

**Annual Report
2011 - 2012**

COMFORT FINCAP LIMITED

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ANNUAL GENERAL MEETING**Day & Date :** Saturday, 15th September, 2012**Time :** 4.30 P.M.**Venue :** Premises No. 22, Block B,
Northern Portion of Unit No. BG,
Camac Street, Kolkata - 700 017

BOARD OF DIRECTORS :

Mr. Bharat Shiroya	:	Managing Director
Mr. Anil Agrawal	:	Director
Mr. Anil Nevatia	:	Director
Mr. Sushil Kasturchand Jain	:	Director

AUDITORS:

M/s. Bansal Bansal & Co.,
Chartered Accountants,
120, Sanjay Building No. 6,
Mittal Industrial Estate
Andheri Kurla Road, Andheri (E)
Mumbai – 400 069.

REGISTRARS AND TRANSFER AGENTS:

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai – 400 072.
Phone No. : 022-28470652,
Fax No. : 022-28475207
Email id.:info@bigshareonline.com,
Website: www.bigshareonline.com

BANKERS:

Axis Bank Limited.

REGISTERED OFFICE:

Premises No. 22,
Block B,
Northern Portion of Unit No. BG,
Camac Street,
Kolkata – 700017
Email.: info@comfortfincap.com
Website: www.comfortfincap.com

NOTICE

NOTICE is hereby given that the **ANNUAL GENERAL MEETING of COMFORT FINCAP LIMITED** will be held on Saturday, 15th September, 2012 at 4.30 P.M at Premises No. 22, Block B, Northern Portion of Unit No. BG, Camac Street, Kolkata - 700 017 to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as on 31st March 2012 and the Profit & Loss Account of the Company for the year ended on that date together with the Directors Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Sushil Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s BANSAL BANSAL & Co., Chartered Accountants, as the auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:
"RESOLVED THAT the Salary and other allowances to be paid to Mr. Bharat Shiroya, Managing Director with effect from 1st October, 2011.
 - 1) Salary ₹ 25,000/- per month.
Other allowances and benefits as per the rules of the Company."

Place :Kolkata

Dated : 21/07/2012

By Order of the Board

Sd/-
Anil Agrawal
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXY FORM AND ATTENDANCE SLIP ARE ENCLOSED, PROXIES IN ORDER TO BE VALID MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item 4 set out above is annexed hereto
4. The Register of Members and Share Transfer Books of the Company will remain closed from 11/09/2012 to 15/09/2012 (both the days inclusive.)
5. Members are requested to notify immediately changes in their respective address, if any, to the Company's Registered Office quoting their Folio No.
6. Members who hold shares in the Dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Annual General Meeting.
7. Members / Proxies should bring their copy of the Annual Report and also the attendance slip duly filled in for attending the meeting.

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACTS, 1956.

The following Explanatory Statement sets out the material facts relating to the business under items 4 of the accompanying Notice:

Item No. 4

Mr. BHARAT SHIROYA was appointed as Managing Director of the Company in the meeting of the Board of Directors held on 1st October, 2011 for a period of 3 years.

The main terms of appointment of Mr. Bharat Shiroya, as Managing Director are as under:

Salary from Rs. 25,000/- per month.

Other allowances and benefits as per the rules of the Company.

Yours Directors recommend the resolution for the approval of the members.

Mr. Bharat Shiroya is interested in the resolution as it relates to his appointment.

None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

By Order of the Board

Place :Kolkata

Dated : 21/07/2012

Sd/-
Anil Agrawal
Director

DIRECTORS' REPORT

To the Members of the Company,

Your Directors have pleasure in presenting the Annual Report on the business and operations of your Company with Audited Accounts for the year ended 31st March 2012. The financial results of the Company are summarized below:

FINANCIAL RESULTS:

(₹ In Lacs)

PARTICULARS	YEAR ENDED 31ST MARCH 2012	YEAR ENDED 31ST MARCH 2011
Income from Operations	3948.76	267.13
Profit Before Depreciation and Taxes	84.69	0.58
Less: Depreciation	1.18	0.01
Less : Provision for		
(a) Income tax	25.00	-
(b) Deferred tax	(0.01)	0.01
Income Tax paid of Earlier years	-	-
Provisions for Loans & Advances	-	-
Profit for the Year	58.53	0.56
Add: Brought forward from last year	163.69	163.24
Distributable Profits	222.22	163.80
Appropriated as under :		
Transfer to Special Reserve	(11.71)	(0.11)
Proposed Equity Dividend	(21.70)	-
Tax on Distributed Profits	(3.52)	-
Balance Carried Forward to Balance sheet	185.29	163.69

DIVIDEND:

Your directors are pleased to recommend the dividend for the financial year 2011-12 on Equity Shares of ₹ 10/- each at 0.2 paise per share equivalent to 2% aggregating to ₹ 2,170,260/- (Rupees Twenty One Lakhs Seventy thousand Two Hundred and Sixty Only)

FINANCIAL HIGHLIGHTS:

- Income from operations stood at ₹ 3948.76 lacs for fiscal 2012
- Profit before taxes for fiscal 2012 is ₹ 83.51 lacs
- Profit after taxes for fiscal 2012 is ₹ 58.53 lacs
- Basic earning per share for fiscal 2012 was ₹ 0.57 per share

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. Sushil Jain, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

During the year Mr. Bharat Shiroya was appointed as Managing Director of the company w.e.f 1st October, 2011 and Mrs. Annu Agrawal resigned from the post of Director on 1st October, 2011.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) Appropriate accounting policies have been selected and the directors have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-2012 and of the profit and loss of the Company for the period;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.

COMMENTS ON AUDITOR'S REPORT:

As regards not making provision for retirement benefits of employees, the same has not been done in view of the meager staff strength.

STATUTORY AUDITORS:

The retiring auditors, namely M/s. Bansal Bansal & Co., Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting and are seeking re-appointment. They have confirmed that their appointment if made, at the Annual General Meeting, will be within the limits prescribed under sub section (1B) of Section 224 of the Companies Act, 1956. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement. Members are requested to consider their re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT:

The Management Discussion and Analysis for the year 2011-12 and a detailed report on Corporate Governance, as required under Clause 49 of the Listing agreement executed with the Stock Exchanges, are given in separate sections forming part of the Annual Report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A);

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules 1988, as amended are not applicable to the company, as there are no employees whose remuneration is in excess of the limits prescribed.

LISTING:

The Equity Shares of the Company are at presently listed with the Calcutta Stock Exchange Limited, Delhi Stock Exchange and Uttar Pradesh Stock Exchange Limited. The company is regular in payment of listing fee.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earning and outgo is given in the Annexure – 1.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY:

Your company has shifted its Registered Office from 8, Lyons Range, 5th Floor, Kolkata – 700001 to Premises No. 22, Block B, Northern Portion of Unit No. BG, Camac Street, Kolkata - 700 017 for more operational convenience with effect from 15th March, 2012.

ACKNOWLEDGEMENT:

Your directors place on record their gratitude for the continued co-operation and guidance extended by the Securities and Exchange Board of India, Reserve bank of India, Calcutta Stock Exchange Limited, Delhi Stock Exchange Limited and Uttar Pradesh Stock Exchange Limited and take this opportunity to place on record their warm appreciation of the valuable contribution, unstinted efforts and the spirit of dedication by the employees and officers at all levels in the progress of the Company during the year under review.

Your directors also express their deep gratitude for the assistance, co-operation and support extended to your company by the bankers, customers as well as the investing community and look forward to their continued support.

Place : Kolkata

Dated: 21/07/2012

FOR AND ON BEHALF OF THE BOARD

Sd/-
Bharat Shiroya
Managing Director

Sd/-
Anil Agrawal
Director

MANAGEMENT DISCUSSION & ANALYSIS

Industry Overview:

NBFCs are an integral part of the country's financial system complementing the services of commercial banks. The main reason attributed to the growth of NBFCs is the comprehensive regulation of the banking system. Other factors include higher level of customer orientation, lesser pre/post sanction requirements and higher rates of interest on deposits being offered by NBFCs. It is mandatory that every NBFC should be registered with RBI to carry on any business of non banking financial institution.

The activities of non-banking financial companies (NBFCs) in India have undergone qualitative changes over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognized as they have inherent ability to take quicker decisions, assume greater risks, and customize their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis. The distinction between banks and non-banks has been gradually getting blurred since both the segments of the financial system engage themselves in many similar types of activities. At present, NBFCs in India have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments, etc. By employing innovative marketing strategies and devising tailor-made products, NBFCs have also been able to build up a clientele base among the depositors, mop up public savings and command large resources as reflected in the growth of their deposits from public, shareholders, directors and other companies, and borrowings by issue of non-convertible debentures, etc.

The importance of NBFCs in delivering credit to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised. The rising importance of this segment calls for increased regulatory attention and focused supervisory scrutiny in the interests of financial stability and depositor protection.

NBFCs can be divided into deposit taking NBFCs, i.e., which accept deposits from public and non-deposit accepting or holding NBFCs being those which do not accept deposits from public.

Business Overview:

Our Company was originally incorporated as Parasnath Textiles Limited (PTL) on 12.11.1982 under the Companies Act, 1956 in the State of West Bengal thereafter the Company's name was changed from Parasnath Textiles Limited to Comfort Fincap Limited vide fresh certificate of incorporation dated 4th June, 2011.

The object was to carry on the business of manufacturers and dealers in textiles, investment /trading in shares & securities etc and registered with RBI as a Non Banking Financial Company ('NBFC').

Our Company is a non deposit taking NBFC, registered with the RBI, 15th September, 1998 vide Registration No. 05.02895. The Company is providing various financial solutions such as advancing loans against listed shares & securities and properties, corporate loans, personal loans, trade financing, bills discounting etc.

Our Company is appointed as a Sales Promotion Agent of Raymond Ltd. for domestic sales of its products in Indian market on commission basis. This agreement will enable us to grab business opportunities available in the textile market, expand into new geographic areas, enter new product markets etc.

However from current financial year 2012-13, our Company is solely concentrating in the NBFC segment.

Our Company is primarily focused in providing inter corporate loans, personal loans, loans against shares & securities, loans against properties, trade financing, bills discounting, trading in shares & securities and arbitrage business in stock and commodity market. Being an NBFC, our Company has positioned itself between the organized banking sector and local money lenders, offering the customers competitive, flexible and timely lending services.

PRODUCTS & SERVICES

Our Company offers financial services to commercial, industrial and financial clients with a one stop financial solution:-

- ✓ advancing loans against listed shares, securities and properties
- ✓ margin funding
- ✓ corporate loans
- ✓ personal loans
- ✓ trading in shares & securities
- ✓ trade financing
- ✓ bills discounting etc.

FINANCIAL PERFORMANCE

During the fiscal 2011 - 12, the gross operational income of the Company stood at ₹ 3949.73 Lacs as compared to previous fiscal of ₹ 268.53 Lacs. And accordingly the Company profits have considerably increased from ₹ 0.56 Lacs in fiscal 2010 - 11 to ₹ 58.53 Lacs in fiscal 2011 - 12.

Our Strengths:-

- ✓ Ready contacts for business development:
- ✓ Promoted and managed by qualified and experienced professionals
- ✓ Support of Group Entity

Weakness:

- ✓ Branding: Our Company is not a well established brand among large NBFC players who have access to larger financial resources.
- ✓ Accessibility: We do not have branches so we are unable to explore the business opportunities in other areas.

Opportunities:

- ✓ Large Market: The players in the NBFC sector still have a lot of scope to cover larger market and the rural markets are still untapped. Further, in the textile sector lot of opportunities are available in domestic market since western countries are setting up their manufacturing units in India.
- ✓ Desire for Status: With increased desire of individuals to improve their standard of living, the NBFC industry is getting exposed to new category of Client (Individuals) in a big way with large share of business coming from this segment apart from corporate clients.

Threats:

- ✓ Economic Downturn: If the Economic downturn is prolonged it can reduce the financing need of people due to shrinking business opportunities.
- ✓ Private Banks: Private Banks are also working on the similar business model as the NBFCs do, thereby giving a very strong competitions to the NBFC's.
- ✓ RBI and Government restrictions: With more stringent norms governing the functioning of NBFC and certain government restrictions act as a hindrance in smooth functioning of NBFC.

Our Strategy

- ✓ Expansion of existing activities
- ✓ Financial Management/Advisory Services
- ✓ Differentiated Services
- ✓ Brand recognition

Regulatory:

As Being a Non-Banking Finance Company, is regulated by department of Non-Banking supervision of Reserve Bank of India. Company is current under category of Non-Deposit taking company so company is not within purview of various guidelines applicable. However RBI has issued several guidelines applicable to Non-Deposit taking companies, notable among which are:

- Submission of Financial
- Submission of Business-Continuity Certificate
- To exercise the Fair Practice Code
- Compliance with Prudential Norms

Company is complying various statutory provisions such as Companies Act, Income tax, Service tax, BSE Listing Agreement provisions and other applicable laws and regulations applicable to the company.