN
MR. DAVENDRA AHUJA	MANAGING DIRECTOR
MR. V S SRINIVASAN	DIRECTOR
MR. VENKATESH KAMATH	DIRECTOR

## ANNUAL GENERAL MEETING

On Wednesday, July 09, 2008  
3.30 p.m. at Walchand Hirachand Hall,  
4<sup>th</sup> Floor, Indian Merchants Chamber Building,  
IMC Marg, Churchgate, Mumbai – 400 020

## AUDITORS

MGB & CO.  
CHARTERED ACCOUNTANTS

## REGISTERED OFFICE

501-502, RAHEJA CHAMBERS,  
FREE PRESS JOURNAL MARG,  
NARIMAN POINT,  
MUMBAI 400 021.  
Tel.: 022-22844701

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**NOTICE**

**NOTICE** is hereby given that the 17th Annual General Meeting of the members of TCFC Finance Limited will be held on Wednesday, July 09, 2008, at 3.30 p.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants Chamber Building, IMC Marg, Churchgate, Mumbai 400020 to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Atul Desai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

By order of the Board  
**For TCFC Finance Limited**

**Davendra Ahuja**  
Managing Director

Mumbai, April 16, 2008

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, should be duly completed, stamped and signed and 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 and the Share Transfer Books of the Company shall remain closed from Tuesday, July 01, 2008 to Wednesday, July 09, 2008 (both days inclusive) to ascertain the shareholders entitled to receive dividend, if approved, on equity shares, for the year ended March 31, 2008. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the depositories for this purpose.
3. The dividend on equity shares, if declared at the Annual General Meeting will be paid on or after July 21, 2008
4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m and 1.00 p.m. upto the date of the Annual General Meeting.
6. Members are requested to intimate change in address, change in bank accounts etc. Members may avail Electronic Clearing Service (ECS) for receipt of dividend by intimating their bank account details to the Company if shares are in physical form or to their respective Depository Participant in case of shares in dematerialized form.
7. Any members seeking further information on the Accounts at the meeting is requested to send his/her queries in writing to the Company so as to reach at least one week in advance to enable the Management to keep the information ready. Replies will be provided only at the meeting.
8. Members/proxies should bring their Attendance slip duly filled in for attending the meeting.
9. Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years, has to be transferred as per the provisions of Sec.205A of the Companies Act, 1956, by the Company to "The Investor Education & Protection Fund", constituted by the Central Government under Section 205C of the Companies Act, 1956.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unclaimed/un-encashed dividends to the designated fund of the Central Government.

Date of Declaration of Dividend	Dividend For theYear	Due date of Transfer to the Government
26 <sup>th</sup> July, 2004	2003-2004	August, 2011
15 <sup>th</sup> July, 2005	2004-2005	August, 2012
17 <sup>th</sup> August, 2006	2005-2006	September, 2013
24 <sup>th</sup> August, 2007	2006-2007	September, 2014

It may please be noted that once the unclaimed/un-encashed dividend is transferred to "The Investor Education & Protection Fund", as above, no claim shall lie in respect of such amount by the shareholder.

## TCFC FINANCE LIMITED

### DIRECTORS' REPORT

To the Members,

#### TCFC FINANCE LIMITED

The Directors have pleasure in presenting the 17th Annual Report of the Company together with the Audited Annual Accounts for the year ended March 31, 2008.

#### FINANCIAL RESULTS

	Year ended March 31, 2008 (Rs. in lacs)	Year ended March 31, 2007 (Rs. in lacs)
Profit before Non-cash charges	1312.14	244.11
Less: Depreciation	5.26	6.35
Profit before tax, provision	1306.88	237.76
Add: Excess Provision written back	165.33	273.80
Add: Bad Debts recovery	280.00	575.00
Profit Before Tax	1752.21	1086.56
Less: Provision for Tax	217.64	119.44
Net Profit after tax	1534.57	967.12
Proposed dividend	157.23	125.79
Dividend tax	26.72	17.81
Carried to General Reserve	153.46	96.71
Carried to Statutory Reserve	306.91	193.42
Surplus balance carried to Profit & Loss Account	890.25	533.38

#### OPERATIONS

The Company has made a net profit of Rs. 1534.57 lacs in the year under report as against Rs. 967.12 lacs in the previous year. Earning per share has increased from Rs. 9.23 in the previous year to Rs. 14.64 in the current year. However the sudden turmoil in the secondary markets during the quarter ending 31st March 2008 has adversely affected result of the Company; otherwise the performance of the Company for the year under review could have been much better than what has been achieved.

#### DIVIDEND

In view of the improved working, the directors are pleased to recommend a dividend of 15% amounting to Rs. 1.50 per equity share on 1,04,82,129 equity share of Rs. 10/- each for the financial year ended March 31, 2008. Dividend, if approved by the Members at the ensuing Annual General Meeting will be paid to the Equity shareholders whose names appear in the

Register of Members as on July 09, 2008 and to those whose names appear as beneficial owners as furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

#### MANAGEMENT DISCUSSION AND ANALYSIS

During the year the Company carried out capital market operations at a moderate level. The growth in the Indian economy together with the boom in the capital markets till December 2007, resulted in a better year for the Company. Due to the sudden turmoil in the secondary markets during the last quarter of the financial year and uncertain capital market situation today, where the risk factors appear to be very high the Company is taking a cautious view and will formulate its investment policies accordingly.

The Company has also started its operation in the commodity market, real state business and is taking initiatives to consolidate and improve margins and return on capital which will in turn enhance the shareholders value.

#### COMPANY SECRETARY

The present Company Secretary has resigned effective 25th August 2007 and the company is in the process of recruiting a new Company Secretary as required u/s 383 of the Companies Act 1956. However in the meantime Company is availing of the services from M/s Bajaj Agrawal & Associates, Practicing Company Secretaries for its company law requirements

#### CORPORATE GOVERNANCE

Corporate Governance Report is annexed to this report.

#### AUDITORS

M/s MGB & Co, Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting, and are eligible to offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the provisions of section 224 (1B) of the Companies Act, 1956. The Directors recommend their re-appointment as the Auditors and their remuneration will be decided by the Board of Directors of the Company. Notes forming part of accounts which are specifically referred to by the Auditors in their report are self-explanatory and therefore, do not call for any further comments.

#### DEPOSITS

The Company has not accepted any deposits from public during the year under review.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

- (ii) they have selected the 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 under review and for the profit or 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;
- (iv) they have prepared the Annual Accounts on a going concern basis.

**DIRECTORS**

During the year under review Mr. Atul Desai, Director retires by rotation and being eligible offers himself for re-appointment. Mr. Vickram Ahuja vacated the office on October 16, 2007 U/s 283(1) (g) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has no activities relating to conservation of energy, technology absorption and foreign exchange earnings & out go.

**PARTICULARS OF EMPLOYEES**

The information on employees' remuneration as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended till date, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the Members excluding the statement containing the particulars of Employees to be provided under Section 217 (2A) of the Act. Any Member interested in obtaining such particulars may inspect the same at the Company's Registered Office between 11.00 am to 1.00 pm on all working days till the date of the 17th Annual General Meeting. Further, those seeking a copy of the said statement may write to the Company at the Registered Office.

**ACKNOWLEDGMENT**

The Board of Directors thank Reserve Bank of India, Banks and Shareholders for their continued support besides employees at all levels.

By Order of the Board  
For **TCFC FINANCE LIMITED**

Place : Mumbai  
Date : 16<sup>th</sup> April 2008

**Atul Desai**  
**Chairman**

## TCFC FINANCE LIMITED

### CORPORATE GOVERNANCE REPORT

#### I. Company's philosophy

In compliance with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges and applicable provisions of the Companies Act, 1956, your Directors submit their report on the matters mentioned in the said Clause and practice followed by the Company.

#### II. Board of Directors

The composition of Board of Directors is in compliance with provisions of Listing Agreement with the Stock Exchange and the Companies Act, 1956. As on March 31, 2008, the Board comprises of a Non Executive Chairman and three other Directors. Out of these, two members are Independent Directors. None of the Directors is member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he is a director. All the Directors have made necessary disclosures regarding committee positions occupied by them. The Independent Directors are professionals drawn from amongst persons with experience in business, finance and law. The composition of the Board during the Year ended March 31, 2008 is as under:

Name	Category	Attendance particulars		Number of other directorship and Committee Membership/Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Atul Desai	Chairman Non Executive & Independent	5	Yes	3	8	3
Davendra Ahuja	Executive & Non-Independent	5	Yes	4	7	3
V S Srinivasan	Non-executive & Independent	5	Yes	3	2	1
Vickram Ahuja*	Non-executive & Non Independent	-	No	-	-	-
Venkatesh Kamath	Non-executive & Non Independent	5	Yes	4	2	1

\* vacated the office U/s 283(1) (g) of the Companies Act, 1956

#### Board Meetings and attendance

The Corporate Governance policy requires the Board to meet atleast 4 times in a year with a maximum gap of 4 months between any two meetings. The details of the Board Meetings held during the year are as under:

Sr. No.	Date of Board Meeting	Board's Strength	No. of Directors present
1	May 10, 2007	5	4
2	June 28, 2007	5	4
3	July 12, 2007	5	4
4	October 16, 2007	5	4
5	January 16, 2008	4	4

#### Board's Processes

It has always been the Company's policy and practice that apart from matters requiring the Board's approval by statute, all major decisions including quarterly results of the Company are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation, feed back reports and minutes of all Committee Meetings.

#### COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETING

The Board has constituted committees of Directors to take informed decisions in the best interest of the Company. These committees monitor the activities falling within their terms of reference. The Board Committee's are as follows:

##### A. Audit Committee

The Audit Committee of the Board comprises of three qualified Directors with majority being independent viz. Mr. V S Srinivasan, Mr. Davendra Ahuja, Mr. Atul Desai. Mr. V S Srinivasan is the Chairman. Two of the members are having

finance and accounting knowledge. The Audit Committee of the Company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

The Committee has powers similar to that stated in the listing agreements and Companies Act and exercises most of the functions as per the terms of reference in line with the requirements of the Code of Corporate Governance. The Audit committee has reviewed the Annual Accounts for the year 2007-2008.

The details of Audit Committee meetings held during the year 2007 – 2008 are as under:

**Audit Committee Meetings**

Sr.no.	Date of Audit Committee	Committee Strength	No. of Members present
1	May 10, 2007	3	3
2	June 28, 2007	3	3
3	July 12, 2007	3	3
4	October 16, 2007	3	3
5	January 16, 2008	3	3

**Audit Committee Attendance**

Directors	No. of Meetings attended
Atul Desai	5
Davendra Ahuja	5
V.S. Srinivasan	5

Statutory Auditors, executives responsible for finance and accounts functions are permanent invitees to the Audit committee.

**B. Remuneration Committee**

The Company has one Managing Director who is paid remuneration while the remaining directors are non - executive directors who are paid only sitting fees. The remuneration paid to the Managing Director has already been approved by the Committee.

The Committee has powers similar to that stated in the listing agreements and schedule XIII to the Companies Act, 1956.

The Remuneration Committee of the Board comprises of two Non-Executive Directors viz. Mr. V S Srinivasan and Mr. Atul Desai. During the year, Mr. Vickram Ahuja vacated the office U/s 283(1) (g) of the Companies Act, 1956. Mr. Atul Desai is the Chairman. The Remuneration Committee, inter alia, approves the remuneration of the top tier management of the Company including the Managing Director. The remuneration of the employees largely consists of basic remuneration, perquisite and other incentives.

**Details of Remuneration for 2007-08**

(In Rupees)

Name of Director	Sitting fees	Salaries and Perquisites	Commission
Atul Desai	100,000	Nil	Nil
Davendra Ahuja*	Nil	3,679,605	5,406,423
V S Srinivasan	1,00,000	Nil	Nil
Vickram Ahuja	Nil	Nil	Nil
Venkatesh Kamath	50,000	Nil	Nil

\* Remuneration in Schedule "J" of the Profit and Loss Account is net of Rs 28.36 lacs excess commission paid in earlier years, now recovered

**C Shareholders / Investors Grievance Committee**

The Shareholders / Investors Grievance Committee looks after the transfer of shares, split of shares, issue of duplicate shares, transmission etc. In addition to above, the Committee is authorised to look into shareholders complaints like

## TCFC FINANCE LIMITED

delay in transfer, non receipt of securities, balance sheet, dividend etc. During the year no complaints were received from Bombay Stock Exchange/ Securities and Exchange Board of India/ The Registrar of Companies. All the correspondence/queries from the members were replied to the satisfaction of the members. No transfer/complaints are pending at the close of the financial year.

The Committee consists of Mr. Venkatesh Kamath, Mr. Atul Desai and Mr. Davendra Ahuja. Mr. Venkatesh Kamath, non executive director, is the Chairman of the committee. Company Secretary is the Compliance officer and is also the secretary to the committee.

### III. Director who are seeking appointment / re-appointment at the ensuing Annual General Meeting.

<b>Name of the Director</b>	Atul Desai
<b>Date of Birth</b>	January 27, 1950
<b>Date of Appointment / Re appointment as Director / MD / WTD</b>	Non executive director
<b>Qualification</b>	BSc, LLB
<b>Experience and Expertise in Specific functional area</b>	Solicitor & Advocate

#### Other Directorship : Atul Desai

<b>Name of the Company</b>	<b>Position</b>	<b>Committee</b>	<b>Membership Status</b>
Jindal South West Holdings Ltd	Director	Audit Committee Remuneration Committee	Nil
Welspun Syntex Ltd	Director	Audit Committee Remuneration Committee Shareholder/ Investor Grievance Committee	Nil
Akar Tools Ltd.	Director	Nil	Nil

### IV. Disclosures

#### 1. Materially significant Related Party Transactions

The transactions between the Company and the Management, Directors or their relatives or Companies in which they have material interest are disclosed in Note No. 8 of the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". There is no materially significant Related Transaction that may have potential conflict with the interest of the Company at large.

#### 2. Statutory Compliance, Penalties and Strictures

There were no cases of non compliance with Stock Exchange or SEBI regulations, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the Capital Market during the last three years.

#### 3. Code of Conduct

The Company has adopted a Code of Conduct for the Board of Directors, Senior Management personnel and the Employees of the Company who have affirmed their adherence to the Code which has been posted on the Company's website ([www.tcfcfinance.com](http://www.tcfcfinance.com)). The Company's Managing Director's declaration to this effect forms part of this Report.

#### 4. Listing Agreement Compliance

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Listing Agreement.

#### 5. Risk Management

The Company has laid down a risk assessment and minimization procedure which is adhered to by the Company.



**6. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

As per the requirement of Clause 49 of the Listing Agreement, a Certificate duly signed by Managing Director and the Company Secretary who handles the finance function was placed at the Board Meeting of the Company held on April 16, 2008.

**VI. Means of Communications**

The quarterly results, notice of the meeting and book closure dates etc. are widely circulated in leading English (Free Press Journals) and regional language newspapers (Navshakti). Results are also given to Bombay Stock Exchange Limited and SEBI for publication. Management Discussion & Analysis forms part of the Director's Report.

**VII. Details of last three Annual General Meetings**

Year	Location	Date	Time
2004-2005	Ashoka Hall, Arcadia, NCPA Marg, Nariman Point, Mumbai – 400 021	July 15, 2005	11.00 a.m.
2005-2006	Ashoka Hall, Arcadia, NCPA Marg, Nariman Point, Mumbai – 400 021	August 17, 2006	3.30 p.m.
2006-2007	Walchand Hirachand Hall, 4 <sup>th</sup> Floor, Indian merchants Chamber Building, IMC Marg, Churchgate, Mumbai 400020	August 24, 2007	3.30 p.m.

None of the special resolutions were put through vote by postal ballots during the last three AGMs.

**VIII. General Shareholder Information**

a) Annual General Meeting

Date : July 09, 2008

Time : 3.30 p.m.

Venue : Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants Chamber Building, IMC Marg, Churchgate, Mumbai 400020

Book Closure Date : July 01, 2008 to July 09, 2008

Payment of dividend : July 21, 2008 onwards.

b) Financial Calendar

Tentative calendar of events for the financial year 2008-2009 (April- March) is given below.

Adoption of Quarterly Results ended	In the month of
June 30, 2008	July, 2008
September 30, 2008	October, 2008
December 31, 2008	January, 2009
March 31, 2009 (Audited Annual Accounts)	June, 2009

c) Inhouse Share Department

TCFC Finance Limited

Share Department

501-502, Raheja Chambers,

Nariman Point, Mumbai 400 021

d) Listing on Stock Exchanges

Name of Stock Exchange in which the shares of the Company are listed for trading with stock code.

Stock Exchange	Code
Bombay Stock Exchange Limited	B2-532284

The listing fee for the financial year has been paid

## TCFC FINANCE LIMITED

e) Shareholding Pattern of the Company as on March 31, 2008

Category	No. of Shares held	% of shareholdings
<b>A. Promoter's Holding</b>		
a) NRI Promoters (Including OCBs)	–	–
b) Indian Promoters	–	–
c) Persons Acting in concert	5763881	54.99
<b>Sub Total</b>	<b>5763881</b>	<b>54.99</b>
<b>B. Non Promoting Holdings</b>		
a) Mutual Funds and UTI	345	0.00
b) Banks and Financial institution	569495	5.44
c) FIIs	1273	0.01
<b>Sub Total</b>	<b>571113</b>	<b>5.45</b>
Others:-		
a) Corporates Bodies	856870	8.17
b) Indian Public	2732231	26.06
c) NRIs	24700	0.24
d) Others	533334	5.09
<b>Sub Total</b>	<b>4147135</b>	<b>39.56</b>
<b>Grand Total</b>	<b>10482129</b>	<b>100.00</b>

There are no shares/securities/warrants/instruments due for conversion.

f) Distribution of Shareholding as on March 31, 2008

Range	Share Holders		Shares	
No. of shares	Numbers	% to total holders	Number	% of Total Capital
Up to - 250	31917	94.79	1419830	13.54
251- 500	1129	3.35	393679	3.76
501-1000	381	1.13	285432	2.72
1001-2000	130	0.39	192070	1.83
2001-3000	40	0.12	101398	0.97
3001-4000	15	0.05	50963	0.49
4001- 5000	5	0.01	24141	0.23
5001- 10000	29	0.09	192253	1.83
10001 & above	25	0.07	7822363	74.63
<b>Total</b>	<b>33671</b>	<b>100.00</b>	<b>10482129</b>	<b>100.00</b>

g) Share transfer system

Share transfers are registered by the share department of the Company and returned to the respective transferees within a period ranging from fifteen days to one month, provided the documents lodged with the Registrars / Company are clear in all respects.

h) Dematerialisation of shares

As per notifications issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited and Central Depository Services (India) Limited.

ISIN for the Company's equity shares: INE389D01013

Share Dematerialisation record: The following data indicates the extent of Dematerialisation of Company's shares as on March 31, 2008

**TCFC FINANCE LIMITED**

<b>No of Shares Dematerialised</b>	8727926	83.26%
<b>No. of shareholders in Demat form</b>	8872	26.35% of total no. of shareholders

i) **Address for Correspondence**

TCFC Finance Limited  
501-502, Raheja Chambers, Nariman Point, Mumbai 400 021  
Tel: 022-22844701 Fax: 022-22819237  
Email: investorservices@tcfcfinance.com Website: www.tcfcfinance.com  
The Company has no other office.

j) **Market Price Data (Rs.) Bombay Stock Exchange Limited**

Month	Company price		BSE Sensex	
	High	Low	High	Low
<b>April, 2007</b>	25.35	20.85	14383.72	12425.52
<b>May, 2007</b>	27.90	20.45	14576.37	13554.34
<b>June, 2007</b>	30.00	22.10	14683.36	13946.99
<b>July, 2007</b>	37.00	23.30	15868.85	14638.88
<b>August, 2007</b>	36.00	25.35	15542.4	13779.88
<b>September, 2007</b>	40.00	29.00	17361.47	15323.05
<b>October, 2007</b>	60.00	33.00	20238.16	17144.58
<b>November, 2007</b>	69.45	42.10	20204.21	18182.83
<b>December, 2007</b>	67.35	52.10	20498.11	18886.4
<b>January, 2008</b>	82.15	57.20	21206.77	15332.42
<b>February, 2008</b>	64.25	46.40	18895.34	16457.74
<b>March, 2008</b>	48.00	29.45	17227.56	14677.24

k) **Depository services**

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

- i) National Securities Depository Services limited  
Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai 400 013  
Tel. 0091-022-24972964-70  
Email. : info@nsdl.co.in Website: www.nsdl.co.in
- ii) Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 16<sup>th</sup> Floor,  
Dalal Street, Mumbai 400 023  
Tel. 0091-022-22723333  
Email: info@centraldepository.com  
Website: www.centraldepository.com

l) **Nomination Facility**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

**IX. Non Mandatory Requirements**

The Company has adopted the following non – mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement.

1. Remuneration Committee of the Company is operational. Presently, the Committee comprises of two Non Executive Directors of the Company.

## **TCFC FINANCE LIMITED**

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### **AUDITOR'S REPORT ON CORPORATE GOVERNANCE**

To the Members of TCFC Finance Ltd.

We have examined the compliance of conditions of Corporate Governance by TCFC Finance Ltd (the Company) for the year ended March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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.

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.

We state that no investor grievance is pending for a period exceeding thirty days against the company as per the records maintained by 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.

For **MGB & Co.**  
Chartered Accountants

**Hitendra Bhandari**  
Partner  
M.No.107832

Place : Mumbai  
Date : April 16, 2008

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### **DECLARATION**

It is hereby declared that all the Board members and Employees of the Company have affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company, as on March 31, 2008.

For **TCFC Finance Limited**

Place: Mumbai  
Date : April 16, 2008

**Davendra Ahuja**  
Managing Director

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF TCFC FINANCE LIMITED**

1. We have audited the attached Balance Sheet of **TCFC Finance Limited** as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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. We conducted our audit in accordance with the 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 misstatements. 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 the 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 (Auditors' Report) Order, 2003 (hereinafter referred to as the "the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto 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, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - e) On the basis of written representations received from the directors and taken on record by the Board, we report that none of the directors is disqualified as at 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes to accounts as per Schedule 'M', give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008;
    - ii) In the case of the Profit and Loss Account of the **Profit** of the Company for the year ended on that date; and
    - iii) In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

For **MGB & Co**  
Chartered Accountants

**Hitendra Bhandari**  
Partner  
M.No.107832

Mumbai, 16<sup>th</sup> April 2008

## TCFC FINANCE LIMITED

### ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of Auditors' Report to the members of TCFC Finance Limited on the accounts for the year ended 31st March 2008

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no discrepancies were noticed on such verification.
- (c) During the year, there was no disposal of substantial part of the fixed assets
- (ii) (a) The inventory has been verified by the management at reasonable intervals during the year on the basis of statements received from custodians and depositary participants, other than stock lying with third parties for which confirmations have been received.
- (b) In our opinion, the procedures of verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
- (c) On the basis of our examination of records and in our opinion, the company is maintaining proper records of inventory. No discrepancies have been noticed on verification as compared to the book records.
- (iii) (a) According to information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory fixed assets and for the sale of goods. The activities of the Company do not involve any sale of services. During the course of our audit, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements the particulars of which are required to be entered into the register in pursuance of Section 301 of the Act.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products.
- (ix) (a) According to the records of the Company, the undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and others as applicable have been deposited regularly by the Company during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no disputed matters which are pending with Sales Tax, Income Tax, Customs, Wealth Tax, Service Tax, Excise Duty and Cess authorities except as under:

Name of Statute	Nature of Dues	Period to which amount relates	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	F.Y.2003-2004	307,163/-	Commissioner of Income Tax (Appeals)

- (x) The Company does not have accumulated losses exceeding fifty percent of its networth at the end of the financial year and has not incurred cash losses in the current or in the immediately preceding financial year.

## **TCFC FINANCE LIMITED**

- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not taken any loan from bank / financial institution.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and considering the nature of activities carried on by the Company during the year, the company is not a chit fund/ nidhi / mutual benefit fund/ society.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares and other securities and timely entries have been made therein. All shares and other securities have been held by the company in its own name.
- (xv) The Company has not given any guarantees for loan taken by others from bank or financial institution.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loan during the year.
- (xvii) On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet

of the Company and related information as made available to us, we report that no short term funds been used for long term investments.

- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company had not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **MGB & Co**  
Chartered Accountants

**Hitendra Bhandari**  
Partner  
M.No.107832

Mumbai, 16<sup>th</sup> April 2008

## TCFC FINANCE LIMITED

### BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	2008 Rupees	2007 Rupees
<b>Sources of Funds</b>			
<b>Shareholders Funds</b>			
Share Capital	A	104,821,290	104,821,290
Reserves and Surplus	B	552,561,420	417,499,621
		<u>657,382,710</u>	<u>522,320,911</u>
<b>Loan Funds</b>			
Secured Loan	C	461,848	911,193
<b>Total</b>		<u>657,844,558</u>	<u>523,232,104</u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	D	6,990,950	6,974,550
Less: Depreciation up to date		<u>2,880,759</u>	<u>2,354,919</u>
Net Block		4,110,192	4,619,631
<b>Investments</b>	E	20,073,557	3,540,207
<b>Current Assets, Loans and Advances</b>	F		
Inventories		612,968,232	443,390,484
Sundry Debtors		34,945,067	22,916
Cash and Bank Balances		2,542,320	6,135,047
Loans and Advances		<u>16,895,835</u>	<u>83,077,813</u>
		667,351,454	532,626,260
<b>Less: Current Liabilities and Provisions</b>	G		
Current Liabilities		13,893,974	2,257,876
Provisions		<u>19,796,670</u>	<u>15,296,118</u>
		33,690,645	17,553,994
<b>Net Current Assets</b>		633,660,809	515,072,266
<b>Total</b>		<u>657,844,558</u>	<u>523,232,104</u>
<b>Significant Accounting Policies and Notes to Accounts</b>	M		

As per our attached report of even date

For **MGB & Co.**  
Chartered Accountants

**Hitendra Bhandari**  
Partner

Mumbai, April 16, 2008

For and on behalf of the Board

**Davendra Ahuja** Managing Director

**Venkatesh Kamath** Director



**TCFC FINANCE LIMITED**

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

	Schedule	2008 Rupees	2007 Rupees
<b>Income</b>			
Sales		3,328,373,337	1,831,834,230
Interest (TDS Rs 4,154,229 (4,314,126))		18,333,329	19,225,782
Profit in Options and Futures		224,494	-
Other Income	H	3,302,311	26,059,524
<b>Total</b>		<b>3,350,233,470</b>	<b>1,877,119,536</b>
<b>Expenditure</b>			
Cost of Sales		3,206,010,829	1,805,799,810
Personnel Cost	J	7,785,992	6,147,936
Administrative and Other Expenses	K	5,058,269	14,144,349
Loss in Options and Futures		-	20,424,918
Financial Expenses	L	164,849	6,191,434
<b>Total</b>		<b>3,219,019,940</b>	<b>1,852,708,447</b>
<b>Profit before non - cash charges</b>		<b>131,213,531</b>	<b>24,411,089</b>
Depreciation		525,840	635,352
<b>Profit before Tax, Exceptional Items and NPA Provision</b>		<b>130,687,691</b>	<b>23,775,737</b>
Add: Exceptional item - Recovery of bad advances		28,000,000	57,500,000
Reversal of Provision for Non Performing Assets - Investments		16,533,350	27,380,060
<b>Profit before Tax</b>		<b>175,221,041</b>	<b>108,655,797</b>
Provision for Tax- Current		19,500,000	11,900,000
- Fringe Benefit Tax		83,880	44,000
- Deferred Tax (Refer Note 2c)		-	-
- Short provision for earlier years		2,180,012	-
<b>Profit for the year after Tax</b>		<b>153,457,149</b>	<b>96,711,797</b>
Balance Brought forward		(265,228,274)	(318,566,540)
		<b>(111,771,125)</b>	<b>(221,854,742)</b>
<b>Balance Available for Appropriation</b>			
<b>Appropriations</b>			
Proposed Dividend		15,723,194	12,578,555
Tax on Dividend		2,672,157	1,781,438
General Reserve		15,345,715	9,671,180
Statutory Reserve		30,691,430	19,342,359
<b>Balance Carried to Balance Sheet</b>		<b>(176,203,620)</b>	<b>(265,228,274)</b>
		<b>(111,771,125)</b>	<b>(221,854,742)</b>
<b>Basic and Diluted Earnings per Share (in Rs.)</b>		<b>14.64</b>	<b>9.23</b>
<b>Number of Shares used in computing Basic and Diluted Earning per Share</b>		<b>10,482,129</b>	<b>10,482,129</b>

**Significant Accounting policies and Notes to Accounts**

M

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**

Chartered Accountants

**Davendra Ahuja**

Managing Director

**Hitendra Bhandari**

Partner

**Venkatesh Kamath**

Director

Mumbai, April 16, 2008

## TCFC FINANCE LIMITED

### Schedules forming part of the Balance Sheet as at 31st March, 2008

Particulars	2008 Rupees	2007 Rupees
<b>Schedule 'A': Share Capital</b>		
<b>Authorised</b>		
25,000,000 (10,850,000) Equity Shares of Rs 10 each	250,000,000	108,500,000
<b>Total</b>	<b>250,000,000</b>	<b>108,500,000</b>
<b>Issued,Subscribed and Paid-up</b>		
10,482,129 Equity Shares of Rs 10/- each fully paid up	104,821,290	104,821,290
<b>Total</b>	<b>104,821,290</b>	<b>104,821,290</b>
<b>Schedule 'B': Reserves and Surplus</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	375	375
<b>Statutory Reserve as per Section 45IC of RBI Act 1934</b>		
As per last Balance Sheet	105,143,578	85,801,219
Add: Transfer from Profit and Loss Account	30,691,430	19,342,359
	<b>135,835,008</b>	<b>105,143,578</b>
<b>General Reserve</b>		
As per last Balance Sheet	577,583,942	567,912,762
Add: Transfer from Profit and Loss Account	15,345,715	9,671,180
	<b>592,929,657</b>	<b>577,583,942</b>
Less: Debit balance in Profit and Loss Account per contra	<b>176,203,620</b>	<b>265,228,274</b>
	<b>416,726,037</b>	<b>312,355,668</b>
<b>Total</b>	<b>552,561,420</b>	<b>417,499,621</b>
<b>Schedule 'C': Secured Loan</b>		
Vehicle Loan	461,848	911,193
(Due within one year - Rs 461,848 (Rs 449,345)		
(Secured against hypothecation of specific vehicles)		
<b>Total</b>	<b>461,848</b>	<b>911,193</b>

### Schedule 'D': Fixed Assets (at cost)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	Upto 01.04.2007	For the Year	Deductions	Upto 31.03.2008	As at 31.03.2008	As At 31.03.2007
Office Premises	1,384,206	-	-	1,384,206	99,046	22,563	-	121,609	1,262,597	1,285,160
Equipments	183,340	-	-	183,340	46,235	8,709	-	54,944	128,396	137,105
Computers	1,974,616	16,400	-	1,991,016	1,352,392	226,573	-	1,578,966	412,050	622,224
Furniture and Fixtures	1,832,241	-	-	1,832,241	705,231	115,981	-	821,212	1,011,029	1,127,010
Vehicles	1,600,147	-	-	1,600,147	152,014	152,014	-	304,028	1,296,119	1,448,133
<b>Total</b>	<b>6,974,550</b>	<b>16,400</b>	<b>-</b>	<b>6,990,950</b>	<b>2,354,919</b>	<b>525,840</b>	<b>-</b>	<b>2,880,759</b>	<b>4,110,192</b>	<b>4,619,631</b>
Previous Year	24,364,342	1,755,502	19,145,293	6,974,550	4,032,230	635,352	2,312,663	2,354,919	4,619,631	

**TCFC FINANCE LIMITED****Schedules forming part of the Balance Sheet as at 31st March, 2008**

<b>Particulars</b>	<b>2008 Rupees</b>	<b>2007 Rupees</b>
<b>Schedule 'E': Investments</b>		
<b>Long Term (at cost)</b>		
<b>Quoted</b>		
20 Equity Shares of Re 1 each of Centurion Bank of Punjab Limited	200	200
533,334 Equity Shares of Rs 10 each of TCFC Finance Limited*	30,000,038	30,000,038
(Market Value of Investments- Rs 18,774,224 (12,107,434))		
<b>Unquoted</b>		
75,000 Equity Shares of Rs 10 each of Credit Analysis and Research Limited	750,000	750,000
50,000 Equity Shares of Rs 10 each of Dewas Soya Limited	500,000	500,000
1,999,940 Equity Shares of Rs 10 each of TCFC Securities Limited	19,999,400	19,999,400
2,000 Equity Shares of Rs 25 each of The Shamrao Vithal Co-op Bank Limited	50,000	50,000
200,000 Equity Shares of Rs 10 each of Vasudev Textiles Limited	16,265,963	16,265,963
	<b>67,565,601</b>	67,565,601
Less: Provision for diminution in value of Investments	<b>47,492,044</b>	64,025,394
<b>Total</b>	<b>20,073,557</b>	3,540,207

(All the above equity shares are fully paid up)

\* As per the Scheme of Arrangement with erstwhile 20th Century Finance Corporation Limited (TCFC), the Company has received 533,334 Equity Shares of Rs 10/- each fully paid up of TCFC Finance Limited, which are held by a nominee of the company with the beneficial interest vesting with the company.

## TCFC FINANCE LIMITED

### Schedules forming part of the Balance Sheet as at 31st March, 2008

Particulars	2008 Rupees	2007 Rupees
<b>Schedule 'F': Current Assets Loans and Advances</b>		
<b>a) Current Assets</b>		
<b>Inventories</b>		
(as taken, valued and certified by the management)		
Stock-in-Trade- Shares, Securities and Commodities	612,968,232	443,390,484
	<b>612,968,232</b>	443,390,484
<b>Sundry Debtors</b>		
(Unsecured, and Considered good)		
More than six months	1,043	-
Others	34,944,024	22,916
	<b>34,945,067</b>	22,916
<b>Cash and Bank Balances</b>		
Cash in Hand	40,373	5,850
Balances with Scheduled Bank in Current Accounts	2,501,947	6,129,197
	<b>2,542,320</b>	6,135,047
<b>A</b>	<b>650,455,619</b>	449,548,447
<b>(b) Loans and Advances</b>		
(Unsecured and considered good unless otherwise stated)		
Loans	-	78,109,301
Advances (recoverable in cash or in kind or for value to be received)		
Other Advances	2,049,414	570,938
Tax Advances (net of provisions)	11,591,421	4,309,574
Advance Share Application Money	3,180,000	-
Deposits	75,000	88,000
<b>B</b>	<b>16,895,835</b>	83,077,813
<b>Total(A+B)</b>	<b>667,351,454</b>	532,626,260

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

Particulars	2008 Rupees	2007 Rupees
<b>Schedule 'G': Current Liabilities and Provisions</b>		
<b>(a) Current Liabilities</b>		
Sundry Creditors for goods and expenses	10,668,920	734,003
Other Liabilities	1,851,982	233,225
Unclaimed Dividend*	1,373,072	1,290,648
<b>A</b>	<b>13,893,974</b>	<b>2,257,876</b>
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>(b) Provisions</b>		
Provision for Retirement Benefits	1,401,320	936,125
Proposed Dividend (including Tax)	18,395,350	14,359,993
<b>B</b>	<b>19,796,670</b>	<b>15,296,118</b>
<b>Total(A+B)</b>	<b>33,690,645</b>	<b>17,553,994</b>

**TCFC FINANCE LIMITED****Schedules forming part of the Profit & Loss Account for the year ended 31st March 2008**

Particulars	2008 Rupees	2007 Rupees
<b>Schedule 'H': Other Income</b>		
Dividend (Gross) on Long Term Investments	827,501	990,001
on Stock in Trade	2,383,978	2,734,334
Speculation Profit	90,762	-
Profit on Sale of Assets	-	21,692,330
Rent (TDS Rs Nil (78,742 ))	-	584,057
Miscellaneous Income	70	58,803
<b>Total</b>	<b>3,302,311</b>	<b>26,059,524</b>
<b>Schedule 'I': Cost of Sales</b>		
Opening Stock	443,390,484	343,842,958
Add: Purchases	3,375,588,577	1,905,347,336
	3,818,979,061	2,249,190,295
Less: Closing Stock	612,968,232	443,390,484
<b>Total</b>	<b>3,206,010,829</b>	<b>1,805,799,810</b>

**TCFC FINANCE LIMITED**

**Schedules forming part of the Profit and Loss Account for the year ended 31st March,**

<b>Particulars</b>	<b>2008</b>	<b>2007</b>
<b>Schedule</b>	<b>Rupees</b>	<b>Rupees</b>
<b>'J': Personnel Cost</b>		
Managerial Remuneration	6,014,319	4,375,719
Salary and Allowances	1,421,489	1,422,213
Contribution to Provident and other funds	327,882	327,866
Staff Welfare Expenses	22,302	22,138
<b>Total</b>	<b>7,785,992</b>	<b>6,147,936</b>
<b>Schedule 'K': Administrative and Other Expenses</b>		
Rates and Taxes	1,092,530	150,034
Insurance charges	66,219	38,543
Electricity Expenses	151,701	178,555
Repairs and Maintenance- others	203,515	124,086
Legal and Professional Charges	359,660	106,460
Travelling and Conveyance	215,296	300,891
Printing and Stationery	282,044	252,824
Membership and Subscription Fees	488,658	381,349
Communication Charges	158,622	204,010
Sitting Fees	250,000	260,000
Depository charges	275,394	80,315
Miscellaneous expenses	570,532	616,189
Business Promotion Expenses	646,503	121,914
Auditors Remuneration:		
For Audit	112,360	67,344
For Tax Audit	16,854	-
For Out of pocket expenses	788	605
For Other Services	167,593	143,671
Loss on Sale of Investments	-	11,117,560
<b>Total</b>	<b>5,058,269</b>	<b>14,144,349</b>
<b>Schedule 'L': Financial Expenses</b>		
Interest	85,255	6,099,477
Bank charges	79,594	91,957
<b>Total</b>	<b>164,849</b>	<b>6,191,434</b>

**Schedule “M” : Significant Accounting Policies and Notes to Accounts**

**(I) Significant Accounting Policies**

**1. Accounting Convention**

- a) The financial statements have been prepared under the historical cost convention and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
- b) The Company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

**2. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost includes capital cost and other incidental expenses attributable to bringing the asset to working condition for its intended use.

**3. Depreciation**

Depreciation on fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.

**4. Investments and Stock in Trade**

Securities acquired with intention of trading are considered as stock-in-trade and with an intention of long term holding are considered as ‘Investments’.

- a) In respect of investments as well as stock in trade, brokerage, stamp duty and other related charges are included in the cost. Cost is determined on first in first out (FIFO) basis.
- b)
  - (i) The provision for diminution in the value of long-term quoted investments is made only if such a decline is other than temporary in the opinion of the management.
  - (ii) Unquoted investments are valued at cost and provision for diminution in the value of investments is made based on the guidelines prescribed by the Reserve Bank of India or based on the judgement of the management, whichever provision is higher.
- c) Securities held as stock-in-trade are valued at cost or market value, whichever is lower.

**5. Revenue Recognition**

- a) The Company accounts for derivative transactions in futures and options in accordance with the “Guidance Note on Accounting for Equity Index and Equity Stock Futures and Options “ issued by the Institute of Chartered Accountants of India.
- b) Interest income are accounted on accrual basis.
- c) Dividend is recognized when the right to receive the dividend is unconditional.

**6. Retirement Benefits**

- a) Provision for gratuity and leave encashment is made as per the company’s rules on actual basis.
- b) Contribution to Provident Fund is charged to the Profit and Loss Account.

**7. Taxes on Income**

- a) Current tax is determined as the amount of tax payable as per the provisions the Income Tax Act, 1961.
- b) Deferred tax is recognized subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods and measured using relevant enacted tax rates.



**8. Non – Performing Assets**

The Company follows the directions of Reserve Bank of India on Prudential Norms for income recognition, provisioning for bad and doubtful debts, Accounting for investments etc. accordingly, provision has been made for Non performing assets.

**(II) Significant Accounting Policies**

**1. Previous Year Comparatives**

Previous year's figures have been regrouped, rearranged, or recasted wherever considered necessary to confirm to current period's presentation. Figures in brackets pertain to previous year.

**2. Taxation**

- a) Provision for Current Tax has been computed on the basis of book profits in accordance with the provisions of Section 115JB of the Income Tax Act, 1961.
- b) In view of uncertainty regarding sufficient future taxable income under the normal provisions of the Act, credit for MAT entitlement has not been considered.
- c) In accordance with AS – 22 on “Accounting for Taxes on Income” issued by the ICAI, deferred tax assets and liability should be recognized for all timing differences, in accordance with the said standard. However, considering the requirement of the accounting standard regarding virtual certainty, the same is not provided for. This will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year of certainty, in accordance with the aforesaid accounting standard.

**3. Contingent Liabilities not provided for**

		(Rs.in Lacs)
Particulars	2008	2007
Disputed Direct Tax	17.73	18.04

- 4. As per the information available with the company, there are no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31<sup>st</sup> March 2008.

**5. Managerial Remuneration**

The Computation of net profit in accordance with Section 198 of the Companies Act, 1956

	(Rs.in Lacs)
Particulars	2008
Profit before Tax as per Profit and Loss Account	1752.21
<b>Add:</b> Managerial Remuneration	90.86
Directors Sitting Fees	2.50
Depreciation	5.26
<b>Less:</b> Excess Commission paid in earlier years*	28.36
Depreciation under section 350	5.26
Net Profit as per Section 349 / 350 of the Companies Act, 1956	1817.21
Maximum permissible remuneration	90.86
<b>Commision to Managing Director</b>	<b>54.06</b>

## TCFC FINANCE LIMITED

Remuneration paid / payable in accordance with the provisions of Section 198 of the Companies Act, 1956 to the Managing Director included in personnel cost is as under:

	(Rs. in Lacs)	
Particulars	2008	2007
Salary	34.44	36.19
Contribution to Provident Fund	2.16	2.16
Perquisites	0.19	0.19
Commission	54.06	7.56
<b>Total</b>	<b>90.86*</b>	46.10

**Note:**

\* Managerial Remuneration in Schedule "J" in the Profit and Loss account is net of Rs 28.36 lacs excess commission paid in earlier years, now recovered.

### 6. Segment Information

The Company has only one business i.e. Investments, hence "Segment Reporting" as defined in Accounting Standard 17 is not applicable.

### 7. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956:

- The Company is in the business of Trading and as such not subject to license. Hence, licensed and installed capacity is not given.
- Expenditure in foreign currency Rs. Nil (Nil)
- Quantitative Details (Qty in Nos, Amount in Rupees)

**Quantitative details of Securities held as Stock-in trade:**

(Rs in lacs)

	Opening Stock				Purchases			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Equity Shares	1494038	3053.90	958766	1571.59	3773566	11193.56	1995563	5054.43
Mutual Funds	12253167	1380.00	15236904	1866.84	145484140	22505.45	88177031	13999.04
Commodities	-	-	-	-	23	56.88	-	-

(Rs in lacs)

	Sales				Closing Stock			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Equity Shares	3697226	12458.52	1460291	3572.12	1570378	2866.60	1494038	3053.90
Mutual Funds	133710369	20825.21	91160768	14746.23	24026938	3206.20	12253167	1380.00
Commodities	-	-	-	-	23	56.88	-	-

## TCFC FINANCE LIMITED

### Closing Stock

Sr	Name of the Script(Quoted Shares)	No of shares	(Rs in lacs)
			Value
1.	Aptech Limited	20,000	44.42
2.	Bank of India Limited	10,000	25.33
3.	Century Textiles Limited	5,000	36.38
4.	Divi's Laboratories Limited	5,000	63.44
5.	GMR Infrastructure Limited	29,980	44.64
6.	Core Projects Limited	20,000	38.32
7.	Housing Development Infrastructure Ltd	20,000	131.45
8.	Hindustan Construction Limited	45,000	59.58
9.	Hindustan Unilever Limited	15,000	39.65
10.	Hotel Leela Venture Limited	75,000	30.11
11.	IDEA Cellular Limited	40,000	41.06
12.	IDFC Limited	80,000	120.80
13.	Indian Hotel Co Limited	175,000	196.35
14.	ITC Limited	15,000	22.67
15.	IVRCL Infrastructure Limited	20,000	81.12
16.	Jaiprakash Hydro Power Limited	200,000	106.40
17.	Jaiprakash Associates Limited	149,900	339.60
18.	Jaypee Hotels Limited	194,897	288.98
19.	JSW Steels Limited	5,000	40.97
20.	KEC Infrastructure Limited	70,083	14.68
21.	Kotak Mahindra Bank Limited	30,000	187.77
22.	Lanco Infra Limited	10,000	38.86
23.	Mahindra and Mahindra Limited	10,000	69.71
24.	Mercator Lines Limited	50,000	39.70
25.	Praj Industries Limited	90,000	122.58
26.	Reliance Communication Limited	40,000	203.34
27.	Reliance Capital Limited	5,000	61.44
28.	Reliance Industries Limited	5,000	113.29
29.	Steel Authority of India Limited	60,000	107.71
30.	Tata Steel Limited	15,000	104.15
31.	Tata Steel Limited – CCPS	22,500	22.50
32.	TV Today Limited	30,000	29.60
<b>Total</b>			<b>2866.60</b>

Note: Aggregate market value of quoted Shares is Rs 2882.45 lacs

Sr.	Name of the Mutual Fund	No of Units	(Rs in Lacs)
			Amount (Rs.)
1.	ABN Amro Flexible Short Term Plan Series B Growth	4,684,586.473	500.00
2.	AIG Infrastructure and EconomicReform Fund Growth	977,995.110	83.74
3.	ICICI Prudential Indo Asia Equity Fund- Retail Growth	1,955,990.220	171.54
4.	ING Vysa Fixed Maturity Fund – 35Institutional Growth	5,000,000.000	500.00
5.	Ing Vysa Liquid Fund – IP-Growth	196,652.193	25.00
6.	LIC Liquid Fund – Growth	1,961,205.007	288.65
7.	Reliance Natural Resources Fund –Growth	1,946,210.269	187.27
8.	Tata Liquid Super High Investment Fund- Appreciation	46,837.665	700.00
9.	Tata Fixed Income Portfolio FundScheme A2 Institutional Growth	5,000,000.000	500.00
10.	Tata Floater Fund – Growth	1,257,460.935	150.00
11.	Franklin India Smaller Companies Fund- Growth	1,000,000.000	100.00
<b>Total</b>			<b>3206.20</b>

Note: Aggregate market value of units of Mutual Fund schemes is Rs. 3,228.51 lacs

## TCFC FINANCE LIMITED

### 8. Related Party Disclosures:

- (a) **Associates and Joint Venture-** TCFC Securities Limited
- (b) **Key Management Personnel-** Devendra Ahuja
- (c) **Significant Influence-** Greenstone Investments Private Limited
- (d) **Transactions and Balances with related parties**

(Rs. In Lacs)

Particulars	Associates & Joint Venture		Key Managerial Personnel		Significant Influence	
	2008	2007	2008	2007	2008	2007
Managerial Remuneration	-	-	90.86	46.30	-	-
Sharing of Expenses	-	-	-	-	0.68	-
Recovery of Bad Advances	280.00	575.00	-	-	-	-
Loans given repaid	31.09	-	-	-	-	-
Balance as on 31 <sup>st</sup> March	-	31.09	-	-	-	-

\* Managerial Remuneration in Schedule "J" in the Profit and Loss account is net of Rs 28.36 lacs excess commission paid in earlier years, now recovered.

### 9. Schedule to the Balance Sheet for the year ended 31<sup>st</sup> March 2008

(as required in terms of Paragraph 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs. in lacs)

	Particulars		
	Liabilities :		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
	(a) Debentures : Secured :	-	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	-	-
	(c) Term Loans -	-	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits*	-	-
	(g) Other Loans (specify nature) – Vehicle Loans	4.62	-

	<b>Assets :</b>	Amount outstanding Rs in lacs
(2)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	
	(a) Secured	-
	(b) Unsecured	-
(3)	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>	
	(i) Lease assets including lease rentals under sundry debtors :	NA
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	-
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Hypothecation loans counting towards EL/HP activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
(4)	<b>Break-up of Investments :</b>	
	Current Investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	2866.60*
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	3206.20*
	(iv) Government Securities	-
	(v) Others (please specify) - Commodities	56.88*
	2. Unquoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-

## TCFC FINANCE LIMITED

	Long Term investments :			
	1. Quoted :			
	(i) Share : (a) Equity		187.74	
	(b) Preference		-	
	(ii) Debentures and Bonds		-	
	(iii) Units of mutual funds		-	
	(iv) Government Securities		-	
	(v) Others (Please specify)			
	2. Unquoted :			
	(i) Shares : (a) Equity		13.00	
	(b) Preference		-	
	(ii) Debentures and Bonds		-	
	(iii) Units of mutual funds		-	
	(iv) Government Securities		-	
	(v) Others (Please specify)			
(5)	*Current Investments shown above are held as Stock in Trade			
	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:</b>			
	<b>Category</b>		Amount net of provisions	
		Secured	Unsecured	Total
	<b>1. Related Parties</b>	-	-	-
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	(d) Other than related parties	-	-	-
	<b>Total</b>	-	-	-
(6)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>			
	<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>		<b>Book Value (Net of Provisions)</b>
	<b>1. Related Parties</b>	-		-
	(a) Subsidiaries	-		-
	(b) Companies in the same group	-		-
	(c) Other related parties	-		-
	(d) Other than related parties	-		-
<b>Total</b>	-		-	

**TCFC FINANCE LIMITED**

(7)	Other Information	Rs in lacs
	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
	(ii) Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
	(iii) Assets acquired in satisfaction of debt	-

As per our attached Report of even date

For and on behalf of the Board

For **MGB & Co.**

Chartered Accountants

**Davendra Ahuja** Managing Director

**Hitendra Bhandari**

Partner

**Venkatesh Kamath** Director

Mumbai, April 16, 2008

## TCFC FINANCE LIMITED

### Cash Flow Statement for the year ended 31st March,

Particulars	2008 Rupees	2007 Rupees
<b>1 Cash Flow for Operating Activities</b>		
Profit for the year after Tax	153,457,149	96,711,797
<b>Add : Adjustments for</b>		
Profit on Sale of Assets	-	(21,692,330)
Rent	-	(584,057)
Provision for Non Performing Assets Written back	(16,533,350)	(27,380,060)
Depreciation	525,840	635,352
Loss on Sale of Investments - Long Term	-	11,117,560
Dividend on Long Term Investments	(827,501)	(990,001)
Interest expense	85,255	6,099,477
<b>Operating Profit before Working Capital changes</b>	<b>136,707,393</b>	<b>63,917,738</b>
(Increase)/ Decrease in Inventories	(169,577,748)	(99,547,526)
(Increase)/ Decrease in trade and other receivables	38,541,674	23,218,508
Increase / (Decrease) in trade and other payables	12,018,869	(4,269,189)
<b>Cash Generated from Operations</b>	<b>17,690,188</b>	<b>(16,680,469)</b>
Direct Taxes Paid (net)	(7,281,847)	(13,589,274)
<b>Net Cash Flow from Operating Activities</b>	<b>10,408,341</b>	<b>(30,269,743)</b>
<b>Cash Flow from Investing Activities</b>		
Rent from property	-	584,057
(Purchase) / Sale of Fixed Assets	(16,400)	36,769,457
Sale of Investments (Long Term)	-	16,262,500
Dividend on Long Term Investments	827,501	990,001
<b>Net Cash Flow from Investing Activities</b>	<b>811,101</b>	<b>54,606,015</b>
<b>Cash Flow from Financing Activities</b>		
Interest paid	(85,255)	(6,099,477)
Dividend paid on Equity Shares (including tax)	(14,277,569)	(14,359,993)
Proceeds /(Repayment) from/of Borrowings	(449,345)	911,193
<b>Net Cash Flow from Financing Activities</b>	<b>(14,812,170)</b>	<b>(19,548,273)</b>
Net Cash Flow during the year	(3,592,727)	4,787,996
Cash and Cash Equivalents at the beginning of the year	6,135,047	1,347,051
<b>Cash and Cash Equivalents at the end of the year</b>	<b>2,542,320</b>	<b>6,135,047</b>

#### Notes:

1. Cash and cash equivalents consists of cash on hand and balances with banks
2. Figures in brackets represents outflow of cash
3. Figures for the previous year have been regrouped and reclassified, wherever considered necessary.

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.  
Chartered Accountants

Hitendra Bhandari  
Partner

Mumbai, April 16,2008

Davendra Ahuja Managing Director  
Venkatesh Kamath Director



## TCFC FINANCE LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

#### I. REGISTRATION DETAILS

Registration No.

5 7 9 2 3

State Code

1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 8

Year

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN 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 RS. IN THOUSANDS)

Total Liabilities

6 5 7 8 4 5

Total Assets

6 5 7 8 4 5

Sources of Funds

Paid-up Capital

1 0 4 8 2 1

Reserves & Surplus

5 5 2 5 6 1 4

Secured Loans

4 6 2

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

4 1 1 0

Investment

2 0 0 7 4

Net Current Assets

6 3 3 6 6 1

Misc. Expenditure

N I L

#### IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Total Income

3 3 5 0 2 3 3

Total Expenditure

3 2 1 9 5 4 6

Profit / Loss Before Tax

1 7 5 2 2 1

Profit / Loss After Tax

1 5 3 4 5 7

Earning Per Share (in Rs.)

1 4 . 6 4

Dividend Rate (%)

1 5 %

#### V. GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code)

N I L

Product Description

I N V E S T M E N T S

# TCFC FINANCE LIMITED

Registered Office : 501-502, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai 400 021

## ATTENDANCE SLIP

### 17th Annual General Meeting

D.P. Id \* : \_\_\_\_\_

Client Id \* : \_\_\_\_\_

Reg. Folio No. : \_\_\_\_\_

\* Applicable if shares are held in electronic form.

NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER

Name of the attending member (in Block Letters) : \_\_\_\_\_

Name of Proxy (in Block Letters to be filled in by the proxy attending instead of the Member) \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I hereby record my presence at the 17th Annual General Meeting on Wednesday, July 09, 2008, at 3.30 p.m.

Member's Signature

Proxy's Signature

Note : Shareholders/proxies are requested to bring the attendance slip with them, Duplicate slips will not be issued and handed over at the entrance of the Meeting Venue.

(Tear Here)

# TCFC FINANCE LIMITED

Registered Office : 501-502, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai 400 021

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/

Members of the abovementioned Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_ as

my/our proxy to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Wednesday, July 09, 2008, at 3.30 p.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants Chamber Building, IMC Marg, Churchgate, Mumbai – 400 020 and at any adjournment thereof.

Signed of this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

D.P. Id \* : \_\_\_\_\_

Client Id \* : \_\_\_\_\_

Reg. Folio No. : \_\_\_\_\_

\* Applicable if shares are held in electronic form.

Signature

Affix  
1 Rupee  
Revenue  
Stamp

Note : The Proxy Form duly completed must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

## BOOK-POST

*If undelivered, please return to :*

**TCFC FINANCE LIMITED**  
501-502, Raheja Chambers  
Free Press Journal Marg  
Nariman Point  
Mumbai 400 021

Orient Press Limited