

# **17<sup>th</sup> ANNUAL REPORT**

**2010-2011**

**CHIRAU FINANCE INVESTMENT &  
LEASING CO. LTD.**

**Regd. Office: 33 LGF, BABAR ROAD,  
BENGALI MARKET, NEW DELHI - 110001**

## **-: CORPORATE INFORMATION :-**

### **BOARD OF DIRECTORS**

Vijay Pal Shukla	Director
Prakash Chand Baid	Director
Mukesh Kumar	Director
Saroj Gupta*	Nominee Director
Bharat Gupta*	Nominee Director

(\* Appointed on 30.04.2011 as nominee director through Postal ballot dated 30.04.2011)

### **AUDITORS**

M/s J.Kumar & Associates  
Chartered Accountants,  
FF-79, Ansal Fortune Arcade,  
Sector-18, Noida (U.P.)

### **REGISTERED OFFICE**

33, LGF, Babar Road, Bengali Market,  
New Delhi – 110001

### **LISTED WITH STOCK EXCHANGE**

DELHI STOCK EXCHANGE LIMITED  
DSE House, 3/1 Asaf Ali Road,  
New Delhi-110002.

## **NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of **CHIRAU FINANCE INVESTMENT AND LEASING CO. LTD.** will be held on Friday, 30<sup>th</sup> September, 2011, at the Registered Office of the Company i.e. 33, LGF, Babar Road, Bengali Market, New Delhi – 110001 at 3.00 P.M. to transact the following businesses:

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### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance sheet as at 31<sup>st</sup> March 2011 and the Profit and Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Mukesh Kumar, who is liable to retire by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s J. Kumar & Associates, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of Next Annual General Meeting & to Fix their remuneration.

**By Order of the Board  
For Chirau Finance Investment And Leasing Co. Ltd.**

**Sd/-  
(Saroj Gupta)  
Director**

**Dated: 06.09.2011**

**Place: New Delhi**

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED, AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ATTACHED HEREWITH THE ANNUAL REPORT.**
2. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during the office hours on all working days except Sunday and holidays, between 11:00 a.m. to 1:00 p.m., up to the date of this Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2011 to 30th September, 2011 (both days inclusive).
4. Members/Proxies should bring the attendance slip sent herewith, duly filled in, for attending the meeting.
5. Members desirous of seeking clarifications on Accounts are requested to send their queries to the Company at its Registered Office at the earliest to enable the Company to compile and furnish the required information.
6. Shareholders are requested to bring their copy of Annual Report to the Annual General Meeting.
7. Members may kindly note that no gift/gift coupons will be distributed at Annual General Meeting.

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have immense pleasure in presenting the Seventeenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2011

#### **1. FINANCIAL HIGHLIGHTS**

(Fig. in Thousand)

Particulars	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
Turnover	275.57	379.50
Expenditures	264.59	396.76
Profit/(Loss) before Tax	10.98	(17.26)
Less : Provision for Tax	3.39	-
Net Profit/(Loss) after Tax	7.59	(17.26)

#### **2. DIRECTORS**

Mr. Mukesh Kumar retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

#### **3. AUDITORS**

M/s. J.KUMAR & ASSOCIATES, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re - appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956 and they are not disqualified for such an appointment, within the meaning of Sub- section (3) and (4) of Section 226 of the Companies Act, 1956. Accordingly, M/s. J.KUMAR & ASSOCIATES, Chartered Accountants are required to be reappointed as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Audit Committee and your Board recommends their reappointment as statutory auditors of the Company.

#### **4. DIVIDEND**

As the Company has suffered losses during the year, the Board of Directors do not recommend any dividend for the financial year ended on 31st March 2011.

#### **5. AUDITOR'S REPORT**

There is no adverse qualification in the Auditor's Report.

## **6. SECRETARIAL COMPLIANCE CERTIFICATE**

The Directors have gone through observation made by the practicing Company secretary through their Compliance Certificate under section 383A (1) of the Companies Act, 1956 and are in agreement.

## **7. LISTING OF SECURITIES**

The Company's Equity Shares are listed on the Delhi Stock Exchange Limited.

## **8. PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, no employee of the Company is in receipt of remuneration in excess of the limits prescribed there under.

## **9. DEPOSITS FROM PUBLIC**

The Company has not accepted any public deposit within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended up to date.

## **10. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **ENERGY CONSERVATION:-**

The particulars in respect of Energy Conservation are not applicable to your Company in terms of Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### **TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT**

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Technology Absorption and Research and Development are not applicable to your Company

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

As your Company does not deal in Foreign Exchange, therefore the particulars relating to Foreign Exchange Earnings and Outgo are not applicable to your Company.

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the period ended 31.03.2011, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and

made judgments & estimates that were reasonable & prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the year and of the Profit & Loss A/c of the company for the financial year under review;

- The Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- The Annual Accounts for the year ended 31st March, 2011 have been prepared on a going concern basis.

## **12. INDUSTRIAL RELATIONS**

Since the Company is not into any kind of manufacturing activity, there is no matter to discuss about industrial relations and the Company is maintaining cordial relations with its staff members.

## **13. CORPORATE GOVERNANCE**

Your Company has implemented all the stipulations of the Corporate Governance Practices set out by the Securities and Exchange Board of India and as provided in Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

## **14. ACKNOWLEDGEMENT**

The Directors wish to place on record their deep appreciation for the wholehearted co-operation received from its Business Associates, Bankers and especially the shareholders for reposing confidence in the company.

**For and on behalf of the Board  
Chirau Finance Investment And Leasing Co. Ltd.**

**Dated: 06.09.2011  
Place: New Delhi**

**Sd/-  
Saroj Gupta  
(Director)**

**Sd/-  
Bharat Gupta  
(Director)**

## **Annexure – A to the Directors’ Report for the year ended 31<sup>st</sup> March, 2011**

### **CORPORATE GOVERNANCE REPORT**

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The basis of Corporate Governance envisages optimal utilization of resources for enhancing the values of the enterprise by effectively monitoring executive performance and supporting the entrepreneurship spirit and to ensure ethical behaviour of the enterprise in honoring and protecting the rights of all stakeholders, including discharge of social responsibility, through highest level of transparency and accountability in all facets of its operations. The core values of the Company are:

- Caring for people
- Integrity including intellectual honesty, openness, fairness & trust.
- Commitment to excellence and customer satisfaction.

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment in interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre. The Company strives to set and achieve high standards of Corporate Governance. The very essential characteristics of the Company are transparent functioning, social responsiveness and accountability towards shareholders.

This year’s annual report has made substantial disclosures on the Board of Directors, financial performance, which are as follows:

#### **1. BOARD OF DIRECTORS:**

The Board of Directors of the Company comprises of a fair number of independent professional directors. All the Directors are non- executive.

<b>Name</b>	<b>Category</b>	<b>Designation</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>	<b>Attendance of each Director At last AGM</b>
Mr. Vijay Pal Shukla	Non Executive Independent Director	Director	06	06	Yes
Mr. Prakash Chand Baid	Non Executive Independent Director	Director	06	06	Yes
Mr. Mukesh Kumar	Non Executive Independent Director	Director	06	06	Yes

#### **Details of Board Meetings**

Six Board Meetings were held during the year on 27/04/2010, 28/05/2010, 23/07/2010, 09/11/2010, 04/02/2011 & 31/03/2011. The Company has held at least one Board Meeting in every three



months and maximum gap between any such two meetings was not more than three months.

## **2. AUDIT COMMITTEE**

The Company has in accordance with the Listing agreement constituted an Audit Committee to exercise powers and discharge functions as stipulated in the Clause 49 of the Listing agreement. The audit committee reviews:

- a) The audit procedure and techniques
- b) With the management external and internal procedures
- c) The adequacy of internal control system.
- d) The company's financial reporting processes and ensures that the financial statements give a true and fair view of the affairs of the company.

It provides assistance to the board of Directors in fulfilling the Board's oversight responsibilities.

The Audit Committee as constituted in compliance of Clause 49 of Listing agreement consists of following three members:

<b>Name of the Director</b>	<b>Category</b>	<b>Designation</b>
Mr. Prakash Chand Baid	Non Executive Independent Director	Chairman
Mr. Vijay Pal Shukla	Non Executive Independent Director	Member
Mr. Mukesh Kumar	Non Executive Independent Director	Member

Dates of Meetings and Members attendance at the meetings were as follows:

<b>Date of Meeting</b>	<b>No. of Members present</b>
28 <sup>th</sup> May, 2010	3
23 <sup>rd</sup> July, 2010	3
09 <sup>th</sup> November, 2010	3
04 <sup>th</sup> February, 2011	3

## **ROLE AND RESPONSIBILITIES**

The role of Audit Committee includes the review of following:

- Financial Reporting Process
- Draft Financial Results (Quarterly & Annual)
- Internal Audit Reports
- Record of related party transaction
- Reviewing the company's financial and risk management policies
- Management discussion and analysis of financial condition and results of operations
- Compliance with stock exchanges and legal requirement concerning financial statements
- Any other power which are specifically delegated by the board from time to time

The role of the Audit Committee includes recommending the appointment and removal of Statutory Auditor, discussion of Audit plan, fixation of Audit fees and also approval for payment of any other services.

### **3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Shareholders/ Investor Grievance Committee consist of three Directors:

<b>Name of the Director</b>	<b>Category</b>	<b>Designation</b>
Mr. Prakash Chand Baid	Non Executive Independent Director	Chairman
Mr. Vijay Pal Shukla	Non Executive Independent Director	Member
Mr. Mukesh Kumar	Non Executive Independent Director	Member

Dates of Meetings and Members attendance at the meetings were as follows:

<b>Date of Meeting</b>	<b>No. of Members present</b>
28 <sup>th</sup> May, 2010	3
23 <sup>rd</sup> July, 2010	3
09 <sup>th</sup> November, 2010	3
04 <sup>th</sup> February, 2011	3

The Committee redresses complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of Annual Report, dematerialization of shares, non-receipt of declared dividend etc.

### **4. GENERAL BODY MEETINGS**

Details about Annual General Meetings held in last three years

<b>For the Year</b>	<b>Venue</b>	<b>Day, Date &amp; Time</b>	<b>Special Resolution *</b>
2007-08	Registered Office	Wednesday, 24 <sup>th</sup> September, 2008, 10.00 A.M.	No Special Resolution passed
2008-09	Registered Office	Thursday, 27 <sup>th</sup> August, 2009, 10.00 A.M.	No Special Resolution passed
2009-10	Registered Office	Thursday, 30 <sup>th</sup> September, 2010, 03.00 P.M.	No Special Resolution passed

Details about Extra Ordinary General Meetings held in last three years

<b>For the Year</b>	<b>Venue</b>	<b>Day &amp; Date</b>	<b>Special Resolution</b>
2009-10	Registered Office	Monday, 15 <sup>th</sup> February, 2010	No Special Resolution passed

No resolution was passed through Postal Ballot during the period under review.

### **5. REMUNERATION COMMITTEE**

Constitution of Remuneration Committee by a listed public Company pursuant to Listing Agreement is voluntary. Presently the company not constituted any remuneration committee.

## **6. POSTAL BALLOT INFORMATION**

No resolutions were passed through Postal Ballot during the period under review.

## **7. DISCLOSURES**

No transaction of material nature has been entered into by the company with its promoters, directors or management or relatives etc. that may have potential conflict with the interest of the company.

## **8. MEANS OF COMMUNICATION**

The quarterly un-audited financial results are sent to Stock Exchanges where the Company's Shares are listed immediately after the Board Meetings.

- The notice of the AGM annexed with Annual Report is sent to the shareholders well in advance of the AGM.
- The Postal Ballot notices along with the Postal Ballot sent to the shareholders well in advance for making their board for the resolution.
- Any website :No
- Whether it also displays official news releases and Presentation made to institutional investors/analyst N.A.
- Whether Management Decision and Analysis Report is a part of Annual Report Yes it is a part of Director Report

## **9. CEO CERTIFICATION**

A certificate from the Director of the Company on the financial statements of the Company was placed before the Board.

## **10. SHAREHOLDERS' INFORMATION**

### **(1) Annual General Meeting**

Day : Friday

Date : September 30, 2011

Venue: 33 LGF Road, Babar Road, Bengali Market, New Delhi- 110001

### **(2) Financial Calendar (Tentative) for the Financial Year 2011-2012**

Financial Reporting for the quarter ending June 30, 2011: Second week of August, 2011

Financial Reporting for the quarter ending Sep 30, 2011: Second week of November, 2011

Financial Reporting for the quarter ending Dec 31, 2011: Second week of February, 2012

Financial Reporting for the quarter ending March 31, 2012: Last week of May, 2012

### **(3) Book Closure Date**

The Register of members and share transfer Register will remain closed from 27.09.2011 to 30.09.2011 (both days inclusive) on account of Annual General Meeting.

**(4) Dividend Payment Date**

No dividend has been recommended by the Board for the year ended 31<sup>st</sup> March, 2011

**(5) Listing at Stock Exchange:**

The Delhi Stock Exchange Limited  
3/1, Asaf Ali Road, New Delhi-110002

**(6) Registrar & Share Transfer agents:**

The company has in house share transfer facility at the following address:

Chirau Finance Investment & Leasing Co. Limited  
33 LGF, Babar Road, Bengali Market, New Delhi-110001.

**(7) Share transfer system:**

Shares received for transfer along with valid transfer deeds and other necessary requisite documents and complete in all respects are verified and processed for transfer by the Company and returned within a period of 5-7 days from the date of receipt.

**(8) Address for correspondence:**

Chirau Finance Investment And Leasing Co. Limited  
33 LGF, Babar Road, Bengali Market, New Delhi-110001.

**CERTIFICATE OF COMPLAINE WITH THE CODE OF CONDUCT AS PER CLAUSE  
49 OF LISTING AGREEMENT**

I, Saroj Gupta, director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and senior management and the Board members and senior management have affirmed compliance with the Code of Conduct of the Company.

**For and on Behalf of  
Chirau Finance Investment And Leasing Co. Limited**

**Sd/-  
(Saroj Gupta)  
Director**

## CEO CERTIFICATION

I, Saroj Gupta, Non Executive Director of Chirau Finance Investment And Leasing Co. Ltd., to the best of my knowledge and belief hereby certify that:

a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

d) I have indicated to the Auditors and the Audit Committee;

- i) significant changes in internal control over financial reporting during the year;
- ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ;and
- iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

**Date: 06.09.2011**  
**Place: New Delhi**

**Sd/-**  
**(Saroj Gupta)**  
**Director**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **OVERVIEW**

The financial statements are prepared in compliance with the requirements of the Companies Act, 1956. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The management of **Chirau Finance Investment And Leasing Co. Ltd.** accepts responsibility for the integrity and objectivity of these financial statements.

#### **A. REVIEW OF OPERATIONS:**

The overall performance during the year 2010-11 has been satisfactory. However, the Company is endeavouring its best for:

- A. Exploring new areas for growth
- B. Cost reduction measures involving increased focus on operational efficiencies, energy savings and control over administration costs.
- C. Better working capital management.
- D. Professional Management

#### **B. CORPORATE GOVERNANCE:**

As per the listing requirements, the Company is required to comply with mandatory provisions by 31<sup>st</sup> March, 2011. The company has complied with the requirement as to disclosure in Corporate Governance by including a report on Corporate Governance in this Annual Report of the Company for the financial year 2010-11 inter-alia giving information on the following:

- i) Company's philosophy on code of Corporate Governance;
- ii) Constitution of Board of Directors;
- iii) Constitution of Audit Committee and Shareholders Grievance Committee;
- iv) Details of General Body Meeting held in respect of last three financial years;
- v) Disclosure on certain important matters;
- vi) Means of communication and shareholder information.

#### **C. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:**

The Company believes that the employees are the backbone of the Company. It is providing an opportunity to all the employees to utilize their full potential and grow in the Organization. There was no employee during the financial year.

#### **D. INTERNAL CONTROL SYSTEMS:**

The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business.

#### **E. CAUTIONARY STATEMENT:**

Statements in the "Management Discussion and Analysis" describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws or regulations. These Statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could

make a difference to the Company's operations include changes in Govt. regulations, tax regimes, economic developments and other factors such as litigation.

**For and on behalf of the Board**

**Dated: 06.09.2011**  
**Place: New Delhi**

**Sd/-**  
**Saroj Gupta**  
**(Director)**

**Sd/-**  
**Bharat Gupta**  
**(Director)**



## AUDITORS' REPORT

### **To the Members of CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED**

1. We have audited the attached Balance Sheet of M/S CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED as at March, 31, 2011, Profit and Loss Account and 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 have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies Auditor's Report (amended) order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, 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 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 the books;
  - c) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors of the company, that none of its directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with Notes to 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 of the Company for the year ended on that date; and
- (iii) In the case of the cash flow statement, of the cash flow statement of the Company for the year ended on that date.

**For J.Kumar & Associates**  
**Firm Regn. No. : 016917N**  
**Chartered Accountants**

**Sd/-**  
**JITENDRA KUMAR**  
(Prop.)  
M.NO.073856

Place: New Delhi  
Dated: 30-05-2011

**Annexure referred to in paragraph '3' of the Auditors' Report to the Members of CHRAU FINANCE INVESTMENT AND LEASING CO. LIMITED on the accounts for the year ended March 31, 2011**

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1. The Company has no fixed assets as on the date of balance sheet. Therefore the provisions of clause (i) of para 4 of the order are not applicable to the company.
2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company is maintaining proper records of inventory. No material discrepancies were noticed during the physical verification of the stock.
3. According to the information and explanation given to us, the Company has not taken/granted any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956. Therefore the provisions of clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. According to the information and explanations given to us, and on the basis of the records produced before us, we are of the opinion that there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956
6. According to the information and explanations given to us, and on the basis of the records produced before us, the Company has not accepted any deposits from the public. Therefore the provisions of clause 4 (iv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
7. In our opinion, the Company does not have any internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, no cost records have been prescribed by the rules made by the Central Govt., for the maintenance of cost record u/s 209(1) (d) of the companies Act, 1956, therefore the provision of clause 4(viii) of the CARO, 2003 are not applicable to the company.
9. According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities' undisputed statutory dues, including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts

payable in respect of income tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears, as at 31.03.11 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

10. According to the information and explanations given to us, the accumulated losses of the company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit but there were the cash losses in the immediately preceding Financial year.
11. Based on our audit procedures and on the basis of information's and explanations given by the management, the Company has not taken any loans from any financial institution, bank or debenture holders, so there is no question of default in repayment.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the Company.
14. In our opinion the Company is dealing in trading in shares, securities, debentures and other investments and maintained proper records of the transactions and contracts, made timely entries therein .The shares and other investments have been held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. As such, the provisions of clause 4(xv) of the said Order are not applicable to the Company.
16. According to the information and explanations given to us, the Company has not taken any term loan. Accordingly, the provisions of clause 4(xvi) of the said Order are not applicable to the Company.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year. Accordingly, the provisions of clause 4(xviii) of the said Order are not applicable to the Company.
19. According to the information and explanations given to us, the Company has not issued any

Debentures during the year. As such, the provisions of clause 4(xix) of the said Order are not applicable to the Company.

20. According to the information and explanations given to us the Company has not raised any money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the said Order are not applicable to the Company.
21. As explained to us, no fraud on or by the Company has been noticed or reported during the year. Accordingly, provisions of clause 4(xxi) of the said Order are not applicable to the Company.

For **J. Kumar & Associates**  
**Firm Regn. No. : 016917N**  
**Chartered Accountants**

Sd/-  
**JITENDRA KUMAR**  
(Prop.)  
M.NO.073856

Place: New Delhi  
Dated: 30-05-2011

**CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCH.	AMOUNT AS AT 31ST MARCH 2011	AMOUNT AS AT 31ST MARCH 2010
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>Shareholders Funds</u></b>			
Share Capital	I	32,517,000.00	32,517,000.00
	TOTAL	<u>32,517,000.00</u>	<u>32,517,000.00</u>
<b><u>APPLICATION OF FUNDS</u></b>			
Investments	II	-	5,000,000.00
<b><u>Current Assets, Loans &amp; Advances:</u></b>			
Inventories	III	5,747,720.00	5,897,720.00
Sundry Debtors	IV	8,786,375.00	3,613,875.00
Cash & Bank Balances	V	94,687.50	106,207.50
Loans & Advances	VI	17,565,888.00	17,565,888.00
		<u>32,194,670.50</u>	<u>27,183,690.50</u>
Less : Current Liabilities & Provisions	VII		
Current Liabilities		2,500.00	2,500.00
Provisions		3,393.00	-
		<u>5,893.00</u>	<u>2,500.00</u>
Net Current Assets		<u>32,188,777.50</u>	<u>27,181,190.50</u>
Profit & Loss Account		328,222.50	335,809.50
	TOTAL	<u>32,517,000.00</u>	<u>32,517,000.00</u>
Significant Accounting Policies & Notes to Accounts forming part of Accounts	IX		

In terms of our audit report of even date attached

**For J.Kumar & Associates**

**Firm Regn. No. : 016917N**

**Chartered Accountants**

Sd/-

JITENDRA KUMAR

(Proprietor)

Membership No. 073856

**For and on behalf of the Board of Directors**

Sd/-

SAROJ GUPTA

(Director)

Sd/-

BHARAT GUPTA

(Director)

Place : New Delhi

Date: 30-05-2011

**CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

PARTICULARS	SCH.	YEAR ENDED 31ST MARCH.2011	YEAR ENDED 31ST MARCH.2010
(Amount in Rs)			
<b><u>INCOME</u></b>			
Sale of Shares		172,500.00	379,500.00
Professional Receipts		103,070.00	-
Closing Stock		5,747,720.00	5,897,720.00
	Total	6,023,290.00	6,277,220.00
<b><u>EXPENDITURE</u></b>			
Opening Stock		5,897,720.00	6,257,900.00
Administrative & Other Expenses	VIII	114,590.00	36,586.55
	Total	6,012,310.00	6,294,486.55
Profit/(Loss) during the year		10,980.00	(17,266.55)
Provision for taxation		3,393.00	-
Net profit/(Loss) after tax		7,587.00	(17,266.55)
Profit/(Loss) brought forward		(335,809.50)	(318,542.95)
Profit/(Loss) carried forward		(328,222.50)	(335,809.50)
E.P.S (Basic & Diluted)		0.002	(0.005)
Nominal Value of shares (Rs.)		10.00	10.00
Significant Accounting Policies & Notes to Accounts forming part of Accounts	IX		

In terms of our audit report of even date attached

**For J.Kumar & Associates**

**Firm Regn. No. : 016917N**

**Chartered Accountants**

Sd/-

JITENDRA KUMAR

(Proprietor)

Membership No. 073856

**For and on behalf of the Board of Director**

Sd/-

SAROJ GUPTA

(Director)

Sd/-

BHARAT GUPTA

(Director)

Place : New Delhi

Date: 30-05-2011

**CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED**

**SCHEDULE FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH,2011**

PARTICULARS	AMOUNT AS AT 31ST MAR,2011	AMOUNT AS AT 31ST MAR,2010
<b>SCHEDULE-I</b>		
<b><u>AUTHORISED SHARE CAPITAL</u></b>		
3500000 Equity shares of Rs. 10/- each (Previous Year 3500000 Equity shares of Rs. 10/- each)	35,000,000.00	35,000,000.00
<b><u>ISSUED,SUBSCRIBED &amp; PAID UP CAPITAL</u></b>		
32,51,700 Equity shares of Rs.10/- each (Previous Year 3251700 Equity shares of Rs. 10/- each fully paid up)	32,517,000.00	32,517,000.00
Total	32,517,000.00	32,517,000.00
<b>SCHEDULE-II</b>		
<b><u>INVESTMENTS (Long Term)</u></b>		
<b><u>In Equity Shares fully paid up (Unquoted):</u></b>		
	<b>No. of Shares</b>	<b>F.V.</b>
Ravico India Ltd (Previous Year 5,00,000 Equity shares of Rs. 10/- each ) (Aggregate value of unquoted investments Rs. Nil, P.Y. Rs. 5000000/-)	- 10.00	5,000,000.00
Total	-	5,000,000.00
<b>SCHEDULE- III</b>		
<b><u>INVENTORIES</u></b>		
(As Taken,Valued & Certified by management)	5,747,720.00	5,897,720.00
Total	5,747,720.00	5,897,720.00
<b>SCHEDULE- IV</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured considered good by the management)		
Debts outstanding for a period exceeding six months	3,613,875.00	3,234,375.00
Other Debts	5,172,500.00	379,500.00
Total	8,786,375.00	3,613,875.00
<b>SCHEDULE- V</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash in hand	94,687.50	106,207.50
Total	94,687.50	106,207.50
<b>SCHEDULE- VI</b>		
<b><u>LOANS &amp; ADVANCES :</u></b>		
(Unsecured, considered goods)		
Recoverable in cash or in kind	17,525,000.00	17,525,000.00
Tax Deducted at Source	40,888.00	40,888.00



Total	<u>17,565,888.00</u>	<u>17,565,888.00</u>
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**SCHEDULE- VII**

**CURRENT LIABILITIES & PROVISIONS**

**Current Liabilities**

Audit Fees Payable	<u>2,500.00</u>	<u>2,500.00</u>
	2,500.00	2,500.00

**Provisions**

Provision for Income Tax	<u>3,393.00</u>	<u>-</u>
	3,393.00	-

Total	<u>5,893.00</u>	<u>2,500.00</u>
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**SCHEDULE VIII**

**ADMINISTRATIVE & OTHER EXPENSES**

Salary	75,000.00	-
Staff Welfare	7,840.00	-
Audit Fee	2,500.00	2,500.00
AGM Expenses	3,870.00	2,500.00
Professional Charges	2,250.00	2,404.00
Filing fee	2,000.00	2,550.00
Printing & Stationery	14,866.00	4,270.00
Misc. Expenses	1,870.00	2,250.00
Postage & Telegram	2,120.00	7,614.00
Publishing Expenses	2,274.00	1,053.00
Short & Excess	-	11,445.55

Total	<u>114,590.00</u>	<u>36,586.55</u>
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## CHIRAU FINANCE INVESTMENT AND LEASING CO. LIMITED

### SCHEDULE-IX

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS AS ON 31ST MARCH, 2011**

##### **A) SIGNIFICANT ACCOUNTING POLICIES:**

###### **1. Accounting Convention & Revenue Recognition**

- i) The accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principles and mandatory Accounting Standards.
- ii) The company follows mercantile system of accounting and recognises Income and expenditure on accrual basis except specifically stated otherwise.

###### **2. Fixed Assets**

The Company does not have any fixed assets.

###### **3. Inventories**

Inventory is valued at cost or Net Realisable Value whichever is lower.  
Cost has been calculated at FIFO basis.

###### **4. Taxation**

Provision for tax is made for Current Taxes. Current tax is provided on the basis of taxable income computed in accordance with the provision of the income-tax Act, 1961. Deferred tax assets is not recognized due to the consideration of prudence.

##### **B. NOTES ON ACCOUNTS:**

1. In the opinion of the Board and to the best of its knowledge, the value on realisation of Current Assets , Loans & Advances, in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet except stated otherwise elsewhere.

###### **2. Provision for Taxation**

In view of brought forward losses on considerations of prudence, the company has not recognized the cumulative net deferred tax asset as stipulated in Accounting Standard 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

###### **3. Related Party Disclosure**

- a) Key Management Personnel (Nominee directors)

- i) Mr. Vijay Pal Shukla
- ii) Mr. Mukesh Kumar
- iii) Mr. Parkash Chand Vaid

- b) Related Party Transactions

There is no related party transaction during the year.

4. At present there is no person in the employment of the company to whom the company is liable to pay any retirement benefits.
5. According to the information available with the company, there is no amount due to Micro, Small & Medium Enterprises as at 31<sup>st</sup> March, 2011.

6. As the Company is engaged in trading of shares activities quantitative information required by part ii(b) of part 3 of the part II of the schedule VI of the Companies Act, 1956, is given hereunder:

	31.03.11		31.03.10	
	Quantity	Value (Rs)	Quantity	Value (Rs)
Opening Stock	589700	5897720	622500	6257900
Purchase	Nil	Nil	Nil	Nil
Sales	150000	172500	32800	379500
Closing Stock	574700	5747720	589700	5897720

7. Information required to be given pursuant to the provisions of Part-II of Schedule-VI to the Companies Act, 1956:

	2010-2011	2009-2010
a) Payment to Directors-	Nil	Nil
b) Payment to Auditors-		
Audit Fee -	Rs 2,500/	Rs. 2500/-
For other services -	Rs. 2250/-	Rs. 2404/-
c) Earnings/ (Expenses) in foreign currency-	Nil	Nil

8. There is no other information required to be given pursuant to the provisions of Part-II of Schedule-VI to the Companies Act, 1956 except to the extent as mentioned above.

9. **Contingent Liabilities**

There are no contingent liabilities.

10. Previous year figures have been re-grouped and re-arranged wherever necessary.

11. Schedules 'I' to 'VIII' form an integral part of the Balance Sheet and Profit and Loss Account .

In terms of our audit report of even date attached

**For J.Kumar & Associates**  
**Firm Regn. No. : 016917N**  
Chartered Accountants

**For and on behalf of the board of Directors**

Sd/-  
Jitendra Kumar  
Proprietor  
M.No.073856

Sd/-  
Saroj Gupta  
Director

Sd/-  
Bharat Gupta  
Director

Place: New Delhi  
Dated: 30-05-2011

**CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED**

**Cash Flow Statement as on 31st March, 2011**

(Amount in Rs)		
Particulars	AS AT 31st Mar,2011	AS AT 31st Mar,2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation, and extraordinary items	10,980	(17,267)
Adjustments for:		
Misc. Exp. Written off	-	-
Depreciation	-	-
Operating Profit/(Loss) before Working Capital Changes	10,980	(17,267)
(Increase)/Decrease in Trade Receivables	(5,022,500)	98,680
(Decrease)/Increase in Current Liabilities	-	(16,036)
Cash Flow from Operating Activities before tax	(5,011,520)	65,377
Direct Tax Paid	-	-
Net cash from Operating Activities (A)	(5,011,520)	65,377
 <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Investments	5,000,000	-
Cash used in Investing Activities (B)	5,000,000	-
 <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Unsecured Loans	-	-
Net Cash used in Financing Activities (C)	-	-
Net Inflow/(Outflow) {A+B+C}	(11,520)	65,377
 <b>D. Net Increase in Cash &amp; Cash Equivalents</b>		
Closing Balance of Cash	94,688	106,208
Less: Opening Balance of Cash	106,208	40,831
Net inflow /(Outflow)	(11,520)	65,377

**For & on Behalf of Board of Directors**

Place : New Delhi  
Date : 30-05-2011

Sd/-  
SAROJ GUPTA  
Director

Sd/-  
BHARAT GUPTA  
Director

## AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED for the year ending on 31st March, 2011 and 31st March, 2010. The statement has been prepared by the company in accordance with the requirements of clause 32 of Listing Agreement with the stock exchange and is in agreement with corresponding Profit & Loss Account and Balance sheet of the company.

Auditors' Report

As per our report of even date attached

**For J.Kumar & Associates**

**Firm Regn. No. : 016917N**

**Chartered Accountants**

**Sd/-**

**Jitendra Kumar**

**Proprietor**

**Membership No. 073856**

**Place : New Delhi**

**Date : 30-05-2011**

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Members,  
CHIRAU FINANCE INVESTMENT AND LEASING CO. LIMITED

We have examined the compliance of conditions of Corporate Governance by **CHIRAU FINANCE INVESTMENT AND LEASING CO. LIMITED** during the year ended 31.03.2011 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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.

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

**For J Kumar & Associates**  
**Chartered Accountants**

Sd/-  
**(Jitendra Kumar)**  
**Proprietor**  
**M.No. 073856**

**Place: New Delhi**  
**Date: 30/05/2011**

CHIRAU FINANCE INVESTMENT & LEASING CO. LIMITED

Additional information pursuant to the provisions of Part IV of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. : 59093 State Code : 55  
Balance Sheet Date : 31-03-2011

II. Capital raised during the year (Amt. in Rs. `000s)

Public Issue : NIL Right : NIL  
Bonus : NIL Private Placement : NIL

III. Position of mobilisation & deployment of funds (Amt. in Rs. '000s)

Total Liabilities : 32,517.00 Total Assets : 32,517.00

Source of Funds

Paid up Capital : 32,517.00 Reserves & Surplus : NIL  
Secured Loans : NIL Unsecured Loans : NIL

Application of Funds

Net Fixed Assets : NIL Investments : NIL  
Net Current Assets : 32,189.00 Misc. Expenditure : NIL  
Accumulated Losses : 328.00

IV. Performance of the Company (Amt. in Rs. '000s)

Turnover : 275.57 Total Expenditure : 264.59  
Profit/(Loss) Before Tax : 10.98 Profit/(Loss) After Tax : 7.59  
Earnings Per Share : 0.002 Dividend Rate % : NIL

V. Generic Names of Principal Products/Services of Company

Product Description : INVESTMENT COMPANY

For J.Kumar & Associates

For & on Behalf of the Board of Directors

Firm Regn. No. : 016917N  
Chartered Accountants

Sd/-  
JITENDRA KUMAR  
Proprietor  
Membership No. 073856

Sd/-  
SAROJ GUPTA  
(Director)

Sd/-  
BHARAT GUPTA  
(Director)

Place: New Delhi  
Date: 30-05-2011

**CHIRAU FINANCE INVESTMENT AND LEASING CO. LTD.**

Regd. Office: - 33, LGF, Babar Road, Bengali Market, New Delhi-110001

PROXY FORM

Folio No. \_\_\_\_\_

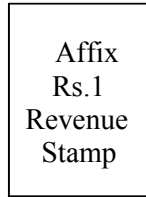
DPID No. \_\_\_\_\_

CLIENT ID No. \_\_\_\_\_

I/We \_\_\_\_\_ R/o \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member/members of Chirau Finance Investment &  
Leasing Co. Ltd. hereby appoint Mr./Ms. \_\_\_\_\_ R/o \_\_\_\_\_  
vote for me/us and on my/our behalf at the 17<sup>th</sup> Annual  
General Meeting of the Company to be held on 30<sup>th</sup> September, 2011 at 33, LGF, Babar Road,  
Bengali Market, New Delhi-110001 at 03.00 p.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signed by the said \_\_\_\_\_



Note: This Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

**CHIRAU FINANCE INVESTMENT AND LEASING CO. LTD.**

Regd. Office: - 33, LGF, Babar Road, Bengali Market, New Delhi-110001

Attendance Slip

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2011 at registered office at 33, LGF, Babar Road, Bengali Market, New Delhi-110001 at 03.00 p.m.

Member's /Proxy Name :  
(In Capital Letters)

Folio no. :

DPID No. :

Client ID No. :

Signed by the said \_\_\_\_\_



**BOOK – POST**

**If undelivered please return to:**

**CHIRAU FINANCE INVESTMENT AND LEASING CO. LTD.  
33, LGF, Babar Road, Bengali Market, New Delhi-110001**