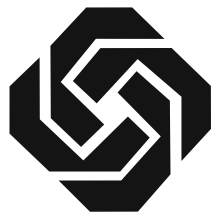


**28th**  
**Annual Report 2012-13**



**CFL CAPITAL FINANCIAL SERVICES LTD.**

## BOARD OF DIRECTORS

H.C. Mathur Chairman & Managing Director  
Sujit Dutta  
B. N. Tripathi  
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  
Kolkatta 700 001

## 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 Lytd.  
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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# CFL CAPITAL FINANCIAL SERVICES LTD.

## NOTICE

NOTICE is hereby given that the Twenty-eighth Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at "Uttam Mancha", 10/1/1 Monoharpukur Road, Kolkata-700026 on Monday, the 30<sup>th</sup> day of September, 2013 at 10.30 A.M to transact the following business:

1. To receive, consider and adopt the Statement of Profit and Loss for the financial year ended 31<sup>st</sup> March 2013, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in place of Mr.A V Sudhakaran 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.

### Special Business

To consider and if thought fit to pass, with or without modifications, the following as a Special Resolution:

4. "RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals as may be necessary, this meeting hereby approves the re-appointment of and the remuneration payable to Mr.H.C.Mathur as Managing Director of the Company for a further period of one year with effect from 1<sup>st</sup> May, 2013 as set out in the draft Agreement to be entered into between the Company and Mr.Mathur, a copy whereof is laid on the table and for the purpose of identification initialled by the Chairman hereof with liberty to the Board of Directors to alter or vary the remuneration as may be agreed to between the Board and Mr.Mathur subject to the conditions laid down in Schedule XIII to the Companies Act, 1956 or any amendment thereto."

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, 30<sup>th</sup> May, 2013

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members of the Company will remain closed from 24<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013, both days inclusive.
3. Brief profiles of Mr H C Mathur whose re-appointment as Managing Director and Mr.A V Sudhakaran who is seeking re-appointment as a Director at the ensuing Annual General Meeting required to be provided pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges are furnished in the statement on Corporate Governance published elsewhere in this Report.
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. Messrs.H.C.Mathur and A V Sudhakaran are not holding any shares of the Company.



# CFL CAPITAL FINANCIAL SERVICES LTD.

## **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

### *Item 4*

Mr.H.C.Mathur was first appointed as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> May 2000 and was re-appointed for further periods of two years each with effect from 1<sup>st</sup> May, 2003, 1<sup>st</sup> May, 2005, 1<sup>st</sup> May, 2007, 1<sup>st</sup> May, 2009 and 1<sup>st</sup> May, 2011.

The Board of Directors of your Company at its meeting held on 26<sup>th</sup> April, 2013 has re-appointed Mr.Mathur as Managing Director of the Company for a further period of one year with effect from 1<sup>st</sup> May, 2013, subject to the approvals of the shareholders and the Central Government, on remuneration as set out in the draft Agreement to be entered into between the Company and Mr.Mathur, an abstract of which is given below:

- |     |                        |   |                        |
|-----|------------------------|---|------------------------|
| I.  | Salary                 | : | Rs. 32,500/- per month |
| II. | Consolidated Allowance | : | Rs. 19,500/- per month |

In addition to the above Mr.Mathur shall be entitled to the following Perquisites:

- i) Personal accident insurance, medical re-imbursement and medical insurance for self and family, Leave Travel Concession, club fees and privilege leave on full pay and allowance, encashment of leave at the end of tenure, etc in accordance with the Rules of the Company.
- ii) Contribution to Superannuation Fund or Annuity Fund in accordance with the Rules of the Company in force from time to time
- iii) Gratuity : As per Rules of the Company in force from time to time.

The perquisites mentioned in (ii) and (iii) above and encashment of leave at the end of tenure mentioned in (i) above will not be included in the computation of ceiling on remuneration specified in Part II of Schedule XIII to the Companies Act, 1956.

Provision of car for use on Company's business and telephone will not be considered as perquisites. Personal long distance calls and use of cars for private purpose shall however be billed by the Company.

Notwithstanding anything mentioned above, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate the remuneration proposed above will be paid as minimum remuneration.

In the opinion of the Board of Directors of your Company, the remuneration payable to Mr.Mathur is commensurate with his ability, qualification, experience and past performance. The Resolution set out at item 4 of the annexed Notice is intended to obtain approval of the Shareholders to the re-appointment of Mr.H.C.Mathur as Managing Director of the Company and payment of remuneration to him as mentioned above with liberty to the Board of Directors to vary the terms, as stated in the Resolution.

Mr.Mathur possesses over 52 years of commercial experience related to various aspects of management including secretarial, legal, administration, finance, etc. He is an astute business leader who has successfully managed repayment of deposits to deposit holders in spite of adverse conditions. Your Directors feel that it will be beneficial for the Company to re-appoint him as the Managing Director and make use of his vast experience and recommend that the resolution be passed.

Copy of the draft agreement to be entered into between the Company and Mr.Mathur will be available for inspection of members at the Registered Office of the Company on any working day during the hours of 10.00 A.M. and 12 Noon and will also be available at the meeting.

### **MEMORANDUM OF INTEREST**

None of the Directors of the Company other than Mr.Mathur is concerned with or interested in this resolution. The above should be considered as an Abstract of the Terms of re-appointment of Mr.Mathur as Managing Director of the Company and a Memorandum as to the nature of his interest in his re-appointment as required under Section 302 of the Companies Act, 1956.



## DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors hereby present their Twenty-eighth Annual Report together with the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March 2013.

### FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the year ended	For the year ended
	31-3-2013	31-3-2012
Gross Income	46	56
Less: Expenditure	5085	17121
Less: Depreciation	6	10
Gross Profit/(Loss)	(5045)	(17075)
Less Exceptional items	120	211
Profit/(Loss) before tax	(4925)	(16864)
Provision for tax	-	-
Profit/(Loss) after tax	(4925)	(16864)
Add Balance brought forward from earlier years	(61999)	(51135)
Loss carried to Balance Sheet	(66924)	(61999)

### DIVIDEND

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

### INDUSTRY STRUCTURE, OPERATIONS AND DEVELOPMENT

Your Company does not fall under any industrial structure consequent to the cancellation of its Certificate of Registration as a Non-Banking Finance Company by the Reserve Bank of India and in the absence of any significant business activity. Your Company, during the year under review, faced acute financial stress due to lack of appreciable inflows and the huge pressure to service its liabilities. In view of the financial position of the Company no scheme or Plan for revival could be finalised though your Directors are exploring various options for revival.

Despite acute shortage of funds, the Company has paid all the claimed deposits within 31<sup>st</sup> December, 2012 as stipulated in the Order of the Hon'ble Company Law Board dated 13<sup>th</sup> October, 2009. 4180 depositors have however not lodged there

respective claims, aggregating to Rs.626.37 lakhs as at the close of the financial year under review, despite reminder letters sent to them by the Company to do so. These unclaimed deposits will be paid on receipt of the claims from the depositors in terms of the issue of the said deposits.

The suits filed in the past by most of the Banks and Financial Institutions, from whom the Company had borrowed secured loans, before the Debt Recovery Tribunals(DRT) against the Company for recovery of their dues have been decided in their favour. Pursuant thereto, Recovery Officers of DRT had taken over the possession of the Company's properties, charged to these Banks and Financial Institutions and have also disposed them off, except two properties.

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

Though your directors are striving hard to explore an innovative plan to make the Company financially viable in future, it may be possible that the Company is not able to implement any viable plan due to accumulated losses and the difficulty in eliciting fresh funds infusion. Hence there is a great amount of uncertainty regarding future outlook of the Company. Acute shortage of funds faced by the Company in the past is likely to continue at least in the near future.

### 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' hereinbefore. Your Company's financial position is under extreme stress and needs a concerted effort from creditors, shareholders and third parties for any significant positive turnaround to emerge in the long run.

### DIRECTORS

Mr. A V Sudhakaran retires by rotation and, being eligible, offers himself for re-appointment.

### PARTICULARS OF EMPLOYEES

Mr.Amarendra Nath Misra was the only employee falling within the purview of Section 217(2-A) of the Companies Act, 1956 and his particulars are appended below:

Designation	Remuneration (Rs.)	Nature of Employment whether contractual or otherwise	Nature of Duties	Qualification and total service Experience (Years)	Date of commencement of employment	Age	Last employment held and designation
Executive Director	88,83,896	Contractual	In-charge of Legal functions and recoveries	B.A., LL.M., MBA, PGDCS 29 Years	06.09.1995	48	Head- Legal Department Indo-Gulf Fertilisers & Chemicals Limited

### SUBSIDIARY

In view of the general exemption granted by the Ministry of Corporate Affairs, Government of India vide Circular No.2/2011 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, 2013 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.



# CFL CAPITAL FINANCIAL SERVICES LTD.

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## 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

The 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. The Company received some innovative ideas from a few employees for achieving greater efficiencies, cost control and recoveries and those with substance 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 inability of the Company to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by the Reserve Bank of India and non-compliance of the provisions of the Non-Banking Financial Companies

(Reserve Bank of India) Directions 1977 /Non-Banking Financial (deposit accepting or holding) Companies (Reserve Bank of India) Directions, 2007 the comments of the Board are as under :

Due to huge losses, the net worth of the Company is negative and hence it is not in a position to meet the requirements laid down by the Reserve Bank of India (RBI). Hence the Company cannot carry NBFC Business. However RBI has directed the Company to comply with all RBI formalities till the repayment of deposits and closing all NBFC business. The notes referred by the auditors are self explanatory.

## 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: 30<sup>th</sup> May, 2013



# CFL CAPITAL FINANCIAL SERVICES LTD.

## 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 the 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, 2013 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 Chairmanship/ Member
Mr.H.C.Mathur	Managing Director	6	Yes	NIL	NIL
Mr.B.N.Tripathi	Non-executive Independent	6	No	NIL	NIL
Mr.Sujit Datta	Non-executive Independent	6	Yes	NIL	NIL
Mr.A.V.Sudhakaran	Non-executive Independent	6	No	NIL	NIL

The Board of Directors at its meeting held on 26<sup>th</sup> April, 2013 has re-appointed Mr.H.C.Mathur as Managing Director of the Company for a further period of one year with effect from 1<sup>st</sup> May, 2013 which is subject to the approval of the members at the ensuing Annual General Meeting and necessary statutory approvals.

Mr.Mathur, aged about 76 years, is an Arts and Law Graduate from Lucknow University and is associated with the Duncans and RPG group of Companies. He has more than 52 years of experience in various aspects of management including secretarial, legal, administration and finance with special emphasis on company law and legal matters. He is a director of Alipore Towers Private Limited

Mr. A V Sudhakaran retires by rotation and, being eligible, offers himself for re-appointment.

Mr.Sudhakaran is 51 years of age and has more than 26 years of corporate experience in the commercial and accounting functions. He is a director on the Board of the Company's subsidiary viz., Samudra Securites Limited.

During the year under review, 6 meetings of the Board of Directors were held on 14<sup>th</sup> May, 2012, 4<sup>th</sup> July, 2012, 13<sup>th</sup> August, 2012, 12<sup>th</sup> November, 2012, 5<sup>th</sup> December, 2012 and 13<sup>th</sup> February, 2013. 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 business. 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 4 meetings of Audit Committee on 4<sup>th</sup> July, 2012, 13<sup>th</sup> August, 2012, 12<sup>th</sup> November, 2012 and 13<sup>th</sup> February, 2013. 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	4
Mr.B.N.Tripathi	Member	4
Mr.A V Sudhakaran	Member	4

#### Remuneration Committee

The Company has a Remuneration Committee to recommend/review the remuneration package of the Managing Director. Mr.A V Sudhakaran is the Chairman of the Committee with Messers B N Tripathi and Sujit Datta being the other members. The Committee met once during the year with all the members being present.

#### 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	6000/-
2	Mr. B N Tripathi	6000/-
3	A V Sudhakaran	6000/-

##### Executive Director

Name Business Relation	Mr. H C Mathur Chairman & Managing Director
Salary	3,90,000
Allowances & Perquisites	2,80,800
Contribution to Superannuation/Gratuity etc.,	2,13,535
Total	8,84,335

#### Investors'/Shareholders' Grievance Committee

The Company has a Shareholders'/Investors' Grievance Committee of the Board of Directors under the Chairmanship of Mr.Sujit Datta, Non-Executive Director, to look into the redressal of investors' grievances with Messers H.C.Mathur and A V Sudhakaran 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 5 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, 2013.

#### 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
25	2009-10	Birla Academy of Art and Culture 108-109 Southern Avenue Kolkata-700 029	23.07.2010	10.30 A.M.	None
26	2010-11	- Do -	29.07..2011	10.30 A.M.	Yes
27	2011-12	- Do -	31.08.2012	10.30 A.M	None

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.





# CFL CAPITAL FINANCIAL SERVICES LTD.

## 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 which have since been rectified but the matter of removal of suspension 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 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

- Annual General Meeting:
 

Date and Time	30 <sup>th</sup> September, 2013 at 10.30 A.M.
Venue	Uttam Mancha"10/1/1 Monoharpukur Road Kolkata-700026
Book Closure Date	24 <sup>th</sup> September, 2013 to 30 <sup>th</sup> September, 2013 (both days inclusive)
- Financial Calendar (tentative and subject to change)
 

Financial results for quarter ending 30 <sup>th</sup> June, 2013	13 <sup>th</sup> August, 2013
Financial results for quarter ending 30 <sup>th</sup> September, 2013	13 <sup>th</sup> November, 2013
Financial results for quarter ending 31 <sup>st</sup> December, 2013	12 <sup>th</sup> February, 2014
Financial results for the year ending 31 <sup>st</sup> March, 2014	end of May, 2014
Annual General Meeting for the year ending 31 <sup>st</sup> March, 2014	end of September 2014
- List of Stock Exchanges where shares are listed and Stock Code
 

Name	Address	Stock Code
Bombay Stock Exchange Ltd., Mumbai	Phiroze Jeejeebhoy Towers, Dalal 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 for the year 2013-14

The Company is still waiting for approval of the National Stock Exchange for delisting of its Equity Shares and consequently the Company has not paid the listing fees to National Stock Exchange from the year 2005-06

## Market Price Data

Monthly High and Low of Company's Equity Shares (Rs.10 per share) for the year ended March 2013 at the Stock Exchange, Mumbai

Months	Company's Share		BSE Sensex	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April, 2012	3.19	1.90	17,664.10	17,010.16
May, 2012	3.28	2.42	17,432.33	15,809.71
June, 2012	2.88	2.38	17,448.48	15,748.98
July, 2012	2.35	1.94	17,631.19	16,598.48
August, 2012	2.24	1.44	17,972.54	17,026.97
September, 2012	1.69	1.36	18,869.94	17,250.80
October, 2012	2.67	1.40	19,137.29	18,393.42
November, 2012	3.02	2.72	19,372.70	18,255.69
December, 2012	4.27	3.00	19,612.18	19,149.03
January, 2013	5.45	4.35	20,203.66	19,508.93
February, 2013	4.65	3.60	19,966.69	18,793.97
March, 2013	3.53	2.57	19,754.66	18,568.43

## 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 I (i) below.

## Share Transfer System

All shares in physical form 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 28<sup>th</sup> August 2000 and shares can be transferred in demat form also.

## Shareholding Pattern (as at 31<sup>st</sup> March, 2013)

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	10,02,73,274	72.32
Mutual Funds & UTI	1,400	0.00
Banks, Financial Institutions & Insurance Companies	10,600	0.01
Private Corporate Bodies	2,93,81,220	21.19
Indian Public	89,75,168	6.47
NRIs/OCBs	13,838	0.01
Total	13,86,55,500	100.00

## Distribution of shareholding (as at 31<sup>st</sup> March, 2013)

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
01 to 250	25117	82.47	31,39,823	2.26
251 to 500	3393	11.14	12,70,228	0.92
501 to 1000	1035	3.40	8,71,939	0.63
1001 to 5000	734	2.41	17,18,114	1.24
5001 to 10000	86	0.28	6,54,080	0.47
10001 to 50000	71	0.23	13,91,943	1.00
50001 to 100000	5	0.02	3,15,430	0.23
100001 and above	16	0.05	12,92,93,943	93.25
Total	30457	100.00	13,86,55,500	100.00





# CFL CAPITAL FINANCIAL SERVICES LTD.

- i. Dematerialisation of shares  
78.83% of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31<sup>st</sup> March 2013. 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
- l. 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) 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](mailto:cfl@rpg.in)  
(For investors' grievances)  
[cfl-shhldgrievance@rpg.in](mailto:cfl-shhldgrievance@rpg.in)
- n. Phone No: 2243-9332, 2243- 9334
- o. Fax No. 2243-9340
- p. Website : [www.cfltd.in](http://www.cfltd.in)

The accounts are available on our website.

For and on behalf of the Board

(H.C.Mathur)  
Chairman

Kolkata  
Dated, 30<sup>th</sup> May, 2013

## 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, 2013.

Kolkata, 30<sup>th</sup> May, 2013

H.C.Mathur  
Managing Director

## 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 2013 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

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

Place : Kolkata  
Dated, 30<sup>th</sup> May, 2013



# CFL CAPITAL FINANCIAL SERVICES LTD.

## INDEPENDENT AUDITORS' REPORT

### To the Members of CFL Capital Financial Services Limited Report on the Financial Statements

We have audited the accompanying financial statements of CFL Capital Financial Services Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Basis for Qualified Opinion

##### Attention is drawn to :-

- Non-compliance of the provisions of the Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 26)**
- 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)**

The Company is not in a position to carry on business of Non Banking Financial Services

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except to the possible effects of the matter described in the Basis for qualified Opinion paragraph the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2013.
- In the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of matter

- 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)
- 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 6.4, 6.5 6.6 and 6.8)

Our opinion is not qualified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

- As required by Section 227(3) of the Act, we report that:

- 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;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act.
- On the basis of the written representations received from the directors as on March 31, 2013, taken on record 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

**For Tarmaster & Co.,**  
Chartered Accountants  
(Firm Registration No 302016E)

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

Kolkata

Date : 30<sup>th</sup> May, 2013

#### Annexure to the Independent Auditors' Report

(referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

The annexure referred to in the Independent Auditors' Report to the members of CFL Capital Financial Services Limited (the Company) for the year ended March 31, 2013. We report that:

- 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..
- 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
- 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.
- 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.
- 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..
- 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 had permitted the Company to repay the depositors in installments by 31<sup>st</sup> December, 2012. The Company has repaid in full to depositors who had claimed the same. (Refer note 6 in Note -9)
- 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.
- 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.
- 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