

CFL CAPITAL FINANCIAL SERVICES LTD.



29th
Annual Report 2013-14

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
Kolkata 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-ninth Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at "Uttam Mancha", 10/1/1 Monoharpukur Road, Kolkata-700 026 on Monday, the 29th day of September, 2014 at 11.00 A.M. to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31st March 2014 and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder M/s Tarmaster & Co., Chartered Accountants (Firm Registration No.302016E) be and they are hereby re-appointed as Auditors of the Company, to hold office from the date of this Annual General Meeting till the date of Thirty second Annual General Meeting of the Company and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors and the said re-appointment be placed for ratification by members at the Thirtieth and Thirty first Annual General Meetings of the Company."

Special Business

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:

3. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. Sujit Datta (DIN: 00337464) who was appointed as a Director of the Company liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the thirty fourth Annual General Meeting of the Company in the calendar year 2019."

4. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. B. N. Tripathi (DIN: 00236986) who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the

conclusion of the thirty fourth Annual General Meeting of the Company in the calendar year 2019."

5. As an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. A. V. Sudhakaran (DIN: 00337413) who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the thirty fourth Annual General Meeting of the Company in the calendar year 2019."

6. As a Special Resolution

"Resolved that in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, if necessary, and such other approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Shri. H. C. Mathur (DIN: 00054757) as Managing Director of the Company for a period of one year with effect from 1st May, 2014, on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri. H. C. Mathur subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof or stipulated by the Central Government while according its approval for the re-appointment of Mr. Mathur;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

R. C. Kurup
Company Secretary

Registered Office:

Century Plaza
81, Netaji Subhas Road
Unit No.233, Second Floor
Kolkata-700 001
CIN No. L67120WB1983PLC036805,
website:www.cfltd.in;
E-mail: cflcapfsl@gmail.com

Dated, 30th May, 2014



CFL CAPITAL FINANCIAL SERVICES LTD.

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF. SUCH PROXIES 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.**

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members of the Company will remain closed from 22nd September, 2014 to 29th September, 2014 both days inclusive.
3. Members holding shares in de-materialized form are requested to intimate all changes pertaining to their Bank details, National Electronic Clearing Service (NECS), Electronic Clearing Services (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Share Transfer Agent, Link Intime India Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrars and Share Transfer Agent.

In case the mailing address mentioned on the Attendance Slip is without the PINCODE, Members are requested to kindly inform the PINCODE immediately.

The Company proposes to send to the Members notices, Annual Reports and Accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant if the holding is in electronic mode or intimate to the Company's Registrar at kolkata@linkintime.co.in or to the Company at cflcapfs@gmail.com their e-mail address if the shares are held in physical form. Copies of all such communication can also be obtained in physical form from the Company free of cost, upon request. All such documents shall also be available at the Company's website www.cfltd.in.

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 de-materialized trading with effect from 28th August 2000. Members are, therefore, at liberty to dematerialise their holdings in the Company through a Depository Participant to avail easy liquidity in trading of shares, avoid risk of custody of physical certificates and incur stamp duty for transfer of shares.
7. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Registrars and Share Transfer Agent of the Company.
8. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
9. The brief profile of the Directors seeking appointment and other details under revised Clause 49 of the Listing Agreements with the Stock Exchanges in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointments.
10. Voting through electronic means
 - i. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to

exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/its discretion. The instruction for e-voting are as under:

- i] Log on to the e-voting website www.evotingindia.com during the voting period.
- ii] Click on "Shareholders" tab.
- iii] Now, select the COMPANY NAME "CFL CAPITAL FINANCIAL SERVICES LIMITED" from the drop down menu and click on "SUBMIT".
- iv] Now enter your User ID
 - a. For CDSL: 16 Digits beneficiary ID.
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v] Next enter the Image Verification as displayed and Click on Login.
- vi] If you are holding shares in Demat form and had logged onto www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii] However, if you are a first time user, please follow the steps given below and fill up the following details in the appropriate boxes:

For Members holding shares in Demat Form and Physical form

PAN*	Enter your 10 digit alpha-numeric*PAN issued by the Income Tax Department (Applicable for both demat shareholders as well as Physical shareholders) Physical shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of '0's after the folio number. Example: If your name is Vinod Khanna with folio number 1234 then enter VI00001234 in the PAN field. Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/NSDL client id. Example: In case name is Rahul Bose and Demat A/c No. is 2304880000001234 then default value of PAN is RA00001234
DOB	Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank details	Please enter the Dividend Bank details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on 22 nd August, 2014 (which is the cut off date) in the Dividend Bank details field.

- viii] After entering these details appropriately, click on "SUBMIT" tab.
- ix] Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach "Password Creation"



menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value(0-9) and a special character @ # \$ % & *. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. For the members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.

- [x] Click on the EVSN for the relevant <CFL CAPITAL FINANCIAL SERVICES LIMITED> on which you choose to vote
 - [xi] On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - [xii] Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution.
 - [xiii] After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - [xiv] Once you "CONFIRM" your vote on the resolution you will not be allowed to modify your vote.
 - [xv] You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - [xvi] If Demat account holder has forgotten the changed password then enter User ID and the image verification code click on Forgot Password and enter the details as prompted by the system.
 - [xvii] Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates; they should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com; after receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on; the list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote; they should upload a scanned copy of Board Resolution and Power of Attorney(POA) which they have issued in favour of the Custodian who they have authorized to vote on their behalf, if any, in PDF format in the system for the scrutinizer to verify the same.
 - [xviii] In case of members receiving the physical copy please follow all steps from sl.no.1 to sl.no.xvii above to cast their vote.
 - [xixi] The voting period begins on 23rd day, of September, 2014 (10.00 a.m) and ends on 25th day, September, 2014 (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or dematerialised form, as on the cut off date of 22nd August, 2014, may cast their vote electronically, The e-voting module shall be disabled by CDSL for voting thereafter.
 - [xix] In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions(FAQs) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- II. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date of 22nd August, 2014.
 - III. Mr. Ranjit Kumar Ghosh, a Practising Company Secretary, (Membership No.FCS.3724) has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - IV. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the present of at least two witnesses not in employment of the company

and make a scrutinizer's report of the votes in favour or against, if any, forthwith to the Chairman of the AGM.

- V. The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the Resolutions.
 - VI. The Results declared along with the Scrutinizer's report(s) shall be placed on the Company's website www.cfltd.com and on the website of CDSL within two days of passing of resolutions at the AGM of the Company. The results will also be communicated to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.
11. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 1956 in respect of Items Nos. 3-6 of the Notice are as under:

In respect of Item 3

Mr. Sujit Datta is a Non-Executive Independent Director of the Company and is 53 years of age. He joined the Board of Directors of the Company on 10th June, 2002. Mr. Sujit Datta is a member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. Mr. Datta has graduated in Commerce from Calcutta University and has about 33 years' experience in Commercial and Finance Management. He is not a director of any other Company.

Mr. Sujit Datta retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013. Mr. Sujit Datta being eligible is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of the thirty fourth Annual General Meeting of the Company in the calendar year 2019. Mr. Sujit Datta, is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013. The Company has received (i) form DIR-8 from him in terms of Section 164(2) and applicable Rules thereon confirming his eligibility and (ii) a declaration to the effect that he meets the criteria of Independence as provided in Sub-section (6) of Section 149 and other applicable provisions of the Companies Act, 2013. The Company has received a notice from a member under section 160(1) of the Companies Act, 2013 proposing Mr. Sujit Datta as a candidate for the office of Director of the Company. His brief resume and other details are given in the Disclosure as per Clause 49 under Corporate Governance Report.

In the opinion of the Board, Mr. Sujit Datta fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that his continued assistance would be of immense benefit to the Company. Accordingly the Board recommends the resolution in relating to the appointment of Mr. Sujit Datta as an Independent Director, for the approval of the shareholders of the Company.

Except Mr. Sujit Datta being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution set out at item 3 of the annexed Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

In respect of Items 4 and 5

Messrs. B. N. Tripathi and A. V. Sudhakaran are Non-Executive Independent Directors of the Company and are 60 and 52 years of age respectively. They joined the Board of Directors of the Company on 10th June, 2002 and 15th December, 2005 respectively.

Mr. B. N. Tripathi is a member of the Audit Committee, Nomination and Remuneration Committee and the Stakeholders' Relationship Committee of the Board of Directors of the Company. Mr. B. N. Tripathi graduated in Arts from Gorakhpur University and has about 35 years experience in Commercial and Finance Management. He is not a director of any other Company.

Mr. A. V. Sudhakaran is a member of the Audit Committee and Nomination and Remuneration Committee besides being a Director of the Company's subsidiary Samudra Securites Limited. Mr. A. V. Sudhakaran has more than 27 years of corporate experience in the commercial and accounting functions Messrs B. N. Tripathi and A. V. Sudhakaran are Directors whose periods of office are liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013. Messrs B. N. Tripathi and A. V. Sudhakaran being eligible are proposed to be



appointed as Independent Directors for five consecutive years for a term upto the conclusion of the thirty fourth Annual General Meeting of the Company in the calendar year 2019. Messrs B. N. Tripathi and A. V. Sudhakaran, are not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013. The Company has received (i) form DIR-8 from them in terms of Section 164(2) and applicable Rules thereon confirming their eligibility and (ii) a declaration to the effect that they meet the criteria of Independence as provided in Sub-section (6) of Section 149 and other applicable provisions of the Companies Act, 2013. The Company has received a notice from members under section 160(1) of the Companies Act, 2013 proposing Messrs B. N. Tripathi and A. V. Sudhakaran as candidates for the office of Directors of the Company. Their brief resume and other details are given in the Disclosure as per Clause 49 under Corporate Governance Report.

In the opinion of the Board, Messrs B. N. Tripathi and A. V. Sudhakaran fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management. The Board considers that their continued assistance would be of immense benefit to the Company. Accordingly the Board recommends the resolution relating to the appointment of Messrs B. N. Tripathi and A. V. Sudhakaran as Independent Directors for the approval of the shareholders of the Company.

Except Messrs B. N. Tripathi and A. V. Sudhakaran being appointees and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the respective Resolutions regarding their appointments. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreements with the Stock Exchanges.

In respect of Item 6

Mr. H. C. Mathur was first appointed as a Director of the Company with effect from 10th March, 2000 and subsequently as Managing Director of the Company for a period of three years with effect from 1st May 2000. He was re-appointed for further periods of two years each with effect from 1st May, 2003, 1st May, 2005, 1st May, 2007, 1st May, 2009 and 1st May, 2011 and thereafter was appointed for a period of one year with effect from 1st May, 2013.

The Board of Directors of your Company at its meeting held on 14th February, 2014 has re-appointed Mr. Mathur as Managing Director of the Company for a further period of one year with effect from 1st May, 2014, subject to the approvals of the shareholders and the Central Government, if necessary, 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.82,500/- per month

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

- i) Personal accident insurance, medical reimbursement and medical insurance for self and family, Leave Travel Concession, club fees and privilege leave on full pay and allowance up to Maximum of Rs. 138,000 p.a.
- ii) Encashment of leave at the end of tenure, etc. in accordance with the Rules of the Company.
- iii) Contribution to Superannuation Fund or Annuity Fund in accordance with the Rules of the Company in force from time to time.
- iv) Gratuity : As per Rules of the Company in force from time to time.

The perquisites mentioned in (ii), (iii) and (iv) 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 under Schedule V of the Companies Act, 2013.

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.

Payment of the above remuneration to Mr. H. C. Mathur has been approved at the meeting of the erstwhile Remuneration Committee of the Board duly held on 14th February, 2014.

Mr. H. C. Mathur does not have any interest in the capital of the Company, directly or indirectly nor has any direct or indirect interest nor was related to any of the directors or promoters of the Company at any time during the last two years before or on the date of the appointment and possesses requisite qualification and expertise with specialized knowledge in the field of his profession.

Mr. Mathur possesses over 53 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.

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 6 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.

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. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Key Managerial Personnel of the Company other than Mr. Mathur is concerned with or interested in this resolution.

Statement containing information as required under section II(B) (iv) of Part II of Schedule XIII of the Companies Act, 1956{Section II(B)(iv) of Part II of Schedule V of the Companies Act, 2013} and forming part of the Notice of 29th Annual General Meeting.

1. GENERAL INFORMATION

1. Nature of Industry

The Company's main business as per its Objects Clause relate to finance business

2. Date or expected date of commencement of commercial production

Not applicable

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable

4. Financial performance based on given indicators (Rs. in lakhs)

Financial year ended	31.03.2014	31.03.2013
Gross Sales & Other Income	42.55	46.30
Profit before Tax	(5,716.00)	(4,929.88)
Profit after Tax	(5,716.00)	(4,929.88)
Equity Share Capital	13,866.52	13,866.52
Reserve and Surplus(excluding Revaluation reserve)	(65,992.34)	(60,276.35)
Net worth	(49,626.82)	(43,910.82)

5. Export performance and net foreign exchange collaborations:

Financial year ended	31.03.2014	31.03.2013
Foreign Exchange Earnings (FOB Value of exports)	NIL	NIL
Foreign Exchange Outgo	NIL	NIL

6. Foreign investments or collaborations, if any

Nil

II. INFORMATION ABOUT THE APPOINTEES:

Information about the appointees are mentioned in the Explanatory Statement to the Notice of the Annual General Meeting of the Company forming part of this Annual Report.



CFL CAPITAL FINANCIAL SERVICES LTD.

DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors hereby present their Twenty-ninth Annual Report together with the Audited Financial Statement of the Company for the year ended 31st March 2014.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the year ended 31-3-2014	For the year ended 31-3-2013
Gross Income	43	48
Less: Expenditure	5803	5086
Less: Depreciation	6	6
Gross Profit/(Loss)	(5766)	(5044)
Less Exceptional items	50	120
Profit/(Loss) before tax	(5716)	(4924)
Provision for tax	-	-
Profit/(Loss) after tax	(5716)	(4924)
Add Balance brought forward from earlier years	(72943)	(68019)
Loss carried to Balance Sheet	(78659)	(72943)

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

Due to cancellation of the Certificate of Registration as a Non-Banking Financial Company by the Reserve Bank of India the Company has not carried on any non-banking financial activity during the year under review. The Company has also not carried on any other significant business activity during the year. Hence, your Company does not fall under any industry structure.

The Board of Directors have, in the absence of the required financial support from the Banks and also due to ongoing recovery suits filed by them before various Debt Recovery Tribunals, your directors have not been able to implement any viable Business Plan. This has resulted in continued losses and caused a tremendous pressure on the Company to meet operational expenses and payment of liabilities.

The Company has however paid all the deposits as per the Order of the Hon'ble Company Law Board dated 13th October, 2009 except to those who have not lodged their respective claims. 3,798 depositors have not lodged their respective claims, aggregating to Rs. 569.77 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.

In most of the cases filed by the bank and financial institutions before the Debt Recovery Tribunals for realisation of their outstanding dues, decrees have been passed in their favour. Pursuant thereto, Recovery Officers have taken over possession of the Company's properties, charged to these Banks and Financial Institutions and have also disposed them off except 2 properties.

OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK

As explained earlier lack of financial resources is preventing the Company from taking up any new measures to revive the Company including any plan for revival. There is therefore a great amount of uncertainty regarding future outlook of the Company though your Directors are striving hard to take effective steps. 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 here-in-before under the head 'Industry Structure, Operations and Development' and to the comments under the head 'Opportunities, Threats, Risks, Concerns, Performance and Outlook' here-in-before. 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

As per Section 149 and other applicable provisions of the Companies Act, 2013 your Directors are seeking appointment of Mr. Sujit Datta, Mr. B. N. Tripathi and Mr. A. V. Sudhakaran as Independent Directors for a term of five consequent years each upto the conclusion of thirty fourth Annual General Meeting of the Company in the calendar year 2019. Details of the proposal for their appointment are mentioned in the Explanatory Statement set out in the annexed Notice.

Particulars of Employees

The Company had no employee of the category specified under Section 217 (2A) of the Companies Act, 1956 during the year under review.

Subsidiary Company

In view of the general exemption granted by the Ministry of Corporate Affairs, Government of India vide Circular No.2/2011 dated 8th February, 2011 the Annual Report and Accounts of Samudra Securities Limited, the subsidiary of your Company, for the year ended 31st March, 2014 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



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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;

- (iii) 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
- (iv) 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

The Company's relations with the employees continued to be cordial.

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. Pursuant to the provision of Section 139 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Messrs Tarmaster & Co., who have been the Statutory Auditors of the Company since 1983 can hold their office only for a period of three years.

Accordingly, the Board of Directors recommend their appointment for a period of 3 years i.e. from the date of ensuing Annual General Meeting (AGM) till the date of thirty second AGM.

Regarding comments of the Auditors on the Company regarding non compliance of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms(Reserve Bank) Directions, 2007 and the Company, not being able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by the aforesaid Directions, the comments of the Board are as under.

The Company's networth had become negative in March 2002 due to continued losses. Later, Reserve Bank of India cancelled the NBFC Registration. Hence the maintenance of CRAR and other compliances of the Directions are no more applicable to the Company.

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: 30th May, 2014



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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 31st March, 2014 are given below:

Names of the Directors	Executive/ Non-executive Independent	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 14th February, 2014 has re-appointed Mr. H. C. Mathur as Managing Director of the Company for a further period of one year with effect from 1st May, 2014 which is subject to the approval of the members at the ensuing Annual General Meeting and necessary statutory approvals.

Mr. Mathur, aged about 77 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 53 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

During the year under review, 6 meetings of the Board of Directors were held on 1st April, 2013, 26th April, 2013, 30th May, 2013, 14th August, 2013, 14th November, 2013, and 14th February, 2014. 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.

Pursuant to the Section 149 and other applicable provisions of the Companies Act, 2013 Messrs Sujit Datta, B. N. Tripathi and A. V. Sudhakaran are being Proposed for appointment as Independent Directors of the Company at the ensuing Annual General Meeting to hold office for a term of five consecutive years each upto the conclusion of the thirty second Annual General Meeting of the Company. The Profile of these Directors are provided in the Explanatory Statement to the Notice of Annual General Meetings

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 held on 30th May, 2013, 14th August, 2013, 14th November, 2013 and 14th February, 2014. 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

The Company Secretary of the Company acts as the Secretary to the Audit Committee.

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 Messrs B. N. Tripathi and Sujit Datta being the other members. The Committee met twice during the year with all the members being present.

Pursuant to the coming into force of the Companies Act, 2013 the Remuneration Committee was re-constituted as "Nomination and Remuneration Committee with effect from 14th May, 2014. This Committee therefore now meets the criteria laid down in the Companies Act 2013 as well as Clause 49 of the Listing Agreement.

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

Nomination and 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 Messrs B. N. Tripathi and Sujit Datta being the other members. The Committee met twice during the year with all the members being present.

Pursuant to the coming into force of the Companies Act, 2013 the Remuneration Committee was re-constituted as "Nomination and Remuneration Committee" with effect from 14th May, 2014.

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	Mr. A. V. Sudhakaran	6000/-

Executive Director

Rs.

Name	Mr. H. C. Mathur
Business Relation	Chairman & Managing Director
Salary	3,90,000
Management Allowance	2,80,800
Other Allowances & Perquisites	139,435
Contribution to Superannuation/Gratuity etc.,	74,100
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 Messrs 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 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 31st March, 2014.

Pursuant to the coming into force of the Companies Act, 2013 the Investors'/Shareholders' Grievance Committee was renamed as "Stakeholders Relationship Committee" with effect from 14th May, 2014.



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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
26	2010-11	Birla Academy of Art and Culture 108-109 Southern Avenue Kolkata-700 029	29.07.2011	10.30 A.M.	None
27	2011-12	- Do -	31.08.2012	10.30 A.M.	Yes
28	2012-13	Uttam Mancha 10/1/1 Monohorpukur Road, Kolkata-700026	30.09.2013	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 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. The Company's Email ID for the purpose of investors for any grievance is cflcapinvestgrievances@gmail.com. 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	29 th September, 2014 at 11.00 A.M.
Venue	Uttam Mancha 10/1/1 Monohorpukur Road, Kolkata-700026
Book Closure Date	22 nd September, 2014 to 29 th September, 2014 (both days inclusive)

b. Financial Calendar (tentative and subject to change)

Financial results for quarter ending 30 th June, 2014	14 th August, 2014
Financial results for quarter ending 30 th September, 2014	14 th November, 2014
Financial results for quarter ending 31 st December, 2014	13 th February, 2015
Financial results for the year ending 31 st March, 2015	end of May, 2015
Annual General Meeting for the year ending 31 st March, 2015	end of September, 2015

c. 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 under review and also for 2014-15.

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

d. Market Price Data

Monthly High and Low of Company's Equity Shares (Rs.10 per share) for the year ended March 2014 at the Stock Exchange, Mumbai.

Months	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2013	2.95	2.54	19622.68	18144.22
May, 2013	4.72	2.8	20443.62	19451.26
June, 2013	6.00	4.75	19860.19	18467.16
July, 2013	6.8	5.71	20351.06	19126.82
August, 2013	7.28	6.37	19569.2	17448.71
September, 2013	6.93	5.39	20739.69	18166.17
October, 2013	5.89	5.06	21205.44	19264.72
November, 2013	7.25	4.79	21321.53	20137.67
December, 2013	7.5	5.43	21483.74	20568.7
January, 2014	6.56	4.51	21409.66	20348.78
February, 2014	4.43	3.8	21140.51	19963.12
March, 2014	4	2	22467.21	20920.98

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 I (i) below.

f. 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 de-materialized trading with effect from 28th August 2000 and shares can be transferred in demat form also.