

**TATA CAPITAL FINANCIAL SERVICES LIMITED**

**Annual Report 2010-11**

## DIRECTORS' REPORT

### TO THE MEMBERS OF TATA CAPITAL FINANCIAL SERVICES LIMITED

The Directors present their First Annual Report and the Audited Statement of Accounts for the period ended March 31, 2011.

#### 1. OPERATIONS

Tata Capital Financial Services Limited ("TCFSL" or the "Company") was incorporated as a wholly owned subsidiary of Tata Capital Limited ("TCL") on November 19, 2010 and is proposed to be registered with the Reserve Bank of India ("RBI") as a Non Banking Financial Company ("NBFC") with the objective of providing fund and fee-based financial services to its customers which includes retail, corporate and institutional customers, across various areas of business namely corporate finance (which includes commercial and infrastructure finance), consumer finance, marketing and distribution of credit cards. The Company obtained the Certificate of Commencement of Business on December 16, 2010, but is yet to commence any business activity.

For the period ended March 31, 2011, the Company recorded a Profit after Tax of Rs. 20,551.

#### 2. ACQUISITION OF PART OF THE UNDERTAKING OF TATA CAPITAL LIMITED

The Reserve Bank of India ("RBI") vide its Notifications dated August 12, 2010 and January 5, 2011, introduced a separate regulatory regime for Core Investment Companies. TCL proposes to avail of the benefit of a CIC to have better capitalization to support future growth. However, to be eligible as a CIC, TCL would need to satisfy certain conditions in connection with investments in group companies, restriction on trading in investments, restriction on carrying out other financial activity, etc. Accordingly, TCL is re-organising itself as a CIC and will transfer, at book value, the business of its Corporate Finance Division and Consumer Finance Division alongwith its investments in non-group companies to TCFSL.

The aforesaid transfer would be affected through a Scheme of Arrangement ("Scheme") under a court process under Sections 391-394 of the Companies Act, 1956, ("Act") so as to provide an opportunity to all stakeholders to review and approve the transfer as well as to get the assent of a judicial authority. The approval of the Members and Creditors of the Company would be required for the sanction of this Scheme which would become effective on receipt of all required approvals. The transfer would take effect from April 1, 2011 ("Appointed Date") for a lumpsum consideration, which would be approx. Rs. 1,990 crore to be discharged in cash by the Company. Subsequently, TCL would subscribe to the equity/preference shares of the Company, at an appropriate premium.

The Boards of TCL and the Company have approved the Scheme at their respective meetings held on May 2, 2011 and the Scheme will soon be filed with the Hon'ble High Court of Judicature at Bombay.

#### 3. FINANCIAL RESULTS

The performance of the Company for the period ended March 31, 2011, is summarized below:

(Amount in Rs.)

Particulars	For the period November 19, 2010 to March 31, 2011
Total Income	3,40,336
Less:	
Expenditure	3,00,944
Preliminary expenses	14,164
Profit/(Loss) Before Tax	25,228
Less: Provision For Tax	4,677
Profit/(Loss) After Tax	20,551
Amount Available for Appropriation	
Appropriations	0
Surplus/( Loss ) carried to Balance Sheet	20,551

**4. DIVIDEND**

Since the Company is yet to commence business, the Directors do not recommend any dividend on the equity share capital of the Company.

**5. SHARE CAPITAL**

The Company is a wholly owned subsidiary of TCL. The Authorised Share Capital of the Company is Rs. 5 crore consisting of 50,00,000 Equity Shares of Rs. 10 each and the Paid-Up Share Capital of the Company as at March 31, 2011 was Rs. 2.55 crore consisting of 25,50,000 Equity Shares of Rs. 10 each.

**6. FINANCE**

The Company has met all its fund requirements through equity infusion from TCL, the holding company.

**7. COMPLIANCE**

The Company has complied with all the applicable provisions of the Act.

**8. DEPOSITS**

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

**9. ACCOUNTS AND ACCOUNTING STANDARDS**

The Company adheres to the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI") in the preparation of its financial statements and has not adopted a treatment different from that prescribed in any Accounting Standards issued by ICAI.

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

In view of the nature of the activities which are proposed to be carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption, are not applicable to the Company. During the period under review, the Company did not have any earnings or outgo in foreign exchange.

**11. DIRECTORS**

Mr. Praveen P. Kadle, Mr. Govind Sankaranarayanan and Mr. S. H. Rajadhyaksha were named in the Articles of Association as the First Directors of the Company. Mr. Govind Sankaranarayanan and Mr. S. H. Rajadhyaksha, resigned from the Board of Directors on March 26, 2011. Mr. Kadle holds office upto the date of the First Annual General Meeting and is eligible for appointment. The Company has received a notice in writing under Section 257 of the Act from a Member, proposing the candidature of Mr. Kadle as a Director of the Company.

Pursuant to the provisions of Section 260 of the Act, Mr. F. K. Kavarana, Mr. Janki Ballabh, Mr. H. N. Sinor and Mr. F. N. Subedar were appointed Additional Directors on the Board of the Company w.e.f. March 26, 2011. The aforementioned Directors cease to hold office at the ensuing Annual General Meeting and are eligible for appointment. The Company has received notices in writing from its Member under Section 257 of the Act, proposing their candidature for the office of Directors of the Company.

Attention is invited to Item Nos. 3 to 7 of the Notice of the Annual General Meeting and the Explanatory Statement annexed thereto.

**12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal Control Systems are commensurate with the size and operations of the Company.

**13. CORPORATE GOVERNANCE**

A summary of the Corporate Governance measures adopted by the Company is given below:

- i. The Board comprises of Mr. F. K. Kavarana, Mr. Janki Ballabh, Mr. H. N. Sinor, Mr. F. N. Subedar and Mr. Praveen P. Kadle, all of whom are Non-Executive Directors. For the period

November 19, 2010 to March 31, 2011, three Board Meetings were held.

- ii. The Board has adopted the Tata Code of Conduct for the Company and also the Fair Practice Code.
- iii. During the period ended March 31, 2011, there were no related party transactions by the Company besides the transactions mentioned elsewhere in the Annual Report.

#### **14. AUDITORS**

Messrs Deloitte Haskins & Sells (“DHS”), Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from DHS to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Act and that, they are not disqualified for such appointment within the meaning of Section 226 of the Act. It is proposed to re-appoint DHS as Statutory Auditors of the Company to examine and audit the accounts of the Company for FY 2011-12.

#### **15. PARTICULARS OF EMPLOYEES**

The Company had no employees on its rolls as on March 31, 2011 and hence sub-section 2A of Section 217 of the Act, read with Companies (Particulars of Employees) Rules, 1975 is not applicable.

#### **16. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Act, the Directors, based on the representations received from the Operating Management, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 period and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv. they have prepared the annual accounts on a 'going concern' basis.

#### **17. ACKNOWLEDGEMENTS**

The Directors would like to place on record their gratitude for the valuable guidance and support received from TCL, the holding company, the Company's bankers and all other business associates for the continuous support given by them to the Company.

For and on behalf of the Board of Directors

**F K Kavarana**  
(Director)

**Praveen P Kadle**  
(Director)

Mumbai, May 2, 2011

**ANNEXURE TO THE DIRECTORS' REPORT****SECRETARIAL COMPLIANCE CERTIFICATE**

Company No: U67100MH2010PLC210201

Authorised Capital: Rs 5 crores

To,  
The Members of  
Tata Capital Financial Services Limited

We have examined the registers, records, books and papers of Tata Capital Financial Services Limited ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period commencing from November 19, 2010 (Date of Incorporation) to March 31, 2011 ("the financial year"). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies.
3. The Company being a public limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 3 (Three) times on November 23, 2010, January 25, 2011 and March 26, 2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The minutes of the meeting of the Board of Directors held on March 26, 2011 were recorded in the Minutes Book and would be signed by the Chairman of the next meeting.
5. The Company did not close its Register of Members, during the financial year.
6. As stated above, the first financial year of the Company was from the Date of Incorporation till March 31, 2011, and the annual general meeting for the said financial year will be held after March 31, 2011.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into contracts falling within the meaning of section 297 of the Act, during the financial year.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act, as there were no contracts or arrangements entered into by the Company where the provisions of section 297 or section 299 are applicable during the financial year.
11. The Company was not required to obtain any approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act.
12. The Company did not issue any Duplicate Share Certificates during the financial year.
13. The Company has:
  - i. Delivered all the certificates on allotment and transfer of equity shares in accordance with the provisions of the Act. There was no transmission of shares during the financial year.
  - ii. As no dividend was declared during the financial year, the Company has not deposited any amount in a separate bank account.
  - iii. As no dividend was declared during the financial year, the Company was not required to post any warrants to any member of the Company.
  - iv. As the Company is newly incorporated, there was no amount required to be transferred to Investor Education and Protection Fund.

14. The Board of Directors of the Company is duly constituted. There has been a change in the Directors of the Company during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors.
19. Apart from equity shares, the Company has not issued any debentures, or any other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not redeemed any preference shares or debentures during the year.
22. The Company was not required to keep in abeyance any rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of section 58A of the Act, during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made investments in other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to the name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to the share capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. We have been informed that there was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment imposed on the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year, as we have been informed that there are no employees in the Company.
33. The Company was not required to deduct any contribution towards Provident Fund during the financial year, as we have been informed that there are no employees in the Company.

For **ROBERT PAVREY & ASSOCIATES**

Place : Mumbai  
Dated :May 2, 2011

**ROBERT PAVREY**  
Proprietor  
C. P. No. : 1848

## Annexure 'A'

(To the Secretarial Compliance Report dated May 2, 2011 of Tata Capital Financial Services Limited)

Registers as maintained by the Company:

1. Register of Members under section 150 of the Act.
2. Register of Directors under section 303 of the Act.
3. Register of Directors' Shareholdings under section 307 of the Act.
4. Register of Disclosure made under section 299 of the Act.
5. Register of Transfers received under section 108 of the Act.

Note: We have been informed that there were no entries in the below mentioned Registers, as there were no transactions to be recorded therein:

1. Register of Contracts under section 301 of the Act.
2. Register of Charges under section 143 of the Act.

## Annexure 'B'

(To the Secretarial Compliance Report dated May 2, 2011 of Tata Capital Financial Services Limited)

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial period ended on March 31, 2011.

Form No	Particulars	Date of Filing	Filed within time (Y/N)
20	Statement in lieu of Prospectus	13/12/2010	Y
22	Statutory Meeting held on March 4, 2011	25/03/2011	Y
2	Allotment of Shares on February 7, 2011	09/02/2011	Y
32*	Appointment of three directors & Resignation of two directors on March 26, 2011	01/04/2011	Y
32*	Appointment of additional director on March 26, 2011	20/04/2011	Y

\* Forms filed after the close of the financial year.

## AUDITORS' REPORT

### TO THE MEMBERS OF TATA CAPITAL FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of **TATA CAPITAL FINANCIAL SERVICES LIMITED** (the "Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the period beginning from November 19, 2010 (being the date of incorporation) to March 31, 2011 both 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (Auditor's Report) Order, 2003, ("CARO"/ "Order") issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (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 it 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 Companies Act, 1956; and
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956 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 March 31, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the period from November 19, 2010 to March 31, 2011; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the period November 19, 2010 to March 31, 2011.
5. On the basis of the written representations from the directors as at March 31, 2011 taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011, from being appointed as a director in terms Section 274 (1) (g) of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No: 117365W)

Rupen K. Bhatt  
Partner  
(Membership No. 046930)

Mumbai, May 2, 2011



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph (3) of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results; clauses (i), (ii), (viii), (x), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of paragraph 4 of the CARO are not applicable.
- (ii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub- clause (a) to (g) of paragraph 4(iii) of the Order are not applicable to it.
- (iii) In our opinion and according to the information and explanations given to us, since the Company has not yet commenced its operations, a comment on purchase of fixed assets, sale of goods and services and purchase of inventory does not arise. During the course of our audit, we have not observed any major weakness in any internal control system.
- (iv) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of the paragraph 4(v)(a) and (b) of the CARO are not applicable to the Company.
- (v) According to the information and explanation given to us:
- (a) the Company has not accepted deposits from the public within the purview of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975; and
- (b) no order has been passed in this respect, by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in the case of the Company.
- (vi) As the Company is neither listed on any stock exchange nor the paid up capital and reserves as at the commencement of the financial year exceed Rupees Fifty lakhs and the period of three financial years has not been elapsed since the incorporation of the Company, the provisions of paragraph 4(vii) of the CARO are not applicable to the Company for the current financial period.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues relating to Income Tax and other material statutory dues applicable to it with the appropriate authorities during the period. According to the information and explanation given to us, there were no dues payable on account of Investor Education and Protection Fund, Employee's State Insurance Scheme, Provident Fund, Service Tax, Sales Tax, State Value Added Tax, Work Contract Tax, Wealth Tax, Custom Duty, Excise Duty, Profession Tax and cess.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Investors Education and Protection Fund and cess and any other material statutory dues applicable to it, as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) There were no disputed dues as regards State Value Added Tax, Sales Tax, Income Tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty and cess that have not been deposited as at the period end.
- (viii) According to the information and explanations given to us, the Company has not borrowed any sum from financial institutions or from banks or borrowed any sum by issue of debentures. Therefore, the provisions of paragraph 4(xi) of the CARO are not applicable to the Company.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

**For DELOITTE HASKINS & SELLS**Chartered Accountants  
(Registration No: 117365W)Rupen K. Bhatt  
**Partner**  
**(Membership No. 046930)**

## BALANCE SHEET AS AT MARCH 31, 2011

Amount (in Rs.)

	Schedule	As at March 31, 2011
<b>SOURCES OF FUNDS :</b>		
<b>1 SHAREHOLDERS' FUNDS</b>		
(a) Share Capital	1	25,500,000
(b) Reserves and Surplus		20,551
<b>2 LOAN FUNDS</b>		
(a) Secured Loans		-
(b) Unsecured Loans		-
<b>3 TOTAL FUNDS EMPLOYED</b>		25,520,551
<b>APPLICATION OF FUNDS :</b>		
<b>4 FIXED ASSETS</b>		
(a) Gross Block		-
(b) Less : Depreciation		-
(c) Net Block		-
<b>5 INVESTMENTS</b>		-
<b>6 DEFERRED TAX ASSETS (Net)</b>		-
<b>7 CURRENT ASSETS, LOANS AND ADVANCES</b>		
(a) Inventories		-
(b) Sundry Debtors	2	340,336
(c) Cash and Bank balances	3	25,474,500
(d) Other Current Assets		-
(e) Loans and Advances		-
		25,814,836
<b>8 Less : CURRENT LIABILITIES AND PROVISIONS</b>		
(a) Current Liabilities	4	759,844
(b) Provisions	5	4,677
		764,521
<b>9 NET CURRENT ASSETS [(7) Less (8)]</b>		25,050,315
<b>10 MISCELLANEOUS EXPENDITURE</b>	6	470,236
(To the extent not written off or adjusted)		
<b>11 TOTAL ASSETS (NET)</b>		25,520,551
<b>12 NOTES TO ACCOUNTS</b>	8	

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

Mumbai  
Date : May 2, 2011

For and on behalf of the Board of Directors

**F K Kavarana**  
(Director)

**F N Subedar**  
(Director)

**H. N. Sinor**  
(Director)

**Janki Ballabh**  
(Director)

**Praveen P Kadle**  
(Director)

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM  
NOVEMBER 19, 2010 TO MARCH 31, 2011**

Amount (in Rs.)

	Schedule	For the period from November 19, 2010 to March 31, 2011
<b>1 INCOME</b>		
Income from Services		340,336
		<u>340,336</u>
<b>2 EXPENDITURE</b>		
Administrative & other expenses	7	300,944
Miscellaneous expenses written off	6	14,164
		<u>25,228</u>
<b>PROFIT BEFORE TAXES</b>		
<b>3 PROVISION FOR TAXES</b>		
Current tax		4,677
		<u>20,551</u>
<b>NET PROFIT FOR THE PERIOD</b>		
<b>4 Earnings per share</b>		
Basic and Diluted (In Rupees) (not annualised)		0.02
Weighted average number of shares		1,046,241
<b>5 NOTES TO ACCOUNTS</b>	8	

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

Mumbai  
Date : May 2, 2011

For and on behalf of the Board of Directors

**F K Kavarana**  
(Director)

**F N Subedar**  
(Director)

**H. N. Sinor**  
(Director)

**Janki Ballabh**  
(Director)

**Praveen P Kadle**  
(Director)

**STATEMENT OF CASH FLOWS FOR THE PERIOD FROM NOVEMBER 19, 2010  
TO MARCH 31, 2011**

Amount (in Rs.)

	<b>For the period from November 19, 2010 to March 31, 2011</b>
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxes	25,228
<b>Adjustments for :</b>	
Miscellaneous expenses written off	14,164
<b>Operating Profit before working capital changes</b>	<b>39,392</b>
<b>Adjustments for working capital changes :</b>	
Trade and other receivables	(340,336)
Trade payables	300,944
<b>Cash used in operations</b>	<b>-</b>
Taxes paid	-
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>	
Issue of Equity share capital	25,500,000
Share issue expenses	(25,500)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>25,474,500</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,474,500</b>
<b>Cash and cash equivalents as at the beginning of the period :</b>	
Cash on hand	-
Current accounts with scheduled banks	-
<b>Total</b>	<b>-</b>
<b>Cash and cash equivalents as at the end of the period :</b>	
Cash on hand	-
Current accounts with scheduled banks	25,474,500
<b>Total</b>	<b>25,474,500</b>

**In terms of our report attached**

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

Mumbai  
Date : May 2, 2011

For and on behalf of the Board of Directors

**F K Kavarana**  
(Director)

**F N Subedar**  
(Director)

**H. N. Sinor**  
(Director)

**Janki Ballabh**  
(Director)

**Praveen P Kadle**  
(Director)

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET  
AS AT MARCH 31, 2011**

**SCHEDULE "1"**

Amount (in Rs.)

<b>SHARE CAPITAL</b>	<b>As at March 31, 2011</b>
<b>Authorised</b>	
50,00,000 Equity shares of Rs. 10 each	<b>50,000,000</b>
	<b>50,000,000</b>
<b>Issued</b>	
25,50,000 Equity shares of Rs.10 each	<b>25,500,000</b>
	<b>25,500,000</b>
<b>Subscribed and Fully Paid Up</b>	
25,50,000 Equity shares of Rs.10 each	<b>25,500,000</b>
	<b>25,500,000</b>

Note:

(All the equity shares are held by the holding company, Tata Capital Limited and its nominees. The ultimate holding company is Tata Sons Limited)

**SCHEDULE "2"**

Amount (in Rs.)

<b>SUNDRY DEBTORS UNSECURED</b>	<b>As at March 31, 2011</b>
(a) Over six months	
(i) Considered good	-
(ii) Considered doubtful	-
(b) Others	
(i) Considered good (due from e-Nxt Financials Limited)	<b>340,336</b>
(ii) Considered doubtful	-
	<b>340,336</b>

**SCHEDULE "3"**

Amount (in Rs.)

<b>CASH AND BANK BALANCES</b>	<b>As at March 31, 2011</b>
(a) Cash on Hand	-
(b) Bank Balance with Scheduled Banks	25,474,500
	<b>25,474,500</b>

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET  
AS AT MARCH 31, 2011**

**SCHEDULE "4"** Amount (in Rs.)

<b>CURRENT LIABILITIES</b>	<b>As at March 31, 2011</b>
(a) Sundry creditors	
(i) Payable to Micro and Small Enterprises [Refer note below]	-
(ii) Others	5,000
(b) Payable to Holding Company	754,844
	<u>759,844</u>

Note : On the basis of responses received against enquiries made by the Company, the amount of principal outstanding in respect of Micro and Small Enterprises as at Balance sheet date is Rs Nil .

**SCHEDULE "5"** Amount (in Rs.)

<b>PROVISIONS</b>	<b>As at March 31, 2011</b>
Provision for Income Tax	4,677
	<u>4,677</u>

**SCHEDULE "6"** Amount (in Rs.)

<b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>	<b>As at March 31, 2011</b>
Opening balance of unamortised share issue expenses and preliminary expenses	-
Add : Share issue expenses and preliminary expenses incurred during the period	484,400
Less : written off during the period	14,164
	<u>470,236</u>

**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD FROM NOVEMBER 19, 2010 TO MARCH 31, 2011**

**SCHEDULE "7"** Amount (in Rs.)

<b>ADMINISTRATIVE AND OTHER EXPENSES</b>	<b>For the period from November 19, 2010 to March 31, 2011</b>
Statutory Audit fees	5,000
Service Provider Charges	295,944
	<u>300,944</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD FROM NOVEMBER 19, 2010 TO MARCH 31, 2011.****SCHEDULE 8 :****NOTES FORMING PART OF THE FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES :****(i) Basis for preparation of the financial statements**

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles and in compliance with the relevant provisions of the Companies Act, 1956.

**(ii) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Examples of such estimates include provisions for doubtful debts and advances and employee benefit plans.

**(iii) Provisions, Contingent liabilities and contingent assets**

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A Contingent asset is neither recognised nor disclosed in the financial statements.

**(iv) Earnings per Share**

Basic Earnings per Share (before dilution) is calculated by dividing the net profit / (Loss) after tax for the period attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the period.

Diluted earnings per share is calculated by dividing the net profit / (Loss) after tax for the year attributable to equity shareholders of the Company by the weighted number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

**(v) Cash Flow Statements**

The Cash-Flow Statement is prepared in accordance with the "Indirect Method" as explained in the Accounting Standard (AS) 3 on Cash Flow Statements.

**(vi) Miscellaneous Expenses**

Miscellaneous expenditure comprising pre-incorporation / shares issue expenses such as stamp duty and registration fees has been amortised over a period of 36 months from the month in which the Company has incurred the expenditure.

2. The Company was incorporated on November 19, 2010.

3. Pursuant to the issuance of Core Investment Company ("CIC") guidelines vide circulars dated August 12, 2010 and January 05, 2011, by the Reserve Bank of India, the holding company, Tata Capital Limited is proposing to reorganize its operations through a Court approved Scheme of Arrangement ("Scheme") by transferring its lending business and certain investments and assets to the Company effective April 01, 2011.

This proposed reorganization would be subject to receipt of certain approvals/registrations from Reserve Bank of India / regulatory / statutory authorities and the approval of the Scheme by the Court.

#### 4. The Micro, Small and Medium Enterprises Development Act, 2006

According to the records available with the Company, there were no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the period and as at the end of the period. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the said Act have not been given.

#### 5. Related Party Disclosures

Disclosure as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" are detailed below:

##### Names of the related parties and description of relationship as at March 31, 2011 :

Related Party	Relationship
Tata Capital Limited	Holding Company
e-Nxt Financials Limited	Subsidiary of Ultimate Holding Company

The Company's related party balances and transactions are summarised as follows :

Sr. No.	Party Name		Nature of transaction	For the period November 19, 2010 to March 31, 2011
1	Tata Capital Limited	a)	Issue of Equity Share Capital	25,500,000
		b)	Reimbursement of Preliminary Expenses	458,900
		c)	Expenses -Service Provider Charges	295,944
		d)	Charges Balance Receivable / (Payable)	(754,844)
2	e-Nxt Financials Limited	a)	Income - Services Provided	340,336
		b)	Balance Receivable / (Payable)	340,336

#### 6. Employee Benefit Obligations

The Company does not have any employee on its payroll. In view of the above, the disclosures required to be made in accordance with Accounting Standard (AS) 15 on "Employee Benefits" have not been made.

7. Since the company has not yet commenced operations, the deferred tax asset has not been recognised due to lack of reasonable certainty.

8. Contingent Liability : Rs NIL

#### 9. Previous Years' figures

These financial statements have been prepared from the date of incorporation i.e November 19, 2010 to March 31, 2011. As this is the first year of the Company, figures for the previous period have not been furnished.

#### For and behalf of the Board of Directors

**F K Kavarana**

Director

**F N Subedar**

Director

**H. N. Sinor**

Director

**Janki Ballabh**

Director

**Praveen P Kadle**

Director

Mumbai  
Date: May 2, 2011



## Balance Sheet Abstract and Company's General Profile

**I REGISTRATION DETAILS**

REGISTRATION NO.	U67100MH2010PLC210201		
BALANCE SHEET DATE	March 31, 2011	STATE CODE	11

**II CAPITAL RAISED DURING THE YEAR (AMT IN RS)**

PUBLIC ISSUE	NIL	RIGHT ISSUE	25,500,00
BONUS ISSUE	NIL	PRIVATE PLACEMENT	NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT IN RS)**

TOTAL LIABILITIES	25,520,551	TOTAL ASSETS	25,520,551
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**SOURCES OF FUNDS**

PAID UP CAPITAL	25,500,000	RESERVES AND SURPLUS	20,551
SECURED LOANS	NIL	UNSECURED LOANS	NIL
DEFERRED TAX LIABILITY	NIL		

**APPLICATION OF FUNDS**

NET FIXED ASSETS	NIL	INVESTMENTS	NIL
DEFERRED TAX ASSETS	NIL	NET CURRENT ASSETS	25,050,315
MISC EXPENDITURE	470,236	ACCUMULATED LOSSES	-

**IV PERFORMANCE OF THE COMPANY (AMT IN RS)**

TURNOVER	340,336	TOTAL EXPENDITURE	315,108
PROFIT / (LOSS) BEFORE TAX	25,228	PROFIT / (LOSS) AFTER TAX	20,551
EARNINGS PER SHARE IN RS.	0.02	DIVIDEND RATE%	NIL

**V GENERIC NAMES OF PRODUCT / SERVICES OF THE COMPANY**

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