



## BOARD OF DIRECTORS

H.C. Mathur *Chairman & Managing Director*  
Sujit Dutta  
B.N. Tripathi  
Sudhamoy Chatterjee (resigned w.e.f. 26-Dec.-2011)  
A.V. Sudhakaran

## COMPANY SECRETARY

R.C. Kurup

## AUDITORS

Tarmaster & Co.  
Chartered Accountants

## REGISTERED OFFICE

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

## CORPORATE OFFICE

214, Bezzola Complex, B Wing,  
71, Sion Trombay Road  
Chembur, Mumbai 400 071

## BANKERS

Catholic Syrian Bank Ltd.  
Dena Bank  
Federal Bank Ltd.  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IndusInd Bank Ltd.  
Oriental Bank of Commerce  
State Bank of India  
State Bank of Travancore  
South Indian Bank Ltd.  
UTI Bank Ltd.  
Vijaya Bank

## REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited  
59 C, Chowringhee Road, 3rd Floor  
Kolkata 700 020  
Phone : 033 - 2289 0540, Telefax : 033 - 2289 0539  
E-mail : kolkata@linkintime.co.in

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## NOTICE

NOTICE is hereby given that the Twenty-seventh Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at Birla Academy of Art and Culture, 108-109, Southern Avenue, Kolkata-700 029 on Friday, the 31<sup>st</sup> day, August, 2012 at 10.30 A.M to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31<sup>st</sup> March 2012, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. N. Tripathi who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

By Order of the Board

**R.C.Kurup**  
Company Secretary

Registered Office:

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

Dated, 4<sup>th</sup> July, 2012

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON POLL, TO VOTE ON HIS

BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members of the Company will remain closed from 21<sup>st</sup> August, 2012 to 31<sup>st</sup> August, 2012, both days inclusive.
3. Brief profile of Mr. B. N. Tripathi, who is seeking re-appointment at the ensuing Annual General Meeting, required to be provided pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, is furnished in the Corporate Governance Report published elsewhere in this Report. He holds 100 Equity Shares in the Company.
4. Shareholders desiring any information as regards the Accounts are requested to write to the Company at least seven days in advance of the date of the Meeting to enable the Company to keep the information ready, as far as possible.
5. Due to the prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report with them for the meeting.
6. The Equity Shares of the Company have already come under compulsory dematerialised trading with effect from 28<sup>th</sup> August 2000. Members are, therefore, at liberty to dematerialise their holdings in the Company through a Depository Participant.
7. Members are requested to register their e-mail addresses with the Company/ Registrars for receiving the Annual Reports and Accounts, Notices, Circulars and other communications in electronic mode as a measure of support to the Green Initiative undertaken by the Government of India.

# CFL CAPITAL FINANCIAL SERVICES LTD.

## DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

Your Directors hereby present their Twenty-seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the year ended 31-3-2012	For the year ended 31-3-2011
Gross Income	56	80
Less: Expenditure	17121	1159
Less: Depreciation	10	11
Gross Profit/(Loss)	(17075)	(1090)
Less Exceptional items	211	83
Profit/(Loss) before tax	(16864)	(1007)
Provision for tax	-	-
Profit/(Loss) after tax	(16864)	(1007)
Add: Balance brought forward from earlier years	(51135)	(50128)
Loss carried to Balance Sheet	(61999)	(51135)

### DIVIDEND

In view of the continued losses, your Directors express their inability to recommend any dividend on the Preference or Equity Shares.

### INDUSTRY STRUCTURE, OPERATIONS AND DEVELOPMENT

The expenditure for the year was high as the Company had accounted for dues to the lenders on the basis of their claims. Earlier, the accounting was done on the basis of Company's proposal made in 1999 which had in-principle approval of most of the lenders. The change was done since the Company's appeals before the appellate authorities were dismissed and the Recovery proceedings had commenced.

Your Company's efforts for revival did not materialise due to difficulty in raising funds and the consequent inability to negotiate with creditors for payment of dues. Your Company has not been able to venture into any new/viable business despite its best efforts but it continued to carry on existing activities. However, it succeeded in realization of its dues relating to the NBFC activities carried out in the past and also disposal of assets which helped your Company in meeting its liabilities to some extent during the year under review. Like in the last few years, your Company could manage with great difficulty to pay off the instalment due to the depositors during the year 2011-12 in full compliance of the Order of the Hon'ble Company Law Board. Some of the secured creditors obtained decrees from Debt Recovery Tribunals (DRTs) for outstanding dues and some of the fixed assets given on security have been disposed off by the office of DRT. Proceedings are still continuing in respect of the unsecured creditors. Your Company has taken appropriate steps at the next higher level wherever possible for defending the proceedings.

Your Company has repaid all claimed deposits which were due during the year under review in full compliance of the Order passed by the Hon'ble Company Law Board dated 13<sup>th</sup> October, 2009. There were 4208 unclaimed deposits aggregating to Rs. 636.86 lakhs at the close of the year. Your Company has written to all these depositors on how to claim these deposits and those remaining unclaimed will be dealt with as per the relevant/applicable laws Opportunities.

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

Your Company's continued efforts to implement the revival plan has not materialized. In view of the mounting liabilities and losses, the outlook is not encouraging. Your Company is still striving hard to meet some of its liabilities.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective system of accounting and administrative controls supported by an internal audit system with proper and adequate system of internal checks and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilisation.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

Your attention is drawn specifically to the issues mentioned hereinbefore under the head 'Industry Structure, Operations and Development' and to the comments under the head 'Opportunities, Threats, Risks, Concerns, Performance and Outlook'. Your Company's financial position is under extreme stress and needs a concerted effort from creditors, shareholders and other third parties for any significant positive result to emerge in the long run.

### DIRECTORS

Mr. Sudhamoy Chatterjee resigned from the Board of Directors with effect from 26<sup>th</sup> December, 2011 and the Board has placed on record its deep appreciation for the valuable services rendered by Mr. Chatterjee during the tenure of his directorship in the Company.

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

### PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the particulars of employees, though forming part of this Report, is not being mailed to members pursuant to the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956. However, the said information is available for inspection by members at the Registered Office during working hours upto the date of Annual General meeting. Any member interested in obtaining a copy of the said information may write to the Company Secretary at the Registered Office.

### SUBSIDIARY

In view of the general exemption granted by the Ministry of Corporate Affairs vide Circular No.51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 the Annual Report and Accounts of Samudra Securities Limited, the subsidiary of your Company, for the year ended 31<sup>st</sup> March, 2012 have not been annexed to this Report. However, the duly audited consolidated financial statements of your Company and the subsidiary prepared in strict compliance with the applicable Accounting Standards and Listing Agreements are disclosed in this Report. Your Company will make available the Accounts of the subsidiary and the related detailed information to any shareholder of the Company on request in writing. The Report and Accounts of the subsidiary will also be kept open for inspection by the shareholders of the Company at the Registered Office of the Company and that of the subsidiary.

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

Your Company did not consume energy of any significant level during the year under review and, therefore, there was not much scope for taking any measures for energy conservation and for making any additional investment for reduction of energy consumption. Further, there being no involvement of any technology in the Company's activities during the year, no comment is made in this regard.

There has been no foreign exchange earning or outgo during the year under review.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any;
- they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Accounts had been prepared on a going concern basis.

### CORPORATE GOVERNANCE

In accordance with the requirements of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance along with a certificate of the Auditors confirming compliance is attached. (Annexure 'A')

### HUMAN RESOURCES

Your Company's relations with the employees continued to be cordial and the number of employees at the year end was 15.

Efforts to maximize utilization of scarce resources was a continuous process throughout the year. Some of the innovative ideas put in by a few employees for achieving greater efficiencies, cost control and recoveries are being implemented.

### AUDITORS & AUDIT REPORT

Messrs Tarmaster & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Regarding Auditors' comments on non-compliance of the provisions of the Non-Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007 and non-maintenance of minimum Capital Risk Asset Ratio (CRAR) as prescribed by the Reserve Bank of India, your Directors draw your attention to Note 26 forming part of the Accounts, which is self explanatory and does not warrant any further clarification or explanation.

### ACKNOWLEDGEMENT

Your Directors wish to record their appreciation of the encouragement, support, assistance and co-operation received from the Company's bankers, financial institutions, shareholders, depositors and employees throughout the year.

For and on behalf of the Board

(H. C. Mathur)  
Chairman

Kolkata, Dated: 4<sup>th</sup> July, 2012



## Annexure 'A' to the Directors' Report CORPORATE GOVERNANCE REPORT

### Company's Philosophy on Corporate Governance

Your Company continues to practise transparency in its dealings with emphasis on integrity and compliance of regulatory provisions. It attaches great importance to practice of good corporate governance for meeting the interests and aspirations

of the stakeholders. Your Company has implemented the mandatory requirements regarding Corporate Governance as mentioned in Clause 49 of the Listing Agreements.

### Board of Directors

The composition of the Board of Directors and other details as on 31<sup>st</sup> March, 2011 are given below:

Names of the Directors	Executive/Independent/Non-executive	No. of Board Meetings attended	Whether Attended Last AGM	No. of other Directorships in Public Ltd Companies	No of other Committee Chairman-ship/Member
Mr.H.C.Mathur	Managing Director	7	Yes	NIL	NIL
Mr.B.N.Tripathi	Independent Non-executive	7	Yes	NIL	NIL
Mr.Sujit Datta	Independent Non-executive	7	Yes	NIL	NIL
Mr.A.V.Sudhakaran	Independent Non-executive	7	No	NIL	NIL
Mr.Sudhamoy Chatterjee (Resigned w.e.f 26.12.2011)	Independent Non-executive	4	No	NIL	NIL

The re-appointment of Mr.H.C.Mathur as the Managing Director of the Company with effect from 1<sup>st</sup> May, 2011 approved by the Members at the last Annual General Meeting was approved by the Central Government during the year.

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

Mr.Tripathi (58 years) graduated in Arts from Gorakhpur University. He has about 33 years experience in Commercial and Financial management. He is not a director of any other Company.

During the year under review, 7 meetings of the Board of Directors were held on 26<sup>th</sup> April, 2011, 27<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011, 26<sup>th</sup> December, 2011, 31<sup>st</sup> January, 2012 and 20<sup>th</sup> March, 2012. The meetings of the Board of Directors are generally held once in a quarter and are scheduled well in advance unless it is necessary to convene the same for urgent purposes. A detailed agenda is prepared by the Company Secretary in consultation with the Managing Director which is circulated to the members of the Board in advance.

### Audit Committee

The Company has a qualified Audit Committee comprising of three Non-executive Independent Directors. The terms of reference of the Committee are in accordance with the provisions of the Companies Act, 1956, the requirements of the Reserve Bank of India and of the Listing Agreements with Stock Exchanges. There were five meetings of Audit Committee on 27<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011, 31<sup>st</sup> January, 2012 and 20<sup>th</sup> March, 2012. The names of the members of the Committee and their attendance at the meetings are as follows:

Name of the members	No of meetings attended
Mr. Sujit Datta Chairman	5
Mr. B.N.Tripathi Member	5
Mr. A.V. Sudhakaran Member (Appointed w.e.f. 26.12.2011)	2
Mr. Sudhamoy Chatterjee Member (ceased as member w.e.f 26.12.2011)	5

### Remuneration Committee

The Company has a Remuneration Committee to recommend/review the remuneration package of the Managing Director. Mr.B.N.Tripathi is the Chairman of the Committee with Messers Sujit Datta and A V Sudhakaran being the other members. Mr.Sudhamoy Chatterjee ceased to be a member of the Committee consequent upon his resignation from the Board of Directors on 26.12.2011 and Mr.A.V Sudhakaran was appointed as a member in his place. The Committee met once during the year with all the members being present except Mr.A.V Sudhakaran as no meetings were held after his appointment.

### Remuneration Policy

Payment of remuneration to the Managing Director is governed by the terms and conditions contained in the Agreement entered into with him which incorporates remuneration within the limit sanctioned by the Central Government and the shareholders. Remuneration structure for the Managing Director comprises salary, allowances, perquisites as well as contribution to Superannuation and Gratuity Funds. The Non-Executive Directors get sitting fees for attending the meetings of the Board. The remuneration paid during the year under review is as under:-

### Directors' Remuneration

#### Non Executive Directors

Name of the Director	Sitting Fees Paid(Rs)
1 Mr Sujit Datta	7000/-
2 Mr. B N Tripathi	7000/-
3 Mr. Sudamoy Chatterjee	4000/-
4 A V Sudhakaran	7000/-

#### Executive Director

Rs. in lakhs

Name	Mr. H C Mathur
Business Relation	Chairman & Managing Director
Salary	6.31
Allowances & Perquisites	1.47
Contribution to PF etc.,	1.21
Total	8.99

### Investors'/Shareholders' Grievance Committee

The Company has a Shareholders'/Investors' Grievance Committee of the Board of Directors under the Chairmanship of Mr.B.N.Tripathi, Non-Executive Director, to look into the redressal of investors' grievances with Messers H.C.Mathur and Sujit Datta as the other members. The Board of Directors has delegated power of approving transfer/transmission of shares to some senior executives of the Company. During the year the Committee met 4 times with all the members attending the meetings.

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

During the year under review, no grievances were received from any shareholder. No share transfer/transmission/issue of duplicate share certificates was pending as on 31<sup>st</sup> March, 2012.

# CFL CAPITAL FINANCIAL SERVICES LTD.

## General Body Meetings

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

AGM	Financial Year	Venue	Date	Time	Special Resolution Passed in the AGM
24 <sup>th</sup>	2008-09	Birla Academy of Art and Culture 108-109 Southern Avenue Kolkata-700 029	24.07.2009	10.30 A.M.	Yes
25 <sup>th</sup>	2009-10	- Do -	23.07.2010	10.30 A.M.	None
26 <sup>th</sup>	2010-11	- Do -	29.07.2011	10.30 A.M.	Yes

All resolutions placed before the members at the last Annual General Meeting were passed unanimously.

## Code of Conduct

The Board of Directors has laid down a code of conduct for the Company which is applicable to all its Board Members and Senior Management Personnel. This code has been posted on the Company's website. For the year under review, all Directors and senior management personnel have confirmed their adherence to the provisions of the said code. A declaration to this effect signed by the Managing Director forms part of this Report.

## Disclosures

- The Company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries, relatives etc that may have a potential conflict with the interest of the Company at large.
- The Equity Shares of the Company remain suspended for trading by the National Stock Exchange for non-compliance of certain provisions of the Listing Agreement. The matter is still pending. Except as aforesaid, there were no non-compliance, penalties, and strictures by Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years.
- The Company does not have any Whistle Blower Policy as of now but no employee is being denied any access to the Audit Committee.
- The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreements with the Stock Exchanges. Out of the non-mandatory requirements the requirement as to Remuneration Committee is in place.

## Means of Communication

Quarterly and annual results are published in renowned daily publications such as Business Standard (English) and Kalantar or Arthik Lipi (Vernacular). The Company

## d. Market Price Data

Monthly High and Low of Company's Equity Shares (Rs.10<sup>+</sup> per share) for the year ended March 2012 at the Stock Exchange, Mumbai

Months	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	4.97	2.42	19811.14	18976.19
May, 2011	4.61	3.34	19253.87	17786.13
June, 2011	3.31	2.47	18873.39	17314.38
July, 2011	2.90	2.46	19131.70	18131.86
August, 2011	2.80	2.13	18440.07	15765.53
September, 2011	2.28	1.85	17211.80	15801.01
October, 2011	2.22	1.84	17908.13	15745.43
November, 2011	1.94	1.51	17702.26	15478.69
December, 2011	2.22	1.58	17003.71	15135.86
January, 2012	1.91	1.60	17258.97	15358.02
February, 2012	1.94	1.47	18253.78	17061.55
March, 2012	2.29	1.81	18040.69	16920.61

has a website [www.cfltd.in](http://www.cfltd.in). The Company's Email ID for the purpose of investors for any grievance is [cfl-shhldgrievance@rpg.in](mailto:cfl-shhldgrievance@rpg.in). Individual communication of the half yearly results is not made to the shareholders. The Company has not made any presentation to institutional investors or analysts.

## General Shareholder Information

### a. Annual General Meeting:

Date and Time	31 <sup>st</sup> August, 2012 at 10.30 A.M.
Venue	Birla Academy of Arts and Culture, 108-109, Southern Avenue, Kolkata 700 029
Book Closure Date	21 <sup>st</sup> August, 2012 to 31 <sup>st</sup> August, 2012 (both days inclusive)

### b. Financial Calendar (tentative and subject to change)

Financial results for quarter ending 30 <sup>th</sup> June, 2012	13 <sup>th</sup> August, 2012
Financial results for quarter ending 30 <sup>th</sup> September, 2012	12 <sup>th</sup> November, 2012
Financial results for quarter ending 31 <sup>st</sup> December, 2012	13 <sup>th</sup> February, 2013
Financial results for the year ending 31 <sup>st</sup> March, 2013	end of June, 2013

Annual General Meeting for the year ending 31<sup>st</sup> March, 2013 end of September, 2013

### c. List of Stock Exchanges where shares are listed and Stock Code

Name	Address	Stock Code
Bombay Stock Exchange Ltd., Mumbai	Phiroze Jeejeebhoy Towers, Dalai Street, Mumbai-400 023	511272
The National Stock Exchange of India Ltd.	Exchange Plaza, Plot C-1, IFB Center, G Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai-400 051	13042

Listing fee has been paid to the Bombay Stock Exchange Limited upto the year 2011-2012

The Company is still waiting for approval of the National Stock Exchange for delisting of its Equity Shares. The Company has not paid the listing fees to National Stock Exchange as it had already made the application for delisting its Equity Shares.

**e. Registrars and Share Transfer Agent**

Link Intime India Private Limited

The address and other details of the Registrars have been furnished in this Report under Serial 1 (i) below.

**f. Share Transfer System**

All physical shares lodged with the Company or Share Transfer Agent, Messrs. Link Intime India Private Limited, for transfer accompanied by valid transfer deeds are processed and returned to the shareholders within the stipulated period. In case of bad deliveries, the relevant documents are returned promptly. The Equity Shares of the Company have already come under compulsory dematerialised trading with effect from 28th August 2000 and shares can be transferred in demat form also.

**h. Distribution of shareholding (as at 31<sup>st</sup> March, 2012)**

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
01 to 250	25223	82.21	3160295	2.27
251 to 500	3439	11.21	1288434	0.93
501 to 1000	1064	3.47	900552	0.65
1001 to 5000	772	2.52	1811885	1.31
5001 to 10000	85	0.28	635027	0.46
10001 to 50000	81	0.26	1512963	1.09
50001 to 100000	3	0.01	167305	0.12
100001 and above	15	0.05	129179039	93.17
<b>Total</b>	<b>30682</b>	<b>100.00</b>	<b>138655500</b>	<b>100.00</b>

**i. Dematerialisation of shares**

78.81 of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31<sup>st</sup> March 2012. Members can hold shares in electronic form and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number INE 481A01014.

**j. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments**

There are no outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

**k. Plant location-Not applicable****i. Address for correspondence**

- (i) Registrars and Share Transfer Agents:  
(For shares and dividend related queries)  
Link Intime India Private Limited  
59C Chowringhee Road, 3<sup>rd</sup> Floor  
Kolkata-700 020  
Phone : (033) 2289-0540 Telefax: (033) 2289 0539  
E-mail:kolkata@linkintime.co.in

- (ii) The Company  
(For any other matter, unresolved complaints)  
Company Secretary  
CFL Capital Financial Services Limited  
Century Plaza  
81, Netaji Subhas Road, Unit No. 233, Second Floor  
Kolkata-700 001

- m. E-mail (general) : cfl@rpg.in  
(For Investors' grievances) : cfl-shhldgrievance@rpg.in  
n. Phone No: : 033-2243-9332, 2243- 9334  
o. Fax No. : 033-2243-9340  
p. Website : www.cfltd.in

The accounts are available on our website also.

For and on behalf of the Board

(H.C. Mathur)  
Chairman

**g. Shareholding Pattern (as at 31<sup>st</sup> March, 2012)**

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	100273274	72.31
Mutual Funds & UTI	1400	0.00
Banks, Financial Institutions & Insurance Companies	10600	0.01
Private Corporate Bodies	29368135	21.18
Indian Public	8987792	6.49
NRIs/OCBs	14299	0.01
<b>Total</b>	<b>138655500</b>	<b>100.00</b>

During the year under review, the Board of Directors had forfeited 19,500 Equity Shares.

**Declaration as required under Clause 49 of the Listing Agreement**

All Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31<sup>st</sup> March, 2012.

(H.C.Mathur)  
Managing Director

Kolkata, Dated: 4<sup>th</sup> July, 2012

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

To the Members of  
CFL Capital Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by CFL Capital Financial Services Limited ("the Company") for the year ended on 31<sup>st</sup> March 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of 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 the above mentioned Listing Agreements.

We 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 Tarmaster & Co.,  
Chartered Accountants  
Firm Regn No 302016E  
Place : Kolkata

(S. Saha)  
Partner  
(Membership No.300639)

Kolkata, Dated: 4<sup>th</sup> July, 2012

Dated, 4<sup>th</sup> July, 2012

# CFL CAPITAL FINANCIAL SERVICES LTD.

## AUDITORS' REPORT TO THE MEMBERS OF CFL CAPITAL FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of CFL CAPITAL FINANCIAL SERVICES LIMITED, as at 31st March, 2012 and also the Profit and Loss Statement and Cash Flow Statement 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. Except as discussed in paragraph 4, we conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further, to our comments in the annexure referred to in paragraph 3 above.

- i) The net worth of the Company is negative. The Company's Management has drawn a plan to liquidate some assets, to borrow money including from promoter shareholders etc for meeting its expenses and liabilities. On the basis of the above plan the Company may be in a position to continue as a going concern. (Refer notes 1-B & 1.C of Note1)
- ii) Loans from Banks and UTI and interest charged thereon have been provided as per the claims before / orders passed by the Debt Recovery Tribunals (see notes 6.1, 6.7 and 12.1)

5. Attention is drawn to :-

- a. **Non-compliance of the provisions of the Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 26)**
  - b. **The company has not been able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 26)**
- 6) Subject to our foregoing observations in Para 4, and its consequential effects on Loss for the year and assets and liabilities as at 31st March, 2012, we further report that –
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) **In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the book except our observations under Para 5 above;**
  - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with in this report are in agreement with books of account;
  - iv) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v) On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on records by the Board of Directors, we report that all the Directors are disqualified from being appointed as a director of another public company in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 7) **Subject to the effect of such adjustments, if any, as referred to in paragraph 5, as might have been determined to be necessary had we been able to satisfy ourselves,** in our opinion and to the best of our information and according to explanations given to us, the accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view :-
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.

- ii) In case of the Profit and Loss Statement of the Company, Loss for the year ended on that date and
- iii) In case of the Cash Flow Statement of the cash flows for the year ended on that date.

For Tarmaster & Co.  
Chartered Accountants  
Firm Regn. No 302016E

S. Saha  
Partner  
Membership No. 300639

Place : Kolkata  
Dated : 4th July, 2012

### Annexure to the Auditors' Report

The annexure referred to in the Auditors' Report to the members of CFL Capital Financial Services Limited (the Company) for the year ended March 31, 2012. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets  
  
The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification..
2. The Stock of Shares and Securities of the Company has been physically verified by the Management during the year and no discrepancies were noticed between physical and book stock
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
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 for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not come across any major weakness in the Internal Control procedures.
5. In our opinion, and according to the information and explanations given to us, there are no transactions during the year that need to be entered in the register in pursuance of section 301 of the Act..
6. In our opinion and according to the information and explanations given to us, (a) the Company has neither accepted nor renewed any deposits during the year, (b) it had accepted deposits in earlier years by complying the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules thereunder and also the directives of the Reserve Bank of India with regard to acceptance of deposits from the public. The Company had defaulted in repayment of deposits and has got an order from the Company Law Board as per the provisions of Section 58AA of the Companies Act 1956. The Company Law Board has permitted the Company to repay the depositors in installments by 31st December, 2012. (Refer note B.3 in Note -9)
7. On the basis of the Internal Audit Reports broadly reviewed by us we are of the opinion that, the coverage of internal audit functions carried out by the Management, is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government are not applicable in respect of services carried out by the Company.
9. According to the information and the explanations given to us, and on the basis of our examination of the account, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income- tax, sales tax, employees state insurance, customs duty, Investor Education and Protection fund, wealth tax, service and



any other material statutory dues applicable to it.

10. According to the information and the explanations given to us, no undisputed dues payable in respect of income- tax, sales tax, wealth tax, service tax, customs duty and cess were outstanding at 31st March 2012 for a period of more than six months from the date they became payable.

According to the information and explanations given to us and on the basis of the documents and records, the following disputed statutory dues on account of Income Tax and Sales tax have not been deposited with the appropriate authorities Annexure 1.

11. The Company has accumulated losses of Rs. 67,999.24 lakhs at the end of the financial year and has incurred cash losses in the financial year and in the immediately preceding financial year.
12. On the basis of the books and records examined by us and the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions and banks as per details given below- Annexure II.
13. On the basis of the books and records examined by us, and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company was registered as Non Banking Finance Company with the Reserve Bank of India but the same stands cancelled with effect from May 18, 2004. (Refer Note B-2 of Note-9)
15. In respect of shares, shares securities debentures and other investments dealt or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are in the Company's present or former name.
16. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

17. According to the information and explanations given to us, on an overall basis, the term loans taken in previous years have been applied for the purpose they were obtained
18. On the basis of overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, no funds have been raised by the Company during the year. However, the funds raised in earlier years for short term purpose have been used for long term purpose and it is not possible to determine the quantum of the same in this year.
19. The Company has not made any preferential allotment of the shares to the parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
20. The Company has created securities in respect of debentures outstanding at the year-end. (Refer note (iv) under Secured Loans in Schedule 3. The trustees have resigned.
21. The Company has not raised any money by public issue during the year.
22. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For Tarmaster & Co.**  
Chartered Accountants  
Firm Regn. No 302016E

**S. Saha**  
Partner  
Membership No. 300639

Place : Kolkata  
Dated : 4th July, 2012

#### Annexure to Auditors' Report for year ended 31st March 2012

Particulars of disputed statutory liability not paid to the authorities

Annexure I

Name of the Statute	Nature of dues	Amount in lakhs	Period to which Amount relates	Forum where the dispute is pending
Sales Tax	Jurisdiction of Assessing office and Lease Tax	121.14	1996-97 to 1998-99	Orissa Sales Tax Tribunal
	Lease Tax	0.15	1999-2000	Commissioner of Sales Tax, Bhubhaneshwar
	Sales Tax	1.31	1996-97	Commercial Tax Dept. Lucknow
	Sales Tax	3.70	1996-97	Dy. Commissioner of ST, Jaipur
Bombay Stamp Act, 1959	Stamp Duty	43.80	2010	Superintendent of Stamps, Stamp Act

#### Annexure to Auditors' Report for year ended 31-Mar-2012

Annexure - II  
(Rs in Lakhs)

Default to Banks / FIs	Default Principal	Default Interest	Total Default as on 31.3.2012
Bank of Rajasthan (ICICI Bank Limited)	870	2796	3666
Catholic Syrian Bank Ltd.	660	505	1165
Dena Bank	1971	4384	6355
Federal Bank	797	1746	2543
IndusInd Bank	1382	2622	4004
Oriental Bank of Commerce	462	1721	2183
South Indian Bank	864	1940	2804
State Bank of Travancore	821	973	1974
Axis Bank Ltd	718	513	1231
Vijaya Bank	1244	1608	2852
<b>Total - Banks</b>	<b>9789</b>	<b>18808</b>	<b>28597</b>
Financial Institution / Others			
UTI Asset Management Co. Ltd.	71	1466	1537
Administration of Specified Undertaking of Unit Trust of India	124	2550	2674

# CFL CAPITAL FINANCIAL SERVICES LTD.

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

(Amount in Rupees)

Particulars	Note No.	As at 31-Mar-12		As at 31-Mar-11	
		Rupees	Rupees	Rupees	Rupees
<b>I EQUITY AND LIABILITIES</b>					
(1) Shareholders' Funds					
a. Share Capital	3	1,636,552,500.00		1,636,205,230.00	
b. Reserves & Surplus	4	(5,535,146,548.33)		(3,849,130,938.79)	
c. Money received against share warrants		-		-	
			(3,898,594,048.33)		(2,212,925,708.79)
(2) Share Application Money Pending Allotment					
(3) Non-current Liabilities					
a. Long-term borrowings	5	-		98,324,338.85	
b. Deferred tax liabilities (net)		-		-	
c. Other long term liabilities		-		-	
d. Long term provisions		1,438,655.00		1,017,659.00	
			1,438,655.00		99,341,997.85
(4) Current Liabilities					
a. Short-term borrowings	6	1,439,464,584.55		1,130,625,809.32	
b. Trade payables		89,442,608.68		68,643,433.68	
c. Other long term liabilities		2,507,223,827.46		1,064,371,714.54	
d. Short term provisions		281,196.00		204,259.00	
			4,036,412,216.69		2,263,845,216.54
<b>TOTAL</b>			<b>139,256,823.36</b>		<b>150,261,505.60</b>
<b>II ASSETS</b>					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	7	21,390,351.47		33,398,549.15	
(ii) Intangible assets		-		-	
(iii) Capital Work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	8	68,414,764.00		84,931,711.00	
(c) Deferred tax assets(net)		-		-	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		19,273,460.73		19,172,930.44	
			109,078,576.20		137,503,190.59
(2) Current assets	9				
(a) Current investments		464,936.00		475,040.00	
(b) Inventories		-		-	
(c) Trade receivables		-		172,174.40	
(d) Cash and cash equivalents		25,865,003.20		8,359,354.01	
(e) Short-term loans and advances		996,544.00		775,047.60	
(f) Other current assets		2,851,763.96		2,976,699.00	
			30,178,247.16		12,758,315.01
<b>TOTAL</b>			<b>139,256,823.36</b>		<b>150,261,505.60</b>
General Information	1				
Significant Accounting Policies	2				
The accompanying notes including other explanatory information form an integral part of the financial statements.					

As per our Report attached

for and on behalf of the Board of Directors

For **TARMASTER & CO.**  
Chartered Accountants  
Firm Registration No. 302016E

**S Saha**  
Partner  
M. No. 300639

**R C Kurup**  
Company Secretary

**H C Mathur**  
Managing Director

**Sujit Datta**  
Director

Place : Kolkata  
Date : 4th July, 2012

Place : Kolkata  
Date : 4th July, 2012