

**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 29<sup>th</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> 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, 30<sup>th</sup> 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 22<sup>nd</sup> September, 2014 to 29<sup>th</sup> 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](mailto:kolkata@linkintime.co.in) or to the Company at [cflcapfsl@gmail.com](mailto:cflcapfsl@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](http://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 28<sup>th</sup> 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
  1. 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 29<sup>th</sup> 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](http://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](http://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 8digit 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 <sup>nd</sup> 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](mailto: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](mailto: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 23<sup>rd</sup> day, of September, 2014 (10.00 a.m) and ends on 25<sup>th</sup> 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 22<sup>nd</sup> 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 22<sup>nd</sup> 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](http://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 10<sup>th</sup> 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 10<sup>th</sup> June, 2002 and 15<sup>th</sup> 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



# CFL CAPITAL FINANCIAL SERVICES LTD.

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 fulfill 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 10<sup>th</sup> March, 2000 and subsequently as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> May 2000. He 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 and thereafter was appointed for a period of one year with effect from 1<sup>st</sup> May, 2013.

The Board of Directors of your Company at its meeting held on 14<sup>th</sup> February, 2014 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, 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 14<sup>th</sup> 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 29<sup>th</sup> 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 31<sup>st</sup> 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 13<sup>th</sup> 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 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, 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:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any ;
- (ii) they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so



# CFL CAPITAL FINANCIAL SERVICES LTD.

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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: 30<sup>th</sup> May, 2014



# 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, 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 14<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> April, 2013, 26<sup>th</sup> April, 2013, 30<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013, and 14<sup>th</sup> 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 30<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013 and 14<sup>th</sup> 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 Messers 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 14<sup>th</sup> 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 14<sup>th</sup> 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 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 4 times with all the members attending the meetings.

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

During the year under review, no grievances were received from any shareholder. No share transfer/transmission/issue of duplicate share certificates was pending as on 31<sup>st</sup> March, 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 14<sup>th</sup> May, 2014.



# CFL CAPITAL FINANCIAL SERVICES LTD.

## General Body Meetings

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

AGM	Financial Year	Venue	Date	Time	Special Resolution Passed in the AGM
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](http://www.cfltd.in). The Company's Email ID for the purpose of investors for any grievance is [cflcapinvestgrievances@gmail.com](mailto: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 <sup>th</sup> September, 2014 at 11.00 A.M.
Venue	Uttam Mancha 10/1/1 Monohorpukur Road, Kolkata-700026
Book Closure Date	22 <sup>nd</sup> September, 2014 to 29 <sup>th</sup> September, 2014 (both days inclusive)

- Financial Calendar (tentative and subject to change)
 

Financial results for quarter ending 30 <sup>th</sup> June, 2014	14 <sup>th</sup> August, 2014
Financial results for quarter ending 30 <sup>th</sup> September, 2014	14 <sup>th</sup> November, 2014
Financial results for quarter ending 31 <sup>st</sup> December, 2014	13 <sup>th</sup> February, 2015
Financial results for the year ending 31 <sup>st</sup> March, 2015	end of May, 2015
Annual General Meeting for the year ending 31 <sup>st</sup> 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 28<sup>th</sup> August 2000 and shares can be transferred in demat form also.



# CFL CAPITAL FINANCIAL SERVICES LTD.

## g. Shareholding Pattern (as at 31<sup>st</sup> March, 2014)

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	124,180,734	89.56
Mutual Funds & UTI	1,400	-
Banks, Financial Institutions & Insurance Companies	10,600	0.01
Private Corporate Bodies	4,994,319	3.6
Indian Public	9,459,697	6.82
NRI/OCBs	8,750	0.01
Total	138,655,500	100

## h. Distribution of shareholding (as at 31<sup>st</sup> March, 2014)

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
01 to 250	25,125	82.31	3,122,040	2.25
251 to 500	3,370	11.04	1,261,345	0.91
501 to 1000	1,049	3.44	881,719	0.64
1001 to 5000	771	2.53	1,808,890	1.30
5001 to 10000	101	0.33	765,819	0.55
10001 to 50000	86	0.28	1,731,217	1.25
50001 to 100000	7	0.02	441,496	0.32
100001 and above	14	0.05	128,642,974	92.78
Total	30,523	100.00	138,655,500	100

## i. De-materialization of shares

78.85% of total Equity Share Capital is held in de-materialized form with NSDL and CDSL as at 31<sup>st</sup> March 2014. 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) cflcapfsl@gmail.com

(For investors' grievances) cflcapinvestgrievances@gmail.com

n. Phone No: 2243-9332, 2243- 9334

o. Fax No. 2243-9340

p. Website : 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, 2014

## 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, 2014.

H. C. Mathur

Kolkata, 30<sup>th</sup> May, 2014

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 2014 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

Dated,  
30<sup>th</sup> May, 2014



# 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, 2014, 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 Standards notified under the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. 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 :-**

- a. **Non-compliance of the provisions of the Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 16 (11))**
- b. **The company has not been able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 16 (11))**

**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.

- (a) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2014.
- (b) In the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of matter**

- i) The net worth of the Company is negative. The Company's Management has drawn a plan to liquidate some assets, to borrow money including from promoter shareholders etc. for meeting its expenses and liabilities. On the basis of the above plan the Company may be in a position to continue as a going concern. (Refer notes 1-B & 1.C of Note1)

- ii) Loans from Banks and UTI and interest charged thereon have been provided as per the claims before / orders passed by the Debt Recovery Tribunals (see notes 6.4, 6.5 6.6 and 6.8)

Our opinion is not qualified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

1. 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.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. 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.
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e. On the basis of the written representations received from the directors as on March 31, 2014, 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, 195

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

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

Kolkata

Date : 30<sup>th</sup> May, 2014

### **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, 2014. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets  

The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification..
2. The Stock of Shares and Securities of the Company has been physically verified by the Management during the year and no discrepancies were noticed between physical and book stock
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not come across any major weakness in the Internal Control procedures.
5. In our opinion, and according to the information and explanations given to us, there are no transactions during the year that need to be entered in the register in pursuance of section 301 of the Act..



# CFL CAPITAL FINANCIAL SERVICES LTD.

6. In our opinion and according to the information and explanations given to us, (a) the Company has neither accepted nor renewed any deposits during the year, (b) it had accepted deposits in earlier years by complying the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules thereunder and also the directives of the Reserve Bank of India with regard to acceptance of deposits from the public. The Company had defaulted in repayment of deposits and has got an order from the Company Law Board as per the provisions of Section 58AA of the Companies Act 1956. The Company Law Board had permitted the Company to repay the depositors in instalments by 31<sup>st</sup> December, 2012. The Company has repaid in full to depositors who had claimed the same. (Refer note 6.7)
7. On the basis of the Internal Audit Reports broadly reviewed by us we are of the opinion that, the coverage of internal audit functions carried out by the Management, is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government are not applicable in respect of services carried out by the Company.
9. According to the information and the explanations given to us, and on the basis of our examination of the account, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income- tax, sales tax, employees state insurance, customs duty, Investor Education and Protection fund, wealth tax, service and any other material statutory dues applicable to it.
10. According to the information and the explanations given to us, no undisputed dues payable in respect of income- tax, sales tax, wealth tax, service tax, customs duty and cess were outstanding at 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable.
11. According to the information and explanations given to us and on the basis of the documents and records, the following disputed statutory dues on account of Income Tax and Sales tax have not been deposited with the appropriate authorities Annexure 1.
12. The Company has accumulated losses of Rs. 78,640.13 lakhs at the end of the financial year and has incurred cash losses in the financial year and in the immediately preceding financial year.
13. On the basis of the books and records examined by us and the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions and banks as per details given below- Annexure II.
14. On the basis of the books and records examined by us, and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
15. The Company was registered as Non Banking Finance Company with the Reserve bank of India but the same stands cancelled with effect from May 18, 2004. (Refer Note 1-C)
16. In respect of shares, securities debentures and other investments dealt or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are in the Company's present or former name.
17. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
18. According to the information and explanations given to us, on an overall basis, the term loans taken in previous years have been applied for the purpose they were obtained
19. On the basis of overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, no funds have been raised by the Company during the year. However, the funds raised in earlier years for short term purpose have been used for long term purpose and it is not possible to determine the quantum of the same in this year.
20. The Company has not made any preferential allotment of the shares to the parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
21. The Company has created securities in respect of debentures outstanding at the year-end. (Refer note - 6.5). The trustees have resigned.
22. The Company has not raised any money by public issue during the year.

23. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**S. Saha**  
Partner

Membership No. 300639

Kolkata  
Date : 30<sup>th</sup> May, 2014

## Annexure to Auditors' Report for year ended 31<sup>st</sup> March 2014

Particulars of disputed statutory liability not paid to the authorities

### Annex - I

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

### Annex - II

## Annexure to Auditors' Report for year ended

(Rs. in Lakhs)

Name of Bank /Financial Institution/ Mutual Fund	Default Principal as per Lender	Interest as per appeal / Order	Total
ICICI Bank Ltd. (formerly Bank of Rajasthan Ltd.)	852.06	4,235.15	5,087.22
Catholic Syrian Bank Ltd.	646.23	650.87	1,297.10
Dena Bank	1,926.38	6,123.36	8,049.74
Federal Bank Ltd.	780.64	2,766.61	3,547.26
Indusind Bank Ltd.	1,349.75	3,722.18	5,071.93
Oriental Bank of Commerce	447.18	2,598.00	3,045.19
Kotak Bank Ltd. (formerly State Bank of Travancore)	793.85	1,479.43	2,273.28
Asset Reconstruction Co. (I) Ltd. (formerly South Indian Bank Ltd.)	840.21	2,853.27	3,693.48
Vijaya Bank	1,215.26	1,997.93	3,213.19
Axis Bank Ltd.	700.72	659.66	1,360.38
Total Banks	9,552.30	27,086.47	36,638.77
UTI Asset Management Co Ltd.	248.62	2,151.55	2,400.18
Administrator of the Specified Undertaking of UTI	432.60	3,743.05	4,175.65
Financial Institution and Mutual Funds	681.23	5,894.60	6,575.83

The principal amount is as claimed by the lenders in their applications before the appellate authorities. Interest is calculated at the rates demanded by them or as per the orders passed by the Appellate Authorities.

# CFL CAPITAL FINANCIAL SERVICES LTD.



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

(Amount in Rupees)

Particulars	Note No.	As at 31-Mar-14		As at 31-Mar-13	
		Rupees	Rupees	Rupees	Rupees
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
a. Share Capital	3	1,636,552,500.00		1,636,552,500.00	
b. Reserves & Surplus	4	(6,599,234,874.80)		(6,027,634,584.33)	
c. Money received against share warrants		-		-	
			(4,962,682,374.80)		(4,391,082,084.33)
<b>(2) Share Application Money Pending Allotment</b>					
			-		-
<b>(3) Non-current Liabilities</b>					
a. Long-term borrowings	5	-		-	
b. Deferred tax liabilities (net)		-		-	
c. Other long term liabilities		-		-	
d. Long term provisions		1,107,359.00		1,276,621.00	
			1,107,359.00		1,276,621.00
<b>(4) Current Liabilities</b>					
a. Short-term borrowings	6	590,643,104.00		562,005,104.00	
b. Trade payables		34,513,931.93		54,067,665.68	
c. Other current Liabilities		4,434,753,133.35		3,880,600,634.99	
d. Short term provisions		890,502.00		1,157,590.00	
			5,060,800,671.28		4,497,830,994.67
<b>TOTAL</b>			<b>99,225,655.48</b>		<b>108,025,531.34</b>
<b>II. ASSETS</b>					
<b>1. Non-current Assets</b>					
<b>a. Fixed Assets</b>					
i. Tangible Assets	7	16,827,163.89		17,678,382.14	
ii. Intangible Assets		-		-	
iii. Capital Work-in-progress		-		-	
iv. Intangible assets under development		-		-	
b. Non-current Investments	8	51,192,278.00		60,233,224.00	
c. Deferred tax assets (net)		-		-	
d. Long term loans and advances		-		-	
e. Other non-current assets	8	19,276,357.15		19,331,711.79	
			87,295,799.04		97,243,317.93
<b>2. Current Assets</b>					
a. Current investments	9	464,936.00		464,936.00	
b. Inventories		-		-	
c. Trade receivables		196,562.00		96,051.00	
d. Cash and cash equivalents		8,018,458.54		6,208,781.81	
e. Short-term loans and advances		413,883.90		1,159,475.60	
f. Other current assets		2,836,016.00		2,852,969.00	
			11,929,856.44		10,782,213.41
<b>TOTAL</b>			<b>99,225,655.48</b>		<b>108,025,531.34</b>
<b>General Information</b>	1				
<b>Significant Accounting Policies</b>	2				

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our Report attached

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

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

# CFL CAPITAL FINANCIAL SERVICES LTD.



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

(Amount in Rupees)

Particulars	Note No.	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>I Revenue from Operations (See note 1.C)</b>	10	<b>4,254,808.11</b>	4,629,509.35
II Other Income		<b>28,171.00</b>	-
III Total Revenue (I+II)	Total	<b>4,282,979.11</b>	4,629,509.35
<b>IV Expenses</b>			
Employee Benefit Expenses	11	<b>11,004,096.60</b>	18,451,143.96
Finance Costs	12	<b>559,098,964.00</b>	481,400,803.00
Depreciation and amortization expenses	13	<b>566,660.52</b>	625,489.00
Other Expenses	14	<b>10,198,702.42</b>	8,670,968.61
Total expenses	Total	<b>580,868,423.54</b>	509,148,404.57
V Profit before exceptional and extraordinary items and tax (III-IV)		<b>(576,585,444.43)</b>	(504,518,895.22)
VI Exceptional Items	15	<b>4,985,153.96</b>	12,030,859.22
VII Profits before extraordinary items & tax (V-VI)		<b>(571,600,290.47)</b>	(492,488,036.00)
VIII Extraordinary Items		-	-
<b>IX Profit /(Loss) before Tax</b>		<b>(571,600,290.47)</b>	(492,488,036.00)
X Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
XI Profit / (loss) for the year(VII-VIII)		<b>(571,600,290.47)</b>	(492,488,036.00)
XII Profit / ( Loss) from discontinuing operation		-	-
XIII Tax Expense of discontinuing operations		-	-
XIV Profit / (Loss) from Discontinuing Operations (after tax) ( XII-XIII)		-	-
<b>XV Profit / (Loss) for the period (XI-XIV)</b>		<b>(571,600,290.47)</b>	(492,488,036.00)
<b>XVI EARNING PER SHARE (Rs. 10/-)</b>			
1. Basic	16(9)	<b>(4.36)</b>	(3.79)
2. Diluted	16(9)	<b>(4.36)</b>	(3.79)
<b>General Information</b>	1		
<b>Significant Accounting Policies &amp; General Notes</b>	2		

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our Report attached

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

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

# CFL CAPITAL FINANCIAL SERVICES LTD.



## CASH FLOW STATEMENT FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2014

(Amount in Rupees)

Particulars	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax & Extraordinary items	(571,600,290.47)	(492,488,036.00)
Adjustments for :		
- Financial Expenses	559,098,964.00	481,400,803.00
- (Profit) on sale of assets	-	(8,802,472.04)
- Loss on sale of assets	182,348.42	22,212.82
- Depreciation	566,660.52	625,489.00
- Operating profit before Working Capital changes	(11,752,317.53)	(19,242,003.22)
Adjustments for :		
- (Increase) Decrease in Trade Receivables	(100,511.00)	(96,051.00)
- (Increase) Decrease in Other Non-Current Assets	55,354.64	(58,251.06)
- (Increase) Decrease in Current Loans & Advances	745,591.70	(162,931.60)
- (Increase) Decrease in Other Current Assets	16,953.00	(1,205.04)
- Increase (Decrease) in Other Current Liabilities	554,152,498.36	373,555,014.98
- Increase (Decrease) in Trade Payables	(19,553,733.75)	21,463,057.00
- Increase (Decrease) in Long Term Provisions	(169,262.00)	(162,034.00)
- Increase (Decrease) in Short Term Provisions	(267,088.00)	876,394.00
Cash generated from Operations	523,127,485.42	376,171,990.06
Financial Expenses	(559,098,964.00)	(481,400,803.00)
<b>Net Cash from Operating Activities</b>	<b>(35,971,478.58)</b>	<b>(105,228,812.94)</b>
<b>B. Cash Flow from Investing Activities</b>		
(Purchase) of Fixed Assets	-	(43,300.00)
Sale of Current Investments	-	-
Sale of Non-Current Investments	9,040,946.00	8,181,540.00
Sale/ extinguishment of Fixed Assets	102,209.31	11,910,039.55
<b>Net Cash used in Investing Activities</b>	<b>9,143,155.31</b>	<b>20,048,279.55</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase /( Decrease) in Non Current Borrowings	-	-
Increase / (Decrease) in Current Borrowings due to decrees passed	28,638,000.00	65,524,312.00
Increase / (Decrease) in Current Borrowings due to repayment	-	-
Proceeds from unpaid calls received	-	-
Net Cash used in Financing Activities	28,638,000.00	65,524,312.00
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents</b>	<b>1,809,676.73</b>	<b>(19,656,221.39)</b>
Cash & Cash equivalents as at opening	6,208,781.81	25,865,003.20
Cash & Cash equivalents as at closing	8,018,458.54	6,208,781.81

### Notes

- The Cash Flow is prepared on the basis of Indirect method as prescribed in The Accounting Standard 3 notified by the Companies (Accounting Standards) Rules, 2006.
- The Format used above is as prescribed for Financial organisation.
- Cash equivalents as on 31.03.2014 include Rs. 47,40,150.47 (Previous Year Rs.14,545.87) in Escrow account which has to be utilised first for repayment of Fixed Deposits as per the directions of Reserve Bank of India.

As per our Report attached

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

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014



# CFL CAPITAL FINANCIAL SERVICES LTD.

## NOTE FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

### NOTE 1

#### GENERAL INFORMATION

##### COMPANY PROFILE

A CFL Capital Financial Services Limited was incorporated in 1983 as Samudra Mahal Investments Limited as Public Company and was engaged in the business of Non Banking Financial Business under valid permission from Reserve Bank of India (RBI), granted in April 1998. Due to the poor financial condition of the Company, on account of dot.com burst of 1998-99 and subsequent impact thereof which lead to inter-alia Capital Risk Adequacy Ratio (CRAR) going below the prescribed limit, RBI cancelled its Certificate of Registration w.e.f 18-May-2004. The RBI also directed that the Company continues to be governed by the relevant provisions of the Act (RBI Act, 1934) and various directions/instructions issued by RBI from time to time until such time the entire amount of public deposits held by the company are repaid with interest and the entire financial assets are disposed of or the Company is converted to a non-banking non-financial Company. As per its assets and income, the Company continues to be a Non Banking Financial Company. The Company has its registered office in Kolkata, West Bengal. Its Company Identification Number as given by Registrar of Companies, West Bengal, is L67120WB1983PLC036805. Its equity shares are listed on the Bombay Stock Exchange Limited.

B In view of the above, the Company cannot carry on any fresh Non Banking Financial activities. Hence these financial statements show the results of these operations / activities.

##### C Going Concern

The net worth of the Company has become negative due to the accumulated losses in the previous years. The Company had drawn a plan to liquidate assets, borrow money including from shareholders / promoters etc. for meeting the liabilities of the financial year ending 31<sup>st</sup> March, 2014. Hence, the Accounts have been drawn up on a going concern basis. The winding up petition filed by a depositor in the previous year is pending before the Hon'ble Calcutta High Court.

However, in view of the net worth of the Company being negative and in view of the accumulated losses for the last few years aggregating to Rs. 78,640.13 lakhs till March 2014, the Company's ability to maintain the status is dependent on concessions from stakeholders' and others' support. Substantial support is reflected in this year's accounts from creditors and shareholders. One of the banks has filed a Winding up petition against the Company before the Hon'ble High Court Calcutta which was dismissed by the Hon'ble Court in April, 2014.

### NOTE 2

#### SIGNIFICANT ACCOUNTING POLICIES

A The financial statements are prepared under historical cost and on accrual basis and in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules 2006 referred to in section 211(3C) of the Companies Act, 1956 and within the terms of Prudential Norms mandated by the Reserve Bank of India subject to note 1.C above.

##### B Non-Current & Current Liabilities

A liability is classified as Current when it satisfies any of the following:-

- It is expected to be settled in normal operating cycle or
- it is held primarily for the purpose of being traded or
- It is due to be settled within twelve months of the Balance Sheet date or
- the Company does not have the unconditional right to defer the settlement of the liability for at least 12 months after the Balance Sheet date

All other liabilities are Non-Current.

##### C Non-Current & Current Assets

An asset is classified as Current when it satisfies any of the following:-

- It is expected to be realised in or is intended for sale or consumption in normal operating cycle or

- it is held primarily for the purpose of being traded or
- It is due to be realised within twelve months of the Balance Sheet date or
- It is Cash or Cash Equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the Balance Sheet date.

All other assets are Non-Current

D Normal Operating cycle is assumed to be twelve months.

##### E Fixed Assets

- Tangible Assets : Fixed Assets are stated at cost net of accumulated depreciation and accumulated impairment losses if any. The cost comprises of cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Costs also include direct expenses incurred upto the date of capitalisation / commissioning.

Subsequent expenditure related to an existing item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond the previous It assessed standards of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

- Intangible Assets - Intangible assets are reflected at cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

##### F Income & Expenditure

Income and Expenditure are generally accounted on accrual basis except to the extent restricted by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

There has been no fund based activity since 1.4.2001. The income recognised during the year is on account of additional charges recovered on account of defaults and delays in repayment of dues on Leasing, Hire Purchase, Bill Discounting and other Funding activities. Other items, except dividends, are accounted on accrual basis. Dividend is accounted when the same is received or the Company is entitled to its receipt.

G Depreciation on assets under finance lease was provided based on the Primary Lease period of asset. On all other assets including operating leases (when in force), depreciation has been provided on the straight line basis at the rates as per Schedule XIV of the Companies Act, 1956. All leases have completed their terms. However, some of the leased assets which are under dispute continue to appear in the books on the Balance Sheet Date though at nil value.

##### H Investments

Long term investments are valued at weighted average cost of acquisition and provision is made in the accounts for permanent diminution in the value of long term investments. Current investments are valued at lower of Cost or Market Value or Net Asset Value As per the Accounting Standard AS 30, these investments would all fall under "Available for Sale" category.

I Foreign Currency Transactions. Expenses and Income are recorded at the exchange rate prevalent on the date of transaction. Assets and Liabilities are restated, to the extent the Company is not covered against exchange fluctuation, at the exchange rate prevailing on the Balance Sheet date. There is no exposure on account of Foreign Currency Transaction during the year under review or in the previous year.

J The Company follows RBI Prudential Norms for charging delayed payment charges on overdue Lease and Hire Purchase Contracts. These are booked on realisation or on entering into a settlement agreement with the party

K Retirement Benefits. The Company's employees are entitled to the following retirement benefits

- Provident Fund contributions are being made to the Regional Provident Fund Organisation.
- The Gratuity Scheme is a defined benefit plan for which the Company has taken a policy from Life Insurance Corporation of India (LIC).
- The Superannuation scheme is a defined contribution scheme and contribution is paid to the LIC as per the scheme.



iv) Liability on account of leave earned is provided on the basis of the actuarial certificate as on the date of the Balance Sheet. as per Revised AS 15. notified by the Companies (Accounting Standards) Rules 2006

**L Provision & Contingencies**

A provisions is recognised when the Company has a legal and constructive obligation as a result of past event, for which it is probable that cash outflow will be required and the reliable estimate can be made. A contingent liability is disclosed when the Company has a present or a possible obligation where it is not probable that an outflow or resources will be required for settlement. Contingent assets are not recognised or disclosed

**M Use of Estimates**

In preparing the Company's Financial Statements in conformity with the accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets & liabilities, revenues and expenses and other disclosures in these statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised in the period it is determined.

**N Taxes on Income**

Current Tax is provided on the basis of provision of the Income Tax Act, 1961. Deferred Tax is recognised on timing difference between the

accounting income and taxable income for the year and quantified using tax rate and laws enacted on Balance Sheet date as per the Accounting Standard prescribed

**O Impairments of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the assets is less than the book value of the impaired asset, the recoverable amount of the asset is stated as the revised value of the impaired asset in the books of account and consequential reduction is recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the impaired asset over its remaining useful life.

An assessment is made at each Balance Sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company re-estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been change of assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the statement of profit and loss.

# CFL CAPITAL FINANCIAL SERVICES LTD.



## NOTES TO ACCOUNTS

Particulars	As at 31-Mar-14 Rupees		As at 31-Mar-13 Rupees	
<b>NOTE 3</b>				
<b>SHARE CAPITAL</b>				
<b>A. Equity Share Capital</b>				
a. Authorised				
19,49,50,000(Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each		<b>1,949,500,000.00</b>		1,949,500,000.00
b. Issued				
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each		<b>1,386,750,000.00</b>		1,386,750,000.00
c. Subscribed				
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each		<b>1,386,750,000.00</b>		1,386,750,000.00
d. Paid-up				
i. 13,86,55,500 (Previous Year 13,86,55,500) Fully Paid Equity shares of Rs. 10/- each		<b>1,386,555,000.00</b>		1,386,555,000.00
ii. Shares Forfeited 19,500 (Previous Year 19,500) partly paid Equity shares of Rs. 10/-each - Rs.5/- per share paid up		<b>97,500.00</b>		97,500.00
<b>Total Paid Up Equity Share Capital</b>		<b><u>1,386,652,500.00</u></b>		<b><u>1,386,652,500.00</u></b>
e. Number of Equity Shares subscribed of Rs. 10 each.	<b>Numbers</b>	<b>Amount</b>	<b>Numbers</b>	<b>Amount</b>
e.1 Fully Paid				
Fully Paid at the beginning of the year	<b>138,655,500</b>	<b>1,386,555,000.00</b>	138,586,046	1,385,860,460.00
Add Partly Paid Shares made fully Paid up during the year	-	-	69,454	694,540.00
Fully Paid at the end of the year	<b>138,655,500</b>	<b>1,386,555,000.00</b>	138,655,500	1,386,555,000.00
e.2 Partly Paid - Nil	-	-	-	-
e.3 Forfeited shares				
Forfeited shares at the beginning of the year	<b>19,500</b>	<b>97,500.00</b>	19,500	97,500.00
Partly Paid Shares forfeited during the year (principal Amount)	-	-	-	-
Forfeited shares at the end of the year	<b>19,500</b>	<b>97,500.00</b>	19,500	97,500.00
<b>Total e.1+e.2+e.3</b>	-	<b>1,386,652,500.00</b>		<b>1,386,652,500.00</b>
<b>f. Shareholders holding more than 5% equity shares in the Company</b>	<b>Percentage holdings</b>	<b>No. of shares</b>	<b>Percentage holdings</b>	<b>No. of shares</b>
STEL Holdings Limited	<b>34.37</b>	<b>47,664,340</b>	34.37	47,664,240
Summit Securities Limited	<b>19.70</b>	<b>27,318,150</b>	19.70	27,318,150
Arco Impex Limited	<b>17.64</b>	<b>24,460,100</b>	17.64	24,460,100
Swallow Associates Limited*	<b>16.29</b>	<b>22,592,837</b>	13.30	18,448,587
g. Calls unpaid Nil	<b>Numbers</b>	<b>Amount</b>	<b>Numbers</b>	<b>Amount</b>
h. Forfeited shares				
Opening Balance - Principal Amount paid on forfeited shares	19,500	97,500	19,500	97,500
Add Principal amount paid on Forfeited shares	-	-	-	-
Closing Balance - Principal amount paid on Forfeited shares	19,500	97,500	19,500	97,500
<b>i. Rights of equity shareholders</b>				
Equity shareholders have the rights as provided under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.				
<b>B. Preference Share Capital</b>				
<b>a. Authorised</b>				
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each		<b>250,500,000.00</b>		250,500,000.00
<b>b. Issued</b>				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs. 100/- each		<b>249,900,000.00</b>		249,900,000.00
<b>c. Subscribed</b>				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs. 100/- each		<b>249,900,000.00</b>		249,900,000.00
<b>d. Paid-up</b>				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs. 100/- each		<b>249,900,000.00</b>		249,900,000.00
<b>Total Paid up Preference Share Capital</b>		<b><u>249,900,000.00</u></b>		<b><u>249,900,000.00</u></b>
<b>e. Number of Preference Shares subscribed at the beginning and end of the year</b>		<b>2,499,000</b>		<b>2,499,000</b>



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	As at 31-Mar-14 Rupees		As at 31-Mar-13 Rupees	
f. Shareholders holding more than 5% shareholding	Percentage holdings	No. of shares	Percentage holdings	No. of shares
Williamson Tea Assam Limited	46.21	1,154,790.00	46.21	1,154,790
Kitply Industries Limited	20.01	500,000.00	20.01	500,000
<b>g. Redemption</b>				
The Preference shares were issued on 20.01.1998 for a period of 5 years				
The redemption date was extended thrice for a period of 5 years each and are now due for redemption on 19.01.2018				
<b>h. Rights of the Preference shareholders</b>				
The Preference Shareholders have the first right to dividend (including Dividend in Arrears) out of the future distributable profits as and when they arise. They will also have the rights as provided under the Companies Act, 1956 and the Memorandum Articles of Association of the Company.				
<b>TOTAL SHARE CAPITAL (1.d+2.d)</b>		<b>1,636,552,500.00</b>		<b>1,636,552,500.00</b>

## NOTE 4

### RESERVES AND SURPLUS

<b>Capital Reserves</b>		<b>940,644,587.80</b>		<b>940,644,587.80</b>
<b>Securities Premium Account</b>		<b>258,133,692.00</b>		<b>258,133,692.00</b>
<b>Statutory Reserve</b>		<b>66,000,000.00</b>		<b>66,000,000.00</b>
Statutory Reserve was created as per the provisions of Section 45-IC of the Reserve Bank of India Act, 1934 (RBI) based of the profits earned by the Company for the years ended 31-Mar-97 and 31-Mar-98. This reserve cannot be utilized without the permission of RBI.				
<b>Surplus in the Statement of Profit &amp; Loss</b>				
Opening balance			(6,799,924,828.13)	
Add loss for the year	(7,292,412,864.13)		(492,488,036.00)	
Closing Balance	(7,292,412,864.13)	(7,864,013,154.60)		(7,292,412,864.13)
<b>TOTAL RESERVES AND SURPLUS</b>		<b>(6,599,234,874.80)</b>		<b>(6,027,634,584.33)</b>

## NOTE 5

### NON-CURRENT LIABILITIES

<b>a) Long term Borrowings</b>				
From Corporate Bodies - unsecured		-		-
From Fixed Depositors - Unsecured		-		-
<b>b) Deferred Tax Liabilities (net)</b>		-		-
<b>c) Other Long term liabilities</b>		-		-
<b>d) Long term provisions</b>		-		-
Provision for employee benefits - Leave Salary		1,107,359.00		1,276,621.00
<b>TOTAL</b>		<b>1,107,359.00</b>		<b>1,276,621.00</b>

The above amounts are due for repayment after 12 months from the date of the Balance Sheet.

## NOTE 6

### a) Short term Borrowings

From Bill Re-discounters parties - Unsecured (see note 6.1 below)		1,150,061.00		1,150,061.00
From Corporate Bodies - unsecured (See Note 6.2 below)		589,493,043.00		560,855,043.00
Interest Accrued on above		-		-
Sub-Total		590,643,104.00		562,005,104.00
<b>b) Trade Payables</b>		-		-
Sundry Creditors (Micro, Small, Medium Enterprises)		-		-
Sundry Creditors Related Parties (See note 6.3 below)		30,892,190.93		30,408,208.68
Sundry Creditors Others		3,621,741.00		23,659,457.00
Sub-Total		34,513,931.93		54,067,665.68
<b>c) Other Current Liabilities</b>				
Borrowing from Banks - Secured (see note 6.4 below)		955,230,077.55		952,951,262.55
Unpaid Debentures -Secured (See note 6.5 below)		68,122,631.00		68,122,631.00
Interest Accrued & Due on debentures-Secured (Note 6.6 below)		589,460,105.32		458,582,062.32
From Fixed Depositors - Unsecured (See note 6.7 below)		56,976,967.00		62,637,415.00
Interest Accrued & Due on Bank Loans (See note 6.8 below)		2,684,954,991.55		2,256,738,633.55
Tax deducted at Source payable		214,668.00		637,212.00
Other loans & liabilities (See note 6.9 below)		79,793,692.93		80,931,418.57
Sub-Total		4,434,753,133.35		3,880,600,634.99
<b>d) Short term provisions</b>				
Provision for employee benefits				
Leave Salary		441,206.00		459,910.00
Superannuation		115,006.00		697,680.00
Gratuity		334,290.00		-
Sub-Total		890,502.00		1,157,590.00
<b>Total</b>		<b>5,060,800,671.28</b>		<b>4,497,830,994.67</b>



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## Note 6.1

The Company had re-discounted the bills of its clients in the past. The Company could not pay to its discounters as the Company's clients whose bills were discounted by the Company, had not paid the due amount to it. The amounts are still due.

## Note 6.2

These borrowings are interest free and are due on demand. Hence, there is no accrued interest.

## Note 6.3 - Sundry Creditors

The amount of Rs. 3,08,92,190.43 (Previous Year Rs. 3,04,08,208.68) is due to Samudra Securities Limited (SSL), the subsidiary of the Company since 1<sup>st</sup> April, 2003 against purchase / sale of GOI securities from them prior to 2004. This amount has remained unpaid for a few years on account of financial constraints. SSL has made a provision against the amount due to them. The Company has made no provision in its books since the value of investment would not be impaired if the dues to SSL are settled. None of the creditors have intimated their status under the Micro Small Medium Enterprises Development Act, 2006

## Note 6.4 - Borrowings from Banks

- The loans from Banks are secured by pari passu hypothecation of present and future Hire Purchase (HP) receivables and Lease rentals and the relative assets consisting of Plant and Machinery, Office Equipments, Vehicles etc. and HP/ Lease debtors including overdue interest, delayed payment charges and the assets. The loans are further secured by way of collateral security given in the form of equitable / registered mortgage of the Company' office units in Delhi and Hyderabad to all banks along with pari passu hypothecation charge on the movable assets at these premises. The security is insignificant with respect to the amount claimed.
- The amounts were earlier advanced by the banks as Working Capital limits and later converted into loans. Hence shown under this head.
- Position of defaulted amount and other particulars as at 31<sup>st</sup> March, 2014 are given below.

	Date of Default	Default as on 31-Mar-14 Rupees	Rate of Interest per annum	Default as on 31-Mar-13 Rupees
The principal amount defaulted against each lender is as under				
ICICI Bank Ltd. (formerly Bank of Rajasthan Ltd.)	31-Mar-02	85,206,476.09	16.50/Monthly rests	86,978,617.09
Catholic Syrian Bank Ltd.	31-Mar-02	64,623,264.00	10.00% Simple Interest	66,049,506.00
Dena Bank	28-Dec-01	192,638,170.00	12.00% Quarterly rests	197,149,072.00
Federal Bank Ltd.	30-Jun-01	78,064,423.64	16.75/Monthly rests	79,710,996.64
Indusind Bank Ltd.	30-Sep-02	134,975,050.02	12.00% Quarterly rests	138,145,001.02
Oriental Bank of Commerce	30-Sep-01	44,718,460.00	17.00% Quarterly rests	46,175,500.00
Kotak Bank Ltd. (formerly State Bank of Travancore)	30-Sep-00	79,384,869.00	12.00% Quarterly rests	82,126,000.00
Asset Reconstruction Co. (I) Ltd. (formerly South Indian Bank Ltd.)	31-Dec-01	84,020,763.00	14.50% Quarterly rests	86,399,411.00
Vijaya Bank	1-Apr-01	121,526,304.02	9.00% Simple Interest	124,393,002.02
Axis Bank Ltd.	30-Sep-02	70,072,297.78	10.00% Simple Interest	71,794,686.78
Less amount recovered by Recovery Officers of the Debt recovery Tribunals		-		(25,970,530.00)
		<b>955,230,077.55</b>		<b>952,951,262.55</b>

The principal amount is as claimed by the banks in the suits filed by them before the Debt Recovery Tribunals. The dates of defaults are as per the dates recorded by the Mumbai Debt Recovery Tribunal. In the earlier year, the principal was considered as per Company's proposal given in 1999. The corresponding changes have been made in last year's figures, The interest due as shown in note 6.8 is correspondingly changed.

There is no change in total liability claimed by the lenders. The Recovery officers of the Debt Recovery Tribunals have sold some of the fixed assets mortgaged to the banks as security. The net amount of Rs. 2,32,02,576/- realised from the sale has been distributed by the Recovery Officers during the year (Previous Year Nil) to the banks after deducting the expenses and adding the interest earned.

- The above lenders had approached the Debt Recovery Tribunals of Competent Jurisdiction.

## Note 6.5 - Unpaid Debentures - Secured

- The 19% Secured Non Convertible debentures are secured by an exclusive charge/mortgage over specific assets given on Lease / Hire Purchase and the debtors. However the value of security including collateral security ( one office unit at Mumbai) is insignificant with respect to amount claimed. The principal amount is shown as on the date of filing the suit before the Debt Recovery Tribunal. After the de-merger of Unit Trust of India in 2002, the dues are bifurcated between UTI Asset Management Co Ltd. and the Administrator of Specified Undertaking of Unit Trust of India.
- Position of defaulted amount and other particulars as at 31<sup>st</sup> March, 2014 are given below.

	Date of Default	Default as on 31-Mar-14 Rupees	Rate of Interest per annum	Default as on 31-Mar-13 Rupees
UTI Asset Management Co Ltd.	12-May-03	24,862,220.00	20% Simple & compound	24,862,220.00
Administrator of the Specified Undertaking of UTI	12-May-03	43,260,411.00	qtrly Rest & 2% penal	43,260,411.00
		<b>68,122,631.00</b>		<b>68,122,631.00</b>
<b>Note 6.6 - Interest Accrued and Due on Unpaid Debentures</b>				
UTI Asset Management Co Ltd.	12-May-03	215,155,478.76	20% Simple & compound	167,384,992.92
Administrator of the Specified Undertaking of UTI	12-May-03	374,304,626.56	qtrly Rest & 2% penal	291,197,069.40
		<b>589,460,105.32</b>		<b>458,582,062.32</b>

The interest is calculated at the rates as stated above from the date of filing the appeal i.e. 15-Mar-2004.



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## Note 6.7 - Fixed Deposits

The Company had defaulted in repaying the deposits as per the original terms of the deposits. The repayments were rescheduled by the Company Law Board's (CLB) orders dated 26.06.2001 and its subsequent modifications dated 11.09.2002, 30.04.2004, 28.02.2006, 07.02.2007 & 13.10.2009. The Company has already paid all the claimed deposits on 29.12.2012 i.e. before 31.12.2012 the last date specified as per the last CLB order of 13.10.2009. As all Fixed Deposits have matured as per the original terms, the full amount is shown as dues to fixed depositors. The break-up of principal and interest on cumulative deposits upto the date of contracted maturity is given below.

Number of deposits	3,798	4,180
Total Amount unclaimed	56,976,967.00	62,637,415.00
Principal	46,195,642.00	50,712,633.00
Interest	10,781,325.00	11,924,782.00

The amount due within one year is Rs. 5,69,76,967/- (Previous Year Rs. 6,26,37,415/-)

Whereas majority of the warrants issued to the deposit holders were encashed within their validity period, some of them remained unencashed.

Further the Company had been regularly issuing fresh warrants or bank demand drafts, as the case may be, to the depositors, who could not encash their warrants on time, as and when request for the same were received. In the process, the Company had repaid Rs. 56,60,448/- to the depositors during the year under review.

Further, any request received from the deposit holders against the unencashed amount shall be duly paid till the expiry of 7 years from the respective due date, whereupon the same shall be transferred to the Investor Education and Protection Fund.

Note 6.8 - Interest Accrued and due on loans to banks	Date of Default	Default as on 31-Mar-14	Rate of Interest per annum	Default as on 31-Mar-13
ICICI Bank Ltd. (formerly Bank of Rajasthan Ltd.)	31-Mar-02	421,743,171.35	16.50/Monthly rests	344,848,520.35
Catholic Syrian Bank Ltd.	31-Mar-02	63,660,867.62	10.00% Simple Interest	57,055,915.62
Dena Bank	28-Dec-01	607,825,141.01	12.00% Quarterly rests	518,060,090.01
Federal Bank Ltd.	30-Jun-01	275,014,748.10	16.75% Monthly rests	220,655,441.10
Indusind Bank Ltd.	30-Sep-02	369,047,776.57	12.00% Quarterly rests	312,489,213.57
Oriental Bank of Commerce	30-Sep-01	258,343,204.35	17.00% Quarterly rests	211,640,412.35
Kotak Bank Ltd. (formerly State Bank of Travancore)	30-Sep-00	145,201,801.61	12.00% Quarterly rests	119,851,807.61
Asset Reconstruction Co. (I) Ltd. (formerly South Indian Bank Ltd.)	31-Dec-01	282,948,473.59	14.00% Quarterly rests	235,465,932.59
Vijaya Bank	1-Apr-01	196,926,346.33	9.00% Simple Interest	178,889,362.33
Axis Bank Ltd.	30-Sep-02	64,243,461.02	10.00% Simple Interest	57,781,938.02
		<u>2,684,954,991.55</u>		<u>2,256,738,633.55</u>

Interest has been provided at the rates as per the claim before DRT or as ordered by it on the principal claimed by the banks. Also refer note 6.4. The dates of defaults are as recorded by the Mumbai Debt Recovery Tribunal No. 1.

## Note 6.9

Other liabilities includes advance received for sale of shares Rs. 3,62,50,000 (Previous Year Rs. 3,62,50,000/-) considered as other loans. & Book Overdraft of Rs. 3,45,44,860/- (Previous Year Rs. 3,56,84,840/-)

Note 6.10 Provisions	Opening balance 1-Apr-13	Additions	Settled / paid/ Transferred	Closing Balance 31-Mar-14
Non Current provision for employee benefits Leave salary	1,276,621.00	319,973.00	489,235.00	1,107,359.00
Current provision for employee benefits Leave salary	459,910.00	-	18,704.00	441,206.00
Current provision for employee benefits Gratuity	-	334,290.00	-	334,290.00
Current provision for employee benefits Superannuation	697,680.00	386,866.60	697,680.00	386,866.60
NPA Provisions on Receivables	327,306,105.30	-	146,616,613.00	180,689,492.30
NPA Provisions on Short term Loans & Advances	91,345,110.30	-	29,031,566.88	62,313,543.42
NPA Provisions on Standard Assets	429,419.00	-	-	429,419.00
NPA Provisions on Non Current Investments	202,899,888.00	-	2,740,864.00	200,159,024.00
Total	624,414,733.60	1,041,129.60	179,594,662.88	445,861,200.32

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Particulars	Year ended	Year ended
	31-Mar-14	31-Mar-13
	Rupees	Rupees

## Note 6.11

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:

a. Principal amount and Interest due thereon remaining unpaid to any supplier at the end of accounting year	-	-
b. Interest paid during the year beyond the appointed day	-	-
c. Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
d. Amount of interest accrued and remaining unpaid at the end of the year	-	-
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small	-	-

## Note 6.12

All the creditors of the Company, except few corporates, banks and Financial Institutions (FIs), have confirmed their dues to the Company as on 31<sup>st</sup> March, 2014. Further, the amount due to the banks except Vijaya Bank (VB), Bank of Rajasthan Ltd. (BR) (now merged with ICICI Bank Ltd.), Federal Bank Ltd. (FB) and FIs have been stated at the amount decreed by the Hon'ble Debt Recovery Tribunal (DRT) in their favour, as increased by the interest due thereon at the rate ordered by DRT in the respective decree. The dues to VB, BR, FB and FIs have been stated at the amount claimed by them in their recovery suits filed before DRT and interest due thereon upto 31<sup>st</sup> March, 2014 at the rate demanded by them in their respective recovery suits.

## NOTE 7

### FIXED ASSETS SCHEDULE AS ON 31.3.2014

(Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	For the Year	On deleted Assets	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>A) Assets given on Lease ( All prior to 1.4.2001) (Tangible)</b>										
Plant & Equipment	94,499,434.30	-	94,499,434.30	-	94,499,434.30	-	94,499,434.30	-	-	-
<b>TOTAL (A)</b>	94,499,434.30	-	94,499,434.30	-	94,499,434.30	-	94,499,434.30	-	-	-
<b>B) Owned Assets (Tangible)</b>										
Buildings	22,437,455.68	-	-	<b>22,437,455.68</b>	6,299,667.62	365,731.00	-	<b>6,665,398.62</b>	<b>15,772,057.06</b>	16,137,788.06
Furniture and Fixture	662,962.05	-	341,400.00	<b>321,562.05</b>	398,402.78	4,818.85	85,491.58	<b>317,730.05</b>	<b>3,832.00</b>	264,559.27
Vehicles	2,106,537.00	-	389,613.00	<b>1,716,924.00</b>	954,803.00	138,027.00	364,532.00	<b>728,298.00</b>	<b>988,626.00</b>	1,151,734.00
Office Equipment	843,700.60	-	434,563.67	<b>409,136.93</b>	611,919.79	58,083.67	430,995.36	<b>239,008.10</b>	<b>170,128.83</b>	231,780.81
<b>TOTAL (B)</b>	26,050,655.33	-	1,165,576.67	<b>24,885,078.66</b>	8,264,793.19	566,660.52	881,018.94	<b>7,950,434.77</b>	<b>16,934,643.89</b>	17,785,862.14
<b>G . TOTAL (A+B)</b>	120,550,089.63	-	95,665,010.97	<b>24,885,078.66</b>	102,764,227.49	566,660.52	95,380,453.24	<b>7,950,434.77</b>	<b>16,934,643.89</b>	17,785,862.14
<b>Less Provision on Standard assets</b>									<b>107,480.00</b>	107,480.00
									<b>16,827,163.89</b>	17,678,382.14
<b>Previous Year</b>	131,203,443.65	43,300.00	10,696,654.02	<b>120,550,089.63</b>	109,705,612.18	625,489.00	7,566,873.69	<b>102,764,227.49</b>	<b>17,785,862.14</b>	21,390,351.47

Notes :

- Buildings mostly consist of office units, some of which are yet to be recorded in Company's new name.
- Buildings with the gross value of Rs. 1,63,64,355.68 located at New Delhi and Hyderabad are given as collateral security to Banks (Note 6.4) and the building at Mumbai valued at Rs. 48,50,000 to Debenture holders (Note 6.5)
- Leased Assets deleted represent assets removed from the books on completion of lease.
- The assets sold / retired during the year include offices of the Company disposed off by the Recovery Officers of the Debt Recovery Tribunals.
- Office Equipment include cost of the software embedded in the computers purchased / capitalised over 10 years ago and are fully depreciated.

Particulars	As at	As at	As at	As at
	31-Mar-14	31-Mar-14	31-Mar-13	31-Mar-13
	Nos.	Rupees	Nos.	Rupees

## Note 8

### NON CURRENT ASSETS

#### Non-current investments

##### a. Investment in Equity Instruments (long term-trade)

	QUANTITY	VALUE	QUANTITY	VALUE
i. Investment in subsidiary -Unlisted Samudra Securities Ltd. (FV Re. 1 per share)	28,599,032	28,599,032.00	28,599,032	28,599,032.00
Less : provision on Standard assets		(142,995.00)		(142,995.00)
<b>Total i</b>		<b>28,456,037.00</b>		<b>28,456,037.00</b>

The investment is valued at cost.

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Particulars	As at 31-Mar-14 Nos.	As at 31-Mar-14 Rupees	As at 31-Mar-13 Nos.	As at 31-Mar-13 Rupees
ii. Investment in Other Companies -Unlisted (Face Value Rs. 10/ per share unless specified otherwise)				
Ace Garments Export Ltd. (DO)	850,000	8,500,000.00	850,000	8,500,000.00
IAEC Industries Ltd. (A)	150,000	11,778,933.00	150,000	11,778,933.00
Indo Daein Leather Ltd. (A)	600,000	26,400,000.00	600,000	26,400,000.00
Indo Deutsche Metallo Chimique Ltd. (DO)	171,500	30,012,500.00	171,500	30,012,500.00
Jind Textiles Ltd. (UL)	750,000	18,938,523.00	750,000	18,938,523.00
Kalpana Chemicals Ltd. (A)	700,000	21,735,000.00	700,000	21,735,000.00
Kaveri Polysacks Ltd. (USO)	350,000	3,500,000.00	350,000	3,500,000.00
Kohinoor Feeds Ltd. (A)	562,500	33,609,375.00	562,500	33,609,375.00
Multimedia Frontiers Ltd. (A)	100,000	900,000.00	100,000	900,000.00
Nikita Cements Ltd. (DO)	150,000	2,100,000.00	150,000	2,100,000.00
Ruia Hospitality Ltd. (DO)	1,350,000	47,250,000.00	1,350,000	47,250,000.00
Spectrum Alkyd & Resins Ltd. (DO)	400,000	4,000,000.00	400,000	4,000,000.00
Worldcom Multi Media Ltd. (DO)	100,000	2,500,000.00	100,000	2,500,000.00
Subtotal		211,224,331.00		211,224,331.00
Less Provision for Non Performing Assets - Long Term Investments		200,159,024.00		202,899,888.00
<b>TOTAL ii</b>		<b>11,065,307.00</b>		<b>8,324,443.00</b>
iii. Investment in Government Securities (Face Value Rs 100 per unit except where specified)				
12.60% Government of India 2018	20	2,022.00	20	2,022.00
7.49% Government of India 2017	100,000	9,816,500.00	100,000	9,816,500.00
7.46% Government of India 2017	20,000	1,913,800.00	20,000	1,913,800.00
12.30% Government of India 2016	500	55,125.00	500	55,125.00
10.71% Government of India 2016	200	23,253.00	200	23,253.00
11.50% Government of India 2015	160	19,200.00	160	19,200.00
6.72% Government of India 2014	-	-	120,100	11,781,810.00
11.50% Government of India 2011	-	-	-	-
Less : Provision on Standard Assets		(158,966.00)		(158,966.00)
<b>TOTAL iii</b>		<b>11,670,934.00</b>		<b>23,452,744.00</b>
<b>TOTAL Non-Current Investments i+ii+iii</b>		<b>51,192,278.00</b>		<b>60,233,224.00</b>
A. The Long Term Investments as per the Accounting Standard 13 as notified by the Companies (Accounting Standards) Rules 2006 are classified Non Current investments.				
B. Provision has been made on the basis of the Non-Banking Financial (Deposits Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.				
C. The Investments are valued at Cost and provisions are made as per the directions referred in B above.				
D. Shares in unlisted companies (including Subsidiary company are held in physical form while Government securities are held in electronic form.)				
E. In case physically held securities (except subsidiary), the changing of Company's name is under process.				
F. No charge of SLR securities has been created in favour of the Public Depositors. This has been permitted by Reserve Bank of India.				
G. The Investee Company's status as Listed or Unlisted is as per the Company Data on the website of Ministry of Corporate Affairs at the current year end.				
H. The meaning of abbreviations is A - Active, DO - Dormant, L- Liquidated, UL - Under Liquidation, USO - Under Strike Off. These particulars are from the same data as in G above. Shares of Liquidated Companies have been written off.				
I. Provision on Standard Assets has been made of at least 0.5% as per Reserve Bank of India's directions.				
J. D indicated shares are in de-materialized form otherwise they are in physical form.				
Aggregate Book Value of Quoted Investments		11,670,934.00		23,452,744.00
Aggregate Market Value of Quoted Investments		11,693,791.00		23,775,061.00
Aggregate Book Value of Unquoted Investments		39,521,344.00		36,780,480.00
<b>b. Deferred Tax Asset</b>		-		-
The Company has not accounted for Deferred Tax Asset since there is no virtual certainty of its utilisation in future.				
<b>c. Long term loan and advances</b>		-		-
There are no long term loans & advance				
<b>d. Other non-current assets</b>				
Tax Deducted at Source (Unsecured Considered Good)		19,276,357.15		19,331,711.79
<b>Total</b>		<b>70,468,635.15</b>		<b>79,564,935.79</b>

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	As at 31-Mar-14 Nos.	As at 31-Mar-14 Rupees	As at 31-Mar-13 Nos.	As at 31-Mar-13 Rupees
<b>Note 9</b>				
<b>CURRENT ASSETS</b>				
<b>Current investments</b>				
<b>a. Investment in Equity Instruments</b>				
i. Investment in Unlisted Companies (as per records of Ministry of Corporate Affairs) The share is of a face value of Rs. 10 each and fully paid unless otherwise specified. They are valued at cost. The aggregate provision for diminution is shown separately.				
Ankit Yarns Ltd. (A)	46	-	46	-
Dataline Research Ltd. (A)	50,000	-	50,000	-
EBF Finance Ltd. (DO)	9,050	-	9,050	-
Gemini Agritech Co Ltd. (SO)	-	-	145,000	-
KGN Agro Int Ltd. (Partly Paid) (DO)	176,600	-	176,600	-
Lakshana Cotton Spinning Mills P Ltd. (UL)	100	-	100	-
Malavika Steel Co Ltd. (DO)	237,400	-	237,400	-
Nova Surgikos Ltd. (UL)	25,800	-	25,800	-
PAL Peugeot Ltd. (UL)	99,600	-	99,600	-
Prism Mills Ltd. (A)	1,000	-	1,000	-
Radan Multimedia Ltd. (Formerly Radan Tapes & Tubes Ltd.) (DO)	17,400	-	17,400	-
Reacto Paper Ltd. (UL)	400,000	-	400,000	-
Sun Earth Ceramics Ltd.** (DO)	125	-	125	-
Sun Valley Farm Products Ltd. (Formerly Cryptogen Ltd.) (A)	77,700	-	77,700	-
Vitara Chemicals Co Ltd. (DO)	198,000	-	198,000	-
<b>TOTAL i</b>				
ii. Investment in Listed Companies The share is of a face value of Rs. 10 each and fully paid unless otherwise specified. They are valued at cost or market price whichever is lower. Some of the shares are suspended by the concerned stock exchanges. 'D' denotes shares are held in de-materialized form.				
Autopins Ltd. (D / A)	41,730	-	41,730	-
Balaji Industrial Corporation Ltd. (D / A)	45,498	-	45,498	-
Cherry Polypack Ltd.** (A)	36,200	-	36,200	-
Fancy Fittings Ltd. (A)	8,900	445,641.00	8,900	445,641.00
Grand Foundry Ltd. (UL)	200	-	200	-
Inland Printers Ltd. (A)	10,000	-	10,000	-
JSW Steels Limited* (D / A)	100	-	100	-
KEC Limited* (D / A)	250	-	250	-
Kothari Petro Ltd. (D / A)	-	-	4,944	-
Moulik Finance and Resorts Ltd. (DO)	25,500	-	25,500	-
Nagarjuna Agritech Ltd. (D / A)	24,691	-	26,691	-
Naina Semi Conductor Ltd. (A)	47,200	-	47,200	-
N R International Ltd. (D / A)	79,934	-	79,934	-
Pretto Leather Ltd. (A)	2,800	-	2,800	-
Ranjeev Alloys Ltd. (D / A)	3,980	-	2,980	-
Reliance Industries Limited* (D / A)	40	21,631.00	40	21,631.00
Shamrock Industrial Co Ltd. (D / A)	86,165	-	86,165	-
Shree Rubbers Industries Ltd. (A)	192,000	-	192,000	-
Shreeyash Industries Ltd. (D / A)	50,000	-	50,000	-
Venkat Pharma Ltd. (D / A)	-	-	-	-
Yogi Polyester Ltd. (UL)	55,800	-	55,800	-
Less Provision on Standard Assets		(2,336.00)		(2,336.00)
<b>TOTAL ii</b>		<b>464,936.00</b>		<b>464,936.00</b>
<b>TOTAL CURRENT INVESTMENTS (i+ii)</b>		<b>464,936.00</b>		<b>464,936.00</b>
Aggregate Book Value of Quoted Investments		464,936.00		464,936.00
Aggregate Market Value of Quoted Investments		961,719.43		2,484,534.00
Aggregate Book Value of Unquoted Investments		-		-

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	As at 31-Mar-14 Nos.	As at 31-Mar-14 Rupees	As at 31-Mar-13 Nos.	As at 31-Mar-13 Rupees
<b>Note 9.a</b>				
A. The Current Investments are included in this Schedule as per the Accounting Standard 13 as notified by the Companies (Accounting Standards) Rules 2006 and there are restrictions on trading imposed by Reserve Bank of India.				
B. * These shares have been received by the Company on removal of defects in case of bad deliveries or for lost shares. These have been accounted at the market rate.				
C. **The Company's application for duplicate shares / de-materialization not responded by respective Companies.				
D. Where the Company has written off the value of a share/debenture/security due to non availability of market rate of a period exceeding six months, its value has been shown as Nil despite the quantitative number held as on the Balance Sheet date appearing. Others are valued at lower of cost or market value.				
E. Shares marked as (D) are in electronic form, others are in physical form. In case of most of the physical securities, the changing of the Company's name is under process.				
F. The Investee Companies' status as Listed or Unlisted is as per the Company Data on the website of Ministry of Corporate Affairs as at 31 <sup>st</sup> March, 2014.				
G. The meaning of abbreviations is A - Active, DO - Dormant, L- Liquidated, UL - Under Liquidation, USO - Under Strike Off. These particulars are from the same data as in E above. Shares of Liquidated Companies have been written off.				
<b>b. Trade receivables - Unsecured</b>				
Outstanding for over six months after the due dates	-	-	-	-
Considered Good	196,562.00		96,051.00	
Considered Doubtful	137,867,670.80		327,452,578.30	
Less : Provision for Doubtful Debts	137,867,670.80		327,452,578.30	
		196,562.00		96,051.00
The Company is taking legal action against most of the debtors. Their confirmations were not received, The Company has however provided the amount.				
<b>Note 9.b</b>				
i. The above receivables are outstanding for a period exceeding six months from the date they were due for payment				
ii. The above do not consist of any amount due from the Directors or Officers of the Company or Firms and Companies in which they are Partners/Directors				
<b>c. Cash and Cash Equivalents :</b>				
i. Balances with Scheduled Banks :				
- in Fixed Deposits (against dues to employees)	163,761.27		151,636.00	
- in Current Accounts	1,050,485.80		5,966,524.44	
		1,214,247.07		6,118,160.44
ii. Cash in hand		64,061.00		76,075.50
iii. Balances with Scheduled Banks :				
- in Escrow Account -Current		340,150.47		14,545.87
- in Escrow Account - Fixed Deposit		6,400,000.00		
		8,018,458.54		6,208,781.81
<b>Note 9.c</b>				
The amount in the escrow account is maintained as per the directions of the Reserve Bank of India and the amount to be utilised for the purpose of repaying the fixed deposits.				
<b>d. Short-term Loans &amp; Advances</b>				
Advances(unsecured) - receivable in cash or in kind or for value to be received Inter Corporate Deposits (Unsecured / Doubtful)	7,500,000.00		7,500,000.00	
Less Provision for doubtful debts	7,500,000.00		7,500,000.00	
		-		-
Bills Discounted (unsecured / Doubtful)	49,629,527.38		83,659,504.26	
Less Provision for doubtful debts	49,629,527.38		83,659,504.26	
		-		-
Staff loans (Unsecured / Considered Good)		314,000.00		519,000.00
Other loans/advances (Unsecured Considered good)	288,801.90		829,393.60	
Less Provision for doubtful debts	185,606.00		185,606.00	
		103,195.90		643,787.60
Less Provision on Standard Assets		(3,312.00)		(3,312.00)
<b>Short-term Loans &amp; Advances- Net of Provisions</b>		<b>413,883.90</b>		<b>1,159,475.60</b>

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>Note 9.d</b>		
i. Inter Corporate Deposit was given in earlier years and is doubtful of recovery. No interest has been accrued as per the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.		
ii. Bills Discounted are the dues for bills discounted in earlier years and are doubtful of recovery. No interest has been accrued as per the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.		
<b>9.e Other Current Assets (unsecured / considered good)</b>		
Interest Receivable on Government Securities	361,447.00	439,973.00
Interest Receivable on Security Deposit	107,073.00	-
Deposits for Premises, Telephones etc. (Unsecured/considered Good)	2,381,826.00	2,427,326.00
Less ; Provision on Standard Assets (unsecured / considered good)	(14,330.00)	-
	2,836,016.00	2,852,969.00
The amount in the escrow account is maintained as per the directions of the Reserve Bank of India and the amount to be utilised for the purpose of repaying the fixed deposits.		
<b>TOTAL CURRENT ASSETS</b>	<b>11,929,856.44</b>	<b>10,782,213.41</b>
<b>Note 9.f</b>		
i The above do not consist of any amount due from the Directors or Officers of the Company or Firms and Companies in which they are Partners/Directors		
<b>NOTE 10</b>		
<b>INCOME FROM OPERATIONS</b>		
<b>OTHER INCOME</b>		
Income from Old Recoveries of Funded Business.	661,882.00	122,145.00
Profit from Sale of Shares- Current Investments - Non Trade	35,764.86	596,482.23
Profit from Sale of Shares- Long Term Investments Non Trade	228,190.00	20,850.00
Dividend - Current investments - Non trade	18,741.25	13,435.00
Dividend - Long Term investments	281,250.00	281,250.00
Interest on SLR Securities Long Term Investments-Trade	1,637,130.00	2,132,783.60
Interest on Bank Deposits (TDS Rs.1,607/- . Previous Year Rs. 92,251/-)	14,466.00	922,510.52
Interest on Security Deposits with Lenders (TDS Rs. 21,414/- . Previous Year Rs Nil)	128,243.00	-
Interest credited by Recovery Officers DRT	489,139.00	-
Rent Received (TDS Rs.36,000/- Previous Year. Rs. 36,000/-)	360,000.00	360,000.00
Other Business Income (TDS Nil/- Previous Year 18,000)	400,002.00	180,053.00
	4,254,808.11	4,629,509.35
<b>NOTE 11</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and other benefits	9,853,948.00	17,114,275.00
Welfare Expenses	123,821.00	225,957.00
Contribution to Provident Fund, Gratuity		
Superannuation and other Funds	1,026,327.60	1,110,911.96
	11,004,096.60	18,451,143.96
<b>NOTE 12</b>		
<b>FINANCE COSTS</b>		
Interest - Debentures	130,878,043.00	105,546,868.32
Interest - Banks & others	428,220,921.00	375,853,934.68
	559,098,964.00	481,400,803.00
<b>NOTE 13</b>		
Depreciation and amortization expenses (see note 7)	566,660.52	625,489.00
<b>NOTE 14</b>		
<b>OTHER EXPENSES</b>		
Auditors Remuneration (see Note 17)	250,367.00	281,311.00
Communication costs	644,796.23	699,232.00
Directors' Fees	18,000.00	18,000.00
Electricity Expenses	124,526.00	126,063.00
Insurance	497,521.00	521,546.00
	Year ended	Year ended

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars		31-Mar-14 Rupees	31-Mar-13 Rupees
Legal & Professional Charges	2,489,415.51		2,171,367.01
Printing and Stationery	316,797.00		291,583.27
Rent,	1,094,330.00		1,087,830.00
Recovery Expenses incurred by Debt Recovery Tribunals.	2,767,954.00		775,032.32
Repairs and Maintenance-Buildings	32,118.00		51,735.00
Repairs and Maintenance- Others	78,529.39		49,731.00
Service Tax -reverse charge	157,436.00		103,684.00
Travelling and Conveyance	1,000,350.00		1,136,198.81
Vehicle Expenses	530,359.00		1,100,935.00
Miscellaneous Expenses	196,203.29		256,720.20
		<u>10,198,702.42</u>	<u>8,670,968.61</u>

## NOTE 15

### EXCEPTIONAL INCOME AND EXPENSES

#### A. EXCEPTIONAL INCOME

Provision No longer required, & others

a) Provision for NPAs No Longer required	226,355,748.68	2,912,912.00
b) Profit on Sale of Assets	-	8,802,472.04
c) Profit on Redemption of Securities	-	-
c) Write back of earlier years liabilities	-	337,688.00

226,355,748.68 12,053,072.04

#### B. LESS EXCEPTIONAL EXPENSES

Write offs/Provisions against doubtful/irrecoverable

Assets and diminution/loss in value of Investments

a) Bad debts written off	218,083,636.30	-
b) Loss on sale of assets	182,348.42	22,212.82
c) Loss on sale / redemption of securities.	-	-
d) Loss on foreclosure.	3,104,610.00	-

221,370,594.72 22,212.82

#### NET EXCEPTIONAL INCOME /(EXPENSES)

4,985,153.96 12,030,859.22

## NOTE 16

### (1) Contingent Liabilities :

- Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 51,97,92,000/-16 years (previous Year Rs.48,73,05,000/-15 years)
- Wealth Tax Rs. 3,27,843/- ( Previous Year Rs. 3,27,843/-)
- Sales Tax Rs. 23,14,158/- ( Previous Year Rs. 23,14,158/-)
- Others Rs. 13,20,000/- (Previous Year Rs. 13,20,000/-)

The above liabilities, except dividend on preference shares, are dependent upon the outcome of appeals before various authorities. The contingent liability towards dividend on preference share would be payable, if the Company has distributable profits.

Claims against the Company not acknowledged as debts (as the same are disputed by the Company). Others - Rs. 42,49,283/- (Previous Year Rs. 39,20,191/-)

### (2) Audit fees include amounts paid to Auditors towards:

	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
As Auditors for : Statutory Audit	125,000	125,000
Tax Audit	-	25,000
For certification fees	85,293	106,265
Corporate Governance	20,000	20,000
Out of Pocket expenses	20,074	5,046
	<u>250,367</u>	<u>281,311</u>

### (3) CURRENT & DEFERRED TAX

There is no provision for Income Tax during the year due to loss..

The Company has not created the Deferred Taxation Asset as its utilisation for set off against future taxable income is uncertain in the foreseeable future.

- The accumulated loss (as at 31st March, 2014) of Rs. 7,86,40,13,154.60/- (Previous Year Rs. 7,29,24,12,964.13/-) includes unabsorbed depreciation of Rs.1,70,14,93,343.52/- (Previous Year Rs. 1,70,09,26,683/-)



# CFL CAPITAL FINANCIAL SERVICES LTD.

(5) The Company has paid an amount of Rs. 11,05,605.96/- (Previous Year Rs. 15,77,046.69/-) towards Provident & Pension Funds and Gratuity & Superannuation Schemes. For leave benefit the Company has provided, on actuarial basis, a liability of Rs. 17,36,521/- (Previous Year Rs. 16,80,063/-) as at the year end. During the year an amount of Rs. Nil (Previous Year Rs. 2,61,749/-) was paid by the Company to the Executive Provident Fund Trust due to lower income. The said Trust managing the Executive Fund was wound up as the recognition under the Income Tax Act 1961 was proposed to be withdrawn with effect from 01.04.2012 as per the proposal of the Finance Bill 2012.

(6) As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:-

**a. Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	2013-14	2012-13
Company's Contribution to Superannuation Fund	498,873	697,680
Company's Contribution to employee (RPFO) Pension Scheme	62,007	76,468
Company's Contribution to Provident Fund (RPFO)	111,030	325,870

**b. Defined Benefit Plan (Please refer note 16(5))**

	2013-14	2012-13
Company's Contribution to Provident Fund (Trust)	-	-
Company's Contribution to Gratuity Scheme	334,290	7,848

The present value of obligation towards gratuity is determined based on actuarial valuation report furnished by LIC, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. It is fully funded as on the year end.

Particulars	Gratuity (Funded)		Leave Encashment (not Funded)	
	2013-14	2012-13	2013-14	2012-13
<b>I Assumptions as at</b>				
Mortality Rate	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)
Discount Rate	8% p.a.	8% p.a.	8% p.a.	9% p.a.
Salary escalation rate	7% p.a.	7% p.a.	10% p.a.	10% p.a.
Rate of Return (expected) on plan assets			NO FUND	NO FUND
Method of Valuation				
Withdrawal Rate	1%-3% depending on age	1%-3% depending on age	1% throughout	1% throughout
Retirement age Years	58	58	58	58
Expected average remaining service			9	11
Period of accounting	01.04.2013- to 31.3.2014	01.04.2012- to 31.3.2013	01.04.2013- to 31.3.2014	01.04.2012- to 31.3.2013
Data information on	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Number of members	12	15	12	15
Average /Total monthly salaries	22,105.75	28,149.33	265,268	422,240
Average age	51.33	48.40	49	47
Average Past Service (yrs)/Leave balance (days)	17.50	16.80	57	66
<b>II Changes in present value of obligations</b>				
PVO at beginning of year	3,887,011	3,946,489	1,736,521	1,736,521
Interest cost	310,961	315,719	132,431	132,431
Current Service Cost	203,917	221,757	201,201	201,201
Benefits Paid (as intimated by Company)	(1,874,637)	-	(530,138)	(530,138)
Actuarial (gain)/ loss on obligation	34,060	(596,954)	8,500	8,500
PVO at end of year	2,561,312	3,887,011	1,548,515	1,548,515
<b>III Changes in fair value of plan assets</b>				
Fair value of Plan Assets at beginning of year	4,946,516	4,241,640	-	-
Expected return on Plan Assets	214,648	418,879	-	-
Contributions	-	285,997	530,138	-
Benefits Paid (as intimated by Company)	(1,874,637)	-	(530,138)	-
Actuarial (gain)/ loss on plan assets	-	-	-	-
Fair Value of Plan Assets at end of year (estimate)	3,286,527	4,946,516	-	-
<b>IV Fair Value of Plan Assets</b>				
Fair value of Plan Assets at beginning of year	4,946,516	4,241,640	-	-
Actual return on Plan Assets	214,648	418,879	-	-
Contribution	-	285,997	530,138	-
Benefits Paid (as intimated by Company)	(1,874,637)	-	(530,138)	-
Fair value of Plan Assets at the end of year	3,286,527	4,946,516	-	-
Funded Status	725,215	1,059,505	(1,548,515)	(1,736,521)
Excess of actual over estimated return on Plan	-	-	-	-

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	Gratuity (Funded)		Leave Encashment (not Funded)	
	2013-14	2012-13	2013-14	2012-13
<b>V Actuarial Gain/ (Loss) Recognized</b>				
Actuarial Gain /(Loss) for the year(Obligation)	(34,060)	596,954	(8,500)	269,187
Actuarial Gain/(Loss) for the year (Plan Assets)	-	-	-	-
Total Gain/(loss) for the year	34,060	(596,954)	(8,500)	269,187
Actual Gain/(loss) recognized for the year	34,060	(596,954)	(8,500)	269,187
Unrecognized Actuarial Gain/(loss) at end of year			-	-
<b>VI Amounts to be recognized in the balance sheet and statement of profit &amp; loss statement</b>				
PVO at end of year	2,561,312	3,887,011	1,548,515	1,736,521
Fair value of Plan Assets at the end of year	3,286,527	4,946,516	-	-
Funded Status	725,215	1,059,505	(1,548,515)	(1,736,521)
Unrecognized Actuarial Gain/ (loss)	-	1,059,505	-	-
Net assets/ (Liability) recognized in the balance sheet	725,215	-	(1,548,515)	(1,736,521)
<b>VII Expense recognized in the statement of Profit &amp; Loss</b>				
Current Service Cost	203,917	221,757	201,201	191,240
Interest cost	310,961	315,719	132,431	134,405
Expected Return on Plan Assets	(214,648)	(418,879)	-	-
Net Actuarial Gain/(Loss) recognised for the year	34,060	(596,954)	8,500	(269,187)
Expense recognized in the statement of P & L A/c	339,290	(478,357)	342,132	56,458
<b>VIII Movements in the Liability recognised in Balance Sheet</b>				
Opening Net Liability	-	-	1,736,521	1,680,063
Expenses as above	-	-	342,132	56,458
Actual return on Plan Assets	-	-	-	-
Benefits paid	-	-	(530,138)	-
Closing Net Liability	-	-	1,548,515	1,736,521
<b>IX Break up of total liabilities as Non-Current &amp; Current</b>				
Current Liabilities (3 Exits)( Previous Year 2 exit)	-	-	441,156	459,900
Non Current Liabilities	-	-	1,107,359	1,276,621
Total Liability	-	-	1,548,515	1,736,521
<b>X Experience History Information</b>				
Defined Benefit obligation at the end of Period	-	-	1,548,515	1,736,521
Plan assets at the end of the Period	-	-	-	-
Funder Status - Surplus / (Deficit)	-	-	(1,548,515)	(1,736,521)
Actuarial Gain /(Loss) due to change in basis	-	-	(31,123)	-
Actuarial Gain /(Loss) due to change in data	-	-	39,623	(269,187)
Total Actuarial Gain /(Loss) in Liabilities	-	-	8,500	(269,187)
Experience Gain /(Loss) in Plan Assets	-	-	-	-
<b>XI RESULTS OF VALUATION</b>				
a. PV of Past Service Benefit	2,561,312	3,887,011		
b. Current Service Cost	125,340	203,917		
c. Total Service Gratuity	3,486,511	6,237,193		
d. Accrued Gratuity	2,670,882	4,165,701		
e. Life Cover Sum Assured	805,807	1,160,313		
f. LIC Premium	5,841	7,973		
g. Service Tax @ 12.6%	722	985		
<b>XII RECOMMENDED CONTRIBUTION RATE</b>				
a. Fund Value as on Renewal Date	4,830,129	4,527,637		
b. Additional Contribution for Existing Fund	-	-		
c. Current Service Cost	-	-		

The Certificate for Gratuity is given by the Life Insurance Corporation. In case of Leave encashment, the certificate is given by an Actuary.



## (7) Related Party Disclosures

### 1. Relationships

(i) Shareholders in the Company  
Sentinel Tea and Exports Ltd. holds 34.27% equity share capital of the Company.

(ii) Subsidiary of the Company  
Samudra Securities Ltd. (formerly Ceat Securities Limited)

(iii) Other related parties  
Ace Garment Export Ltd. \*\*  
Indo Dean Leather Ltd. \*\*  
Kaveri Polysacks Ltd. \*\*  
Spectrum Alkyd & Resins Ltd. \*\*  
Ruia Hospitality Ltd. \*\*

\*\* (The Company holds over 20% shareholding in these companies. These investments were made as Merchant

Bankers. The Company does not have any significant influence over their managements and are hence not considered as Associates for related parties disclosures.)

(iv) Directors and other executives (including those who were associated for part of the period)  
Mr H. C. Mathur - Chairman & Managing Director

### 2. The following transactions were carried out with the related parties in the ordinary course of business:

#### a. Details relating to parties referred to in (i), (ii) and (iii) above

	Parties referred in Note 16 (7)(i) above	Rupees Parties referred in Note 16 (7)(ii) above	Parties referred in Note 16 (7)(iii) above
Outstanding payables	-	30,892,190.93	-
Advance returned	-	3,000,000.00	-
Advances taken	-	3,530,000.00	-
Expenses charged	-	46,017.75	-
Previous Year	-	(42,801,452.88)	-

#### b. Details relating to persons referred to in item 1(iv) above

	Current Year Rupees
Remuneration to Chairman & Managing Director	884,308.00
Previous Year	(884,335.00)

## (8) Segment Information

The Company's present activity is to take steps to close its Non Banking Financial activities. The other activities have not made any significant progress. Hence there are no segments

## (9) Earnings per share

Particulars	Note No.	Year ended	Year ended
		31-Mar-14	31-Mar-13
	(Rupees)	Rupees	Rupees
a. Profit/(Loss) after tax		(571,600,290)	(492,488,036)
b. Adjustments for			
Preference Dividend		32,487,000	32,487,000
Interest on Income Tax Refunds		28,171	-
Taxation of earlier years		-	-
c. Adjusted Loss after tax		(604,115,461)	(524,975,036)
d. Weighted average number of Equity shares for Basic EPS	Nos.	138,675,000	138,675,000
e. Nominal value per Equity share	Rs.	10.00	10.00
f. Earning per share (Basic)	Rs.	(4.36)	(3.79)
g. Weighted average number of Equity shares for Diluted EPS	Nos.	138,675,000	138,675,000
h. Earning per share (Diluted)	Rs.	(4.36)	(3.79)



## CFL CAPITAL FINANCIAL SERVICES LTD.

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- (10) A sum of Rs. 35,103/- (P Y Rs. 26,350/-) is transferable to the Investors Education & Protection Fund at the end of the year.  
After the year end a sum of Rs. 35,103/- ( P Y Rs. 26,350/-) have been transferred to the said Fund till the date of these statements.
- (11) The Company follows the directions given by Reserve Bank of India (RBI) to Non Banking Financial Companies and maintains Statutory Liquidity Ratio (SLR) as per RBI's instructions in the matter. The Company continues to be governed by the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007. However Consequent to the Net Worth of the Company having become negative, the restrictions placed by para 16 of these norms pertaining to a minimum Capital Adequacy of 12% and Para 19 (pertaining to acquisition of land and building other than for own use) and Para 20 (pertaining to Concentration of Credit/Investment) could not be met.
- (12) The details required as per Para 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are annexed.
- (13) The disclosures required as per Section 212(3) and 212(8) of the Companies Act, 1956 are annexed.
- (14) Previous Year's figures have been reclassified and /or regrouped, wherever necessary, to correspond with the current year's classification and disclosures.

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As per our Report attached  
For **TARMASTER & CO.**  
Chartered Accountants  
Firm Registration No 302016E

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014



## STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT,1956,RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary	SAMUDRA SECURITIES LIMITED
Particulars	
1. Holding Company's interest in subsidiary	28599032 Equity Shares of Rs. 1 each fully paid 91.69%
2. Net aggregate amount of the profit/ (loss) of the subsidiary not dealt with in Holding Company's account	
a) For the financial year of the the Subsidiary Company	(454,454.74)
b) For the previous financial year of the Subsidiary Company	203,470.95
3. Net aggregate amount of the profit of the Subsidiary dealt with in Holding Company's account	
a) For the financial year of the Subsidiary Company	Nil
b) For the previous financial year of the Subsidiary Company	Nil

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata

Date : 30<sup>th</sup> May, 2014

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT,1956,RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary	SAMUDRA SECURITIES LIMITED as at 31-Mar-14
Particulars	
Capital	31,100,000
Reserves	(29,893,163)
Total Assets	1,230,984
Total Liabilities	24,147
Investments other than Investment in Subsidiary	-
	Year ended 31-Mar-14
Turnover	56,769
Profit/(Loss) Before Tax	488,643
Provision for Tax	7,000
Profit / (Loss)After Tax	445,643
Dividend	-

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata

Date : 30<sup>th</sup> May, 2014



**CFL CAPITAL FINANCIAL SERVICES LIMITED**  
**Schedule to the Balance Sheet of a Non- Banking Financial Company**  
 (as required in terms of Paragraph 13 of Non Banking Financial (Deposits Accepting or Holding)  
 Companies Prudential Norms (Reserve Bank) Directions 2007. (see Note 27 of the Financial Statements)

<b>AS AT 31ST MARCH, 2014</b>		(Rs. in lakhs)		Long Term investments:			
<b>Particulars</b>				1	Quoted :		
<b>Liabilities Side :</b>					(i) Shares : (a) Equity		
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid	Amount	Amount		(b) Preference		
		Out- Standing	overdue		(ii) Debentures and Bonds		
	(a) Debentures : Secured (*)	6,575.82	6,575.82		(iii) Units of mutual funds		
	: Unsecured				(iv) Government Securities		
	(other than falling within the meaning of public deposits *)				(v) Others (please specify)		
	(*) (security is inadequate as on date.)			2	Unquoted :		
	(b) Deferred Credits				(i) Shares : (a) Equity		
	(c) Term Loans	36,401.85	36,401.85		(b) Preference		
	(d) Inter-corporate loans and borrowing	5,894.93			(ii) Debentures and Bonds		
	(e) Commercial Paper				(iii) Units of mutual funds		
	(f) Public Deposits*	569.77	569.77		(iv) Government Securities		
	(g) Other Loans (specify nature) Bill Rediscounters	11.50	-		(v) Others (please specify)		
	* Please see note 1 below			(6)	<b>Borrower group- wise classification of assets financed as in (3) &amp; (4) above</b>		
(2)	Break- up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :				Amount net of provisions		
	(a) In the form of Unsecured debentures			Category	Secured	Unsecured	Total
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of Security (out of 1 (a) above)			1. Related Parties **			
	(c) Other public deposits	569.77	-	(a) Subsidiaries			-
	* Please see note 1 below			(b) Companies in the same group			-
	<b>Assets side :</b>			© Other related parties			-
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :			2. Other than related parties		2,430.02	2,430.02
	(a) Secured			Total	0.00	2,430.02	2,430.02
	(b) Unsecured		623.13	(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>		
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities EL/ HP activities			Category	<b>Please see note 3 below</b>		Book Value
	(i) Lease assets including lease rentals under sundry debtors				Market Value/ Break up or fair value or NAV	Provision)	
	(a) Financial lease (all debtors)		1,806.89	1. Related Parties **			
	(b) Operating lease			(a) Subsidiaries		11.10	284.56
	(ii) Stock on hire including hire charges under sundry debtors			(b) Companies in the same group		0.00	0.00
	(a) Assets on hire (all debtors incl .in (i) above)			© Other related parties			
	(b) Repossessed Assets			2. Other than related parties		237.21	232.01
	(iii) Hypothecation loans counting towards AFC activities			Total		248.31	516.57
	(a) Loans where assets have been repossessed			** As per Accounting Standard of ICAI (Please see Note 3)			
	(b) Loans other than (a) above			(8)	Other information		
(5)	Break – up of Investments :			Particulars			Amount
	Current Investments :			(i) Gross Non-Performing Assets			4103.39
	1 Quoted :			(a) Related parties		0.00	
	(i) Shares : (a) Equity		4.65	(b) Other than related parties			4103.39
	(b) Preference			(ii) Net non-Performing Assets			149.94
	(ii) Debentures and Bonds			(a) Related parties		0.00	
	(iii) Units of mutual funds		-	(b) Other than related parties		149.94	
	(iv) Government Securities		-	(iii) Assets acquired in satisfaction of debt (in earlier years) and in possession (gross)			11.23
	(v) Others (please specify) PSU Bonds		-				
	2 Unquoted :			<b>Notes:</b>			
	(i) Shares : (a) Equity			1	As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.		
	(b) Preference			2	Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank ) Directions, 2007.		
	(ii) Debentures and Bonds			3	All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.		
	(iii) Units of mutual funds						
	(iv) Government Securities						
	(v) Others (please specify)						



# CFL CAPITAL FINANCIAL SERVICES LTD.

## INDEPENDENT AUDITORS' REPORT

To The Board of Directors of

CFL Capital Financial Services Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **CFL CAPITAL FINANCIAL SERVICES LIMITED** ('the Company') and its subsidiary, Samudra Securities Limited (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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

In respect of the order dated 25<sup>th</sup> May, 2004 passed by the Reserve Bank of India cancelling the Certificate of Registration of the Holding Company and restrictions placed on carrying out of Non Banking Financial business and other conditions,

### Attention is drawn to :-

- a. Non-compliance of the provisions of the Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 16(11))
- b. The company has not been able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 16(11))

### 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 of the consolidated 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.

- (a) In the case of the Balance Sheet of the state of affairs of the Group as at March 31, 2014.
- (b) In the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of matter

- i) The net worth of the Group is negative. The Holding 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-C & 1.D of Note1)
  - ii) Loans from Banks and UTI and interest charged thereon have been provided as per the claims before / orders passed by the Debt Recovery Tribunals (see notes 6.4, 6.5 6.6 and 6.8)
- Our opinion is not qualified in respect of these matters.

### Other Matters

5. Financial statements of the subsidiary SAMUDRA SECURITIES LIMITED, which have been consolidated in these statements, have been audited by us.

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

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

Kolkata

Date : 30<sup>th</sup> May, 2014

# CFL CAPITAL FINANCIAL SERVICES LTD.



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014 - CONSOLIDATED

(Amount in Rupees)

Particulars	Note No.	As at 31-Mar-14		As at 31-Mar-13	
		Rupees	Rupees	Rupees	Rupees
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
a. Share Capital	3	1,636,552,500.00		1,636,552,500.00	
b. Reserves & Surplus	4	(6,598,212,355.96)		(6,026,640,304.33)	
c. Money received against share warrants		-		-	
			(4,961,659,855.96)		(4,390,087,804.33)
<b>(2) Share Application Money Pending Allotment</b>					
			-		-
<b>(3) Minority Shareholders' Interest</b>					
			2,620,471.84		2,660,371.07
<b>(4) Non-current Liabilities</b>					
a. Long-term borrowings	5	-		-	
b. Deferred tax liabilities (net)		-		-	
c. Other long term liabilities		-		-	
d. Long term provisions		1,107,359.00		1,276,621.00	
			1,107,359.00		1,276,621.00
<b>(5) Current Liabilities</b>					
a. Short-term borrowings	6	590,643,104.00		562,005,104.00	
b. Trade payables		3,621,741.00		23,695,555.00	
c. Other current Liabilities		4,434,777,280.35		3,880,600,634.99	
d. Short term provisions		890,502.00		1,157,590.00	
			5,029,932,627.35		4,467,458,883.99
<b>TOTAL</b>			<b>72,000,602.23</b>		<b>81,308,071.73</b>
<b>II. ASSETS</b>					
<b>1. Non-current Assets</b>					
i. Tangible Assets	7	17,827,163.89		18,678,382.14	
ii. Intangible Assets		-		-	
iii. Capital Work-in-progress		-		-	
iv. Intangible assets under development		-		-	
b. Non-current Investments	8	22,738,741.00		31,779,687.00	
c. Deferred tax assets (net)		-		-	
d. Long term loans and advances	8	200,000.00		200,000	
e. Other non-current assets	8	19,285,559.43		19,347,914.07	
			60,051,464.32		70,005,983.21
<b>2. Current Assets</b>					
a. Current investments	9	464,936.00		464,936.00	
b. Inventories		-		-	
c. Trade receivables		196,562.00		96,051.00	
d. Cash and cash equivalents		8,037,740.01		6,728,656.92	
e. Short-term loans and advances		413,883.90		1,159,475.60	
f. Other current assets		2,836,016.00		2,852,969.00	
			11,949,137.91		11,302,088.52
<b>TOTAL</b>			<b>72,000,602.23</b>		<b>81,308,071.73</b>
<b>General Information</b>	1				
<b>Significant Accounting Policies</b>	2				
<b>The accompanying notes including other explanatory information form an integral part of the financial statements.</b>					

As per our Report attached  
For **TARMASTER & CO.**  
Chartered Accountants  
Firm Registration No 302016E

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

# CFL CAPITAL FINANCIAL SERVICES LTD.



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 - CONSOLIDATED

(Amount in Rupees)

Particulars	Note No.	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
I Revenue from Operations (See note 1.C)	10	4,311,577.45	4,790,282.27
II Other Income		28,171.00	-
		-	-
III Total Revenue (I+II)	<b>Total</b>	<b>4,339,748.45</b>	<b>4,790,282.27</b>
IV <b>Expenses</b>			
Employee Benefit Expenses	11	11,004,096.60	18,451,143.96
Finance Costs	12	559,098,964.00	481,400,803.00
Depreciation and amortization expenses	13	566,660.52	625,489.00
Other Expenses	14	10,233,903.77	8,709,829.71
Total expenses	<b>Total</b>	<b>580,903,624.89</b>	<b>509,187,265.67</b>
V Profit before exceptional and extraordinary items and tax (III-IV)		(576,563,876.44)	(504,396,983.40)
VI Exceptional Items	15	4,958,925.58	12,030,859.22
VII Profits before extraordinary items & tax (V-VI)		(571,604,950.86)	(492,366,124.18)
VIII Extraordinary Items		-	-
IX <b>Profit/(Loss) before Tax</b>		<b>(571,604,950.86)</b>	<b>(492,366,124.18)</b>
X Tax Expense			
Current Tax		7,000.00	-
Deferred Tax		-	-
XI Profit / (loss) for the year(VII-VIII)		(571,611,950.86)	(492,366,124.18)
		-	-
XII <b>Profit / ( Loss) from discontinuing operation</b>		-	-
XIII Tax Expense of discontinuing operations		-	-
XIV Profit / (Loss) from Discontinuing Operations (after tax) ( XII-XIII)		-	-
XV Add/(Less) share of Minority Shareholders Profit/(Loss)		39,899.23	17,863.90
XVI <b>Profit / (Loss) for the period (XI-XIV)</b>		<b>(571,572,051.63)</b>	<b>(492,383,988.08)</b>
XVII <b>EARNING PER SHARE (Rs. 10/-)</b>			
1. Basic	16(9)	(4.36)	(3.78)
2. Diluted	16(9)	(4.36)	(3.78)

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our Report attached  
For **TARMASTER & CO.**  
Chartered Accountants  
Firm Registration No 302016E

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

# CFL CAPITAL FINANCIAL SERVICES LTD.



## CASH FLOW STATEMENT FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2014 - CONSOLIDATED

(Amount in Rupees)

	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax & Extraordinary items	(571,604,950.86)	(492,366,124.18)
Adjustments for :		
- Financial Expenses	559,098,964.00	481,400,803.00
- (Profit) on sale of assets	-	(8,802,472.04)
- Loss on sale of assets	182,348.42	22,212.82
- Amount of Loss adjusted on Minority share	39,899.23	(17,863.90)
- Depreciation	566,660.52	625,489.00
- Operating profit before Working Capital changes	(11,717,078.69)	(19,137,955.30)
Adjustments for :		
- (Increase) Decrease in Trade Receivables	(100,511.00)	(96,051.00)
- (Increase) Decrease in Other Non-Current Assets	62,354.64	(58,251.06)
- (Increase) Decrease in Current Loans & Advances	745,591.70	(162,931.60)
- (Increase) Decrease in Other Current Assets	16,953.00	(1,205.04)
- Increase (Decrease) in Other Current Liabilities	554,176,645.36	409,753,965.98
- Increase (Decrease) in Trade Payables	(20,073,814.00)	(35,238,845.00)
- Increase (Decrease) in Long Term Provisions	(169,262.00)	(162,034.00)
- Increase (Decrease) in Short Term Provisions	(267,088.00)	876,394.00
Cash generated from Operations	522,673,791.01	355,773,086.98
Financial Expenses	(559,098,964.00)	(481,400,803.00)
Direct taxes paid	-	-
Income Tax settled	(7,000.00)	-
<b>Net Cash from Operating Activities</b>	<b>(36,432,172.99)</b>	<b>(125,627,716.02)</b>
<b>B. Cash Flow from Investing Activities</b>		
(Purchase) of Fixed Assets	-	(43,300.00)
Sale of Current Investments	-	-
Sale of Non-Current Investments	9,040,946.00	8,181,540.00
Sale of Fixed Assets	102,209.31	11,910,039.55
<b>Net Cash used in Investing Activities</b>	<b>9,143,155.31</b>	<b>20,048,279.55</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (Decrease) in Non Current Borrowings	-	-
Increase / (Decrease) in Current Borrowings due to decrees passed	28,638,000.00	86,112,312.00
Increase / (Decrease) in Current Borrowings due to repayment	-	-
Proceeds from unpaid calls received	-	-
Increase / (Decrease) in Minority Interest	(39,899.23)	17,863.90
<b>Net Cash used in Financing Activities</b>	<b>28,598,100.77</b>	<b>86,130,175.90</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents</b>	<b>1,309,083.09</b>	<b>(19,449,260.57)</b>
Cash & Cash equivalents as at opening	6,728,656.92	26,177,917.49
Cash & Cash equivalents as at closing	8,037,740.01	6,728,656.92

### Notes

- The Cash Flow is prepared on the basis of Indirect method as prescribed in The Accounting Standard 3 as notified under Companies (Accounting Standard) Rules 2006.
- The Format used above is as prescribed for Financial organisation.
- Cash equivalents as on 31.3.2013 include Rs.4,740,150.47 (Previous Year Rs. 14,545.97) in Escrow account which has to be utilised first for repayment of Fixed Deposits as per the directions of Reserve Bank of India.

As per our Report attached  
For **TARMASTER & CO.**  
Chartered Accountants  
Firm Registration No 302016E

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014



# CFL CAPITAL FINANCIAL SERVICES LTD.

## NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

### NOTE 1

#### GENERAL INFORMATION

##### A GROUP PROFILE

CFL Capital Financial Services Limited (CFL) was incorporated in 1983 as Samudra Mahal Investments Limited and continued to carry on Non Banking Financial Business and had the valid permissions for the same from Reserve Bank of India (RBI) and other authorities. Due to the poor financial condition of the Company, RBI cancelled its Certificate of Registration w.e.f 18-May-2004. However, the RBI has directed that the Company continues to be governed by the relevant provisions of the Act (RBI Act, 1934) and various directions/instructions issued by RBI from time to time until such time the entire amount of public deposits held by the company is repaid with interest and the entire financial assets are disposed of or the Company is converted to a non-banking non-financial company. As per assets and income, the Company continues to be a Non Banking Financial Company. CFL is the holding company and has its registered office in Kolkata, West Bengal. The Company Identification Number (CIN) allotted by The Registrar of Companies, West Bengal, is L67120WB1983PLC036805. Its equity shares are listed on the Bombay Stock Exchange Limited. Samudra Securities Ltd. (SSL) was incorporated as Ceat Securities Limited in 1994 as a Stock Broking Company. It was a registered broker on the National Stock Exchange of India Limited till 1998-99 when it surrendered its membership. At present it has a membership of Bangalore Stock Exchange Limited but is not carrying out any broking activity. CFL holds 91.69% shares of the Company. SSL has its registered office in Kolkata, West Bengal. The CIN allotted is U67120WB1994PLC066795.

##### B BASIS OF CONSOLIDATION

The Consolidated Accounting Statements for the year ended 31<sup>st</sup> March, 2013 have been prepared by line by line addition of the respective financial statements for year ending 31<sup>st</sup> March, 2013 for CFL Capital Financial Services Limited (CFLCFSL) and its subsidiary viz. Samudra Securities Ltd. (SSL) (holding 91.96%) Though CFLCFSL holds more than 20% equity capital in the following companies, the same are not considered as Associates as CFLCFSL does not have effective control over its affairs:-

Ace Garment Export Ltd.

Indo Dean Leather Ltd.

Kaveri Polysacks Ltd.

Spectrum Alkyd & Resins Ltd.

Ruia Hospitality Ltd.

C In view of the above, the Holding Company cannot carry on any fresh Non Banking Financial activities. Hence these financial statements show the results of these operations / activities.

##### D Going Concern

The net worth of the Company has become negative due to the accumulated losses in the previous years. The Company has drawn a plan to liquidate assets, borrow money including from shareholders / promoters etc. for meeting the liabilities of the financial year ending 3<sup>1st</sup> March, 2014 Hence, the Accounts have been drawn up on a going concern basis. The winding up petition filed by a depositor in the previous year is pending before the Hon'ble Calcutta High Court.

However, in view of the net worth of the Company being negative and in view of the accumulated losses for the last few years aggregating to Rs. 78,640.13 lakhs in all, the Company's ability to maintain the status is dependent on concessions from creditors and shareholders' support. Substantial support is reflected in this year's accounts from creditors and shareholders. One of the creditors has filed a Winding up petition against the Company before the Hon'ble High Court Calcutta which was dismissed by the Hon'ble Court in April, 2014.

### NOTE 2

#### SIGNIFICANT ACCOUNTING POLICIES

A The financial statements are prepared under historical cost and on accrual basis and in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules 2006 referred to in section

211(3C) of the Companies Act, 1956 and within the terms of Prudential Norms mandated by the Reserve Bank of India subject to note 1.D above.

##### B Non-Current & Current Liabilities

A liability is classified as Current when it satisfies any of the following:-

- It is expected to be settled in normal operating cycle or
- it is held primarily for the purpose of being traded or
- It is due to be settled within twelve months of the Balance Sheet date or
- the Company does not have the unconditional right to defer the settlement of the liability for at least 12 months after the Balance Sheet date.

All other liabilities are Non-Current.

##### C Non-Current & Current Assets

An asset is classified as Current when it satisfies any of the following:-

- It is expected to be realised in or is intended for sale or consumption in normal operating cycle or
- it is held primarily for the purpose of being traded or
- It is due to be realised within twelve months of the Balance Sheet date or
- It is Cash or Cash Equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the Balance Sheet date.

All other assets are Non-Current

D Normal Operating cycle is assumed to be twelve months.

##### E Fixed Assets

- Tangible Assets :** Fixed Assets are stated at cost net of accumulated depreciation and accumulated impairment losses if any. The cost comprises of cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Costs also include direct expenses incurred upto the date of capitalisation / commissioning. Subsequent expenditure related to an existing item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond the previously assessed standards of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- Intangible Assets -** Intangible assets are reflected at cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

##### F Income & Expenditure

Income and Expenditure are generally accounted on accrual basis except to the extent restricted by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

There has been no fund based activity since 1.4.2001. The income recognised during the year is on account of additional charges recovered on account of defaults and delays in repayment of dues on Leasing, Hire Purchase, Bill Discounting and other Funding activities. Other items, except dividends, are accounted on accrual basis. Dividend is accounted when the same is received or the Company is entitled to its receipt.

G Depreciation on assets under finance lease was provided based on the Primary Lease period of asset. On all other assets including operating leases (when in force), depreciation has been provided on the straight line basis at the rates as per Schedule XIV of the Companies Act, 1956. All leases have completed their terms. However, some of the leased assets which are under dispute continue to appear in the books on the Balance Sheet Date though at nil value.

##### H Investments

Long term investments are valued at weighted average cost of acquisition and provision is made in the accounts for permanent diminution in the value of long term investments. Current investments are valued at lower of Cost or Market Value or Net Asset Value As per the Accounting Standard AS 30 these investments would all fall under "Available for Sale" category.



# CFL CAPITAL FINANCIAL SERVICES LTD.

I Foreign Currency Transactions. Expenses and Income are recorded at the exchange rate prevalent on the date of transaction. Assets and Liabilities are restated, to the extent the Company is not covered against exchange fluctuation, at the exchange rate prevailing on the Balance Sheet date. There is no exposure on account of Foreign Currency Transaction during the year under review or in the previous year.

J The Company accounts follows RBI Prudential Norms for charging delayed payment charges on overdue Lease and Hire Purchase Contracts. These are booked on realisation or on entering into a settlement agreement with the party

K Retirement Benefits. The Holding Company's employees are entitled to the following retirement benefits

- i) Provident Fund contributions are being made to the Regional Provident Fund Organisation.
- ii) The Gratuity Scheme is a defined benefit plan for which the Company has taken a policy from Life Insurance Corporation of India (LIC).
- iii) The Superannuation scheme is a defined contribution scheme and contribution is paid to the LIC as per the scheme.
- iv) Liability on account of leave earned is provided on the basis of the actuarial certificate as on the date of the Balance Sheet.

as per Revised AS 15, notified by the Companies (Accounting Standards) Rules 2006

There are no employees in the subsidiary company.

L Provision & Contingencies

A provision is recognised when the Company has a legal and constructive obligation as a result of past event, for which it is probable that cash outflow will be required and the reliable estimate can be made. A contingent liability is disclosed when the Company has a present or a possible obligation where it is not probable that an outflow or resources will be required for settlement. Contingent assets are not recognised or disclosed

M Use of Estimates

In preparing the Company's Financial Statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets & liabilities, revenues and expenses and other disclosures in these statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised in the period it is determined.

N Taxes on Income

Current Tax is provided on the basis of provision of the Income Tax Act, 1961. Deferred Tax is recognised on timing difference between the accounting income and taxable income for the year and quantified using tax rate and laws enacted on Balance Sheet date as per the Accounting Standard prescribed

O Impairments of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the assets is less than the book value of the impaired asset, the recoverable amount of the asset is stated as the revised value of the impaired asset in the books of account and consequential reduction is recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the impaired asset over its remaining useful life.

An assessment is made at each Balance Sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company re-estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been change of assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the statement of profit and loss.

# CFL CAPITAL FINANCIAL SERVICES LTD.



## NOTES TO ACCOUNTS

	As at 31-Mar-14		As at 31-Mar-13	
		Rupees		Rupees
<b>NOTE 3</b>				
<b>SHARE CAPITAL</b>				
<b>A. Equity Share Capital</b>				
<b>a. Authorised</b>				
19,49,50,000(Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each		<b>1,949,500,000.00</b>		1,949,500,000.00
<b>b. Issued</b>				
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each		<b>1,386,750,000.00</b>		1,386,750,000.00
<b>c. Subscribed</b>				
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each		<b>1,386,750,000.00</b>		1,386,750,000.00
<b>d. Paid-up</b>				
i. 13,86,55,500 (Previous Year 13,86,55,500) Fully Paid Equity shares of Rs. 10/- each		<b>1,386,555,000.00</b>		1,386,555,000.00
ii. Shares Forfeited				
19,500 (Previous Year 19,500) partly paid Equity shares of Rs. 10/-each - Rs. 5/- per share paid up		<b>97,500.00</b>		97,500.00
<b>Total Paid Up Equity Share Capital</b>		<b>1,386,652,500.00</b>		<b>1,386,652,500.00</b>
<b>e. Number of Equity Shares subscribed of Rs. 10 each.</b>	<b>Numbers</b>	<b>Amount</b>	<b>Numbers</b>	<b>Amount</b>
<b>e.1 Fully Paid</b>				
Fully Paid at the beginning of the year	<b>138,655,500</b>	<b>1,386,555,000.00</b>	<b>138,586,046</b>	1,385,860,460.00
Add Partly Paid Shares made fully Paid up during the year	-	-	<b>69,454</b>	694,540.00
Fully Paid at the end of the year	<b>138,655,500</b>	<b>1,386,555,000.00</b>	<b>138,655,500</b>	1,386,555,000.00
<b>e.2 Partly Paid - NIL</b>				
<b>e.3 Forfeited shares</b>				
Forfeited shares at the beginning of the year	<b>19,500</b>	<b>97,500.00</b>	<b>19,500</b>	97,500.00
Partly Paid Shares forfeited during the year (principal Amount)	-	-		
Forfeited shares at the end of the year	<b>19,500</b>	<b>97,500.00</b>	<b>19,500</b>	97,500.00
<b>Total e.1+e.2+e.3</b>	-	<b>1,386,652,500.00</b>		<b>1,386,652,500.00</b>
<b>f. Shareholders holding more than 5% equity shares in the Company</b>	<b>Percentage holdings</b>	<b>No. of shares</b>	<b>Percentage holdings</b>	<b>No. of shares</b>
STEL Holdings Limited	<b>34.37</b>	<b>47,664,340</b>	<b>34.37</b>	47,664,240
Summit Securities Limited	<b>19.70</b>	<b>27,318,150</b>	<b>19.70</b>	27,318,150
Arco Impex Limited	<b>17.64</b>	<b>24,460,100</b>	<b>17.64</b>	24,460,100
Swallow Associates Limited*	<b>16.29</b>	<b>22,592,837</b>	<b>13.30</b>	18,448,587
*converted to Swallow Associates LLP w.e.f 31.10.2012				
<b>g. Calls unpaid Nil</b>	<b>Numbers</b>	<b>Amount</b>	<b>Numbers</b>	<b>Amount</b>
<b>h. Forfeited shares</b>				
Opening Balance - Principal Amount paid on forfeited shares	<b>19,500</b>	<b>97,500</b>		-
Add Principal amount paid on Forfeited shares	-	-	<b>19,500</b>	97,500
Closing Balance - Principal amount paid on Forfeited shares	<b>19,500</b>	<b>97,500</b>	<b>19,500</b>	97,500
<b>i. Rights of equity shareholders</b>				
Equity shareholders have the rights as provided under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.				
<b>B. Preference Share Capital</b>				
<b>a. Authorised</b>				
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each		<b>250,500,000.00</b>		250,500,000.00
<b>b. Issued</b>				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs. 100/- each		<b>249,900,000.00</b>		249,900,000.00

# CFL CAPITAL FINANCIAL SERVICES LTD.



	As at 31-Mar-14		As at 31-Mar-13	
	Rupees		Rupees	
<b>c. Subscribed</b>				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs. 100/- each	249,900,000.00		249,900,000.00	
<b>d. Paid-up</b>				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs. 100/- each	249,900,000.00		249,900,000.00	
<b>Total Paid up Preference Share Capital</b>	<b>249,900,000.00</b>		<b>249,900,000.00</b>	
<b>e. Number of Preference Shares subscribed at the beginning and end of the year</b>	2,499,000		2,499,000	
<b>f. Shareholders holding more than 5% shareholding</b>	<b>Percentage holdings</b>	<b>No. of shares</b>	<b>Percentage holdings</b>	<b>No. of shares</b>
Williamson Tea Assam Limited	46.21	1,154,790.00	46.21	1,154,790
Kitply Industries Limited	20.01	500,000.00	20.01	500,000
<b>g. Redemption</b>				
The Preference shares were issued on 20.01.1998 for a period of 5 years				
The redemption date was extended thrice for a period of 5 years each and are now due for redemption on 19.01.2018				
<b>h. Rights of the Preference shareholders</b>				
The Preference Shareholders have the first right to dividend (including Dividend in Arrears)				
out of the future distributable profits as and when they arise.				
They will also have the rights as provided under the Companies Act, 1956 and the Memorandum				
Articles of Association of the Company.				
<b>TOTAL SHARE CAPITAL (1.d+2.d)</b>	<b>1,636,552,500.00</b>		<b>1,636,552,500.00</b>	
<b>NOTE 4</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Capital Reserves</b>	943,483,270.90		943,483,270.90	
<b>Securities Premium Account</b>	258,133,692.00		258,133,692.00	
<b>Statutory Reserve</b>	66,000,000.00		66,000,000.00	
Statutory Reserve was created as per the provisions of Section 45-IC of the Reserve Bank of India Act, 1934 (RBI) based of the profits earned by the Company for the years ended 31-Mar-97 and 31-Mar-98. This reserve cannot be utilized without the permission of RBI.				
Surplus in the Statement of Profit & Loss				
Opening balance	(7,294,257,267.23)		(6,801,873,279.15)	
Add loss for the year	(571,572,051.63)		(492,383,988.08)	
Closing Balance		(7,865,829,318.86)		(7,294,257,267.23)
<b>TOTAL RESERVES AND SURPLUS</b>	<b>(6,598,212,355.96)</b>		<b>(6,026,640,304.33)</b>	
<b>NOTE 5</b>				
<b>NON-CURRENT LIABILITIES</b>				
<b>a) Long term Borrowings</b>				
From Corporate Bodies - unsecured				
From Fixed Depositors - Unsecured				
<b>b) Deferred Tax Liabilities (net)</b>				
<b>c) Other Long term liabilities</b>				
<b>d) Long term provisions</b>				
Provision for employee benefits - Leave Salary	1,107,359.00		1,276,621.00	
<b>TOTAL</b>	<b>1,107,359.00</b>		<b>1,276,621.00</b>	
The above amounts are due for repayment after 12 months from the date of the Balance Sheet.				
<b>NOTE 6</b>				
<b>a) Short term Borrowings</b>				
From Bill Re-discounters parties - Unsecured (see note 6.1 below)	1,150,061.00		1,150,061.00	
From Corporate Bodies - unsecured (See Note 6.2 below)	589,493,043.00		560,855,043.00	
Interest Accrued on above	-		-	
Sub-Total	<b>590,643,104.00</b>		<b>562,005,104.00</b>	

# CFL CAPITAL FINANCIAL SERVICES LTD.



	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
<b>b) Trade Payables</b>	-	-
Sundry Creditors (Micro, Small, Medium Enterprises)	-	-
Sundry Creditors Related Parties (See note 6.3 below)	-	-
Sundry Creditors Others	3,621,741.00	23,695,555.00
Sub-Total	<u>3,621,741.00</u>	<u>23,695,555.00</u>
<b>c) Other Current Liabilities</b>		
Borrowing from Banks - Secured (see note 6.4 below)	955,230,077.55	952,951,262.55
Unpaid Debentures -Secured (See note 6.5 below)	68,122,631.00	68,122,631.00
Interest Accrued & Due on debentures-Secured (Note 6.6 below)	589,460,105.32	458,582,062.32
From Fixed Depositors - Unsecured (See note 6.7 below)	56,976,967.00	62,637,415.00
Interest Accrued & Due on Bank Loans (See note 6.8 below)	2,684,954,991.55	2,256,738,633.55
Tax deducted at Source payable	214,668.00	637,212.00
Other liabilities (See note 6.9 below)	79,817,839.93	80,931,418.57
Sub-Total	<u>4,434,777,280.35</u>	<u>3,880,600,634.99</u>
<b>d) Short term provisions</b>		
Provision for employee benefits		
Leave Salary	441,206.00	459,910.00
Superannuation	115,006.00	697,680.00
Gratuity	334,290.00	-
Sub-Total	<u>890,502.00</u>	<u>1,157,590.00</u>
<b>Total</b>	<u><u>5,029,932,627.35</u></u>	<u><u>4,467,458,883.99</u></u>

## Note 6.1

The Company had re-discounted the bills of its clients in the past. The Company could not pay to its discounters as the Company's clients whose bills were discounted by the Company, had not paid the due amount to it. The amounts are still due.

## Note 6.2

These borrowings are interest free and are due on demand. Hence, there is no accrued interest.

## Note 6.3 - Sundry Creditors

None of the creditors have intimated their status under the Micro Small Medium Enterprises Development Act, 2006

## Note 6.4 - Borrowings from Banks

- The loans from Banks are secured by pari passu hypothecation of present and future Hire Purchase (HP) receivables and Lease rentals and the relative assets consisting of Plant and Machinery, Office Equipments, Vehicles etc. and HP/ Lease debtors including overdue interest, delayed payment charges and the assets. The loans are further secured by way of collateral security given in the form of equitable / registered mortgage of the Company' office units in Delhi and Hyderabad to all banks along with pari passu hypothecation charge on the movable assets at these premises. The security is insignificant with respect to the amount claimed.
- The amounts were earlier advanced by the banks as Working Capital limits and later converted into loans. Hence shown under this head.
- Position of defaulted amount and other particulars as at 31<sup>st</sup> March, 2014 are given below.

The principal amount defaulted against each lender is as under	Date of Default	Default as on 31-Mar-14 Rupees	Rate of Interest per annum	Default as on 31-Mar-13 Rupees
ICICI Bank Ltd. (formerly Bank of Rajasthan Ltd.)	31-Mar-02	85,206,476.09	16.50/Monthly rests	86,978,617.09
Catholic Syrian Bank Ltd.	31-Mar-02	64,623,264.00	10.00% Simple Interest	66,049,506.00
Dena Bank	28-Dec-01	192,638,170.00	12.00% Quarterly rests	197,149,072.00
Federal Bank Ltd.	30-Jun-01	78,064,423.64	16.75/Monthly rests	79,710,996.64
Indusind Bank Ltd.	30-Sep-02	134,975,050.02	12.00% Quarterly rests	138,145,001.02
Oriental Bank of Commerce	30-Sep-01	44,718,460.00	17.00% Quarterly rests	46,175,500.00
Kotak Bank Ltd. (formerly State Bank of Travancore)	30-Sep-00	79,384,869.00	12.00% Quarterly rests	82,126,000.00
Asset Reconstruction Co. (I) Ltd. (formerly South Indian Bank Ltd.)	31-Dec-01	84,020,763.00	14.50% Quarterly rests	86,399,411.00
Vijaya Bank	1-Apr-01	121,526,304.02	9.00% Simple Interest	124,393,002.02
Axis Bank Ltd.	30-Sep-02	70,072,297.78	10.00% Simple Interest	71,794,686.78
Less amounts recovered by Recovery officers of the Debt recovery Tribunals		-		-
		-		(25,970,530.00)
		<u>955,230,077.55</u>		<u>952,951,262.55</u>

The principal amount is as claimed by the banks in the suits filed by them before the Debt Recovery Tribunals. (DRTs). The dates of defaults are as per the dates recorded by the Mumbai Debt Recovery Tribunal. In the earlier year, the principal was considered as per Company's proposal given in 1999. The corresponding changes have been made in last year's figures. The interest due as shown in note 6.8 is correspondingly changed.

The Recovery officers of the Debt Recovery Tribunals have sold some of the fixed assets mortgaged to the banks as security. The net amount of Rs. 2,32,02,576/- has been realised from the sale has been distributed by the Recovery Officers during the year (Previous Year Nil) to the banks after deducting the expenses and adding the interest earned.



# CFL CAPITAL FINANCIAL SERVICES LTD.

iv. The above lenders had approached the Debt Recovery Tribunals of Competent Jurisdiction.

## Note 6.5 - Unpaid Debentures - Secured

- i. The 19% Secured Non Convertible debentures are secured by an exclusive charge/mortgage over specific assets given on Lease / Hire Purchase and the debtors. However the value of security including collateral security (one office unit at Mumbai) is insignificant with respect to amount claimed. The principal amount is shown as on the date of filing the suit before the Debt Recovery Tribunal. After the de-merger of Unit Trust of India in 2002, the dues are bifurcated between UTI Asset Management Co Ltd. and the Administrator of Specified Undertaking of Unit Trust of India.
- ii. Position of defaulted amount and other particulars as at 31<sup>st</sup> March, 2014 are given below.

	Date of Default	Default as on 31-Mar-14 Rupees	Rate of Interest per annum	Default as on 31-Mar-13 Rupees
UTI Asset Management Co Ltd.	12-May-03	24,862,220.00	20% Simple & compound	24,862,220.00
Administrator of the Specified Undertaking of UTI	12-May-03	43,260,411.00	qtrly Rest & 2% penal	43,260,411.00
		-		
		<b>68,122,631.00</b>		<b>68,122,631.00</b>

## Note 6.6 - Interest Accrued and Due on Unpaid Debentures

	Date of Default	Default as on 31-Mar-14 Rupees	Rate of Interest per annum	Default as on 31-Mar-13 Rupees
UTI Asset Management Co Ltd.	12-May-03	215,155,478.76	20% Simple & compound	167,384,992.92
Administrator of the Specified Undertaking of UTI	12-May-03	374,304,626.56	qtrly Rest & 2% penal	291,197,069.40
		-		
		<b>589,460,105.32</b>		<b>458,582,062.32</b>

The interest is calculated at the rates as stated above from the date of filing the appeal i.e. 15-Mar-2004.

## Note 6.7 - Fixed Deposits

The Company had defaulted in repaying the deposits as per the original terms of the deposits. The repayments were rescheduled by the Company Law Board's (CLB) orders dated 26.06.2001 and its subsequent modifications dated 11.09.2002, 30.04.2004, 28.02.2006, 07.02.2007 & 13.10.2009. The Company has already paid all the claimed deposits on 29.12.2012 i.e. before 31.12.2012 the last date specified as per the last CLB order of 13.10.2009. As all Fixed Deposits have matured as per the original terms, the full amount is shown as dues to fixed depositors. The break-up of principal and interest on cumulative deposits upto the date of contracted maturity is given below.

Number of deposits		3,798		4,180
Total Amount unclaimed	3,798	56,976,967.00	4,180	62,637,415.00
Principal		46,195,642.00		50,712,633.00
Interest		10,781,325.00		11,924,782.00

The amount due within one year is Rs. 5,69,76,967/- (Previous Year Rs. 6,26,37,415/-)

Whereas majority of the warrants issued to the deposit holders were encashed within their validity period, some of the remained unencashed.

Further the Company had been regularly issuing fresh warrants or bank demand drafts, as the case may be, to the depositors, who could not encash their warrants on time, as and when request for the same were received. In the process, the Company had repaid Rs. 56,60,448/- to the depositors during the year under review.

Further, any request received from the deposit holders against the unencashed amount shall be duly paid till the expiry of 7 years from the due date, whereupon the same shall be transferred to the Investor Education and Protection Fund.

## Note 6.8 - Interest Accrued and due on loans to banks

	Date of Default	Default as on 31-Mar-14 Rupees	Rate of Interest per annum	Default as on 31-Mar-13 Rupees
ICICI Bank Ltd. (formerly Bank of Rajasthan Ltd.)	31-Mar-02	421,743,171.35	16.50/Monthly rests	344,848,520.35
Catholic Syrian Bank Ltd.	31-Mar-02	63,660,867.62	10.00% Simple Interest	57,055,915.62
Dena Bank	28-Dec-01	607,825,141.01	12.00% Quarterly rests	518,060,090.01
Federal Bank Ltd.	30-Jun-01	275,014,748.10	16.75% Monthly rests	220,655,441.10
Indusind Bank Ltd.	30-Sep-02	369,047,776.57	12.00% Quarterly rests	312,489,213.57
Oriental Bank of Commerce	30-Sep-01	258,343,204.35	17.00% Quarterly rests	211,640,412.35
Kotak Bank Ltd. (formerly State Bank of Travancore)	30-Sep-00	145,201,801.61	12.00% Quarterly rests	119,851,807.61
Asset Reconstruction Co. (I) Ltd. (formerly South Indian Bank Ltd.)	31-Dec-01	282,948,473.59	14.00% Quarterly rests	235,465,932.59
Vijaya Bank	1-Apr-01	196,926,346.33	9.00% Simple Interest	178,889,362.33
Axis Bank Ltd.	30-Sep-02	64,243,461.02	10.00% Simple Interest	57,781,938.02
		-		
		<b>2,684,954,991.55</b>		<b>2,256,738,633.55</b>

Interest has been provided at the rates as per the claim before DRT or as ordered by it on the principal claimed by the banks. Also refer note 6.4. The dates of defaults are as recorded by the Mumbai Debt Recovery Tribunal No. 1.



# CFL CAPITAL FINANCIAL SERVICES LTD.

## Note 6.9

Other liabilities includes advance received for sale of shares Rs. 3,62,50,000 (Previous Year Rs. 3,62,50,000/-) Book Overdraft of Rs. 3,45,44,860/- (Previous Year Rs. 3,56,84,840/-)

Note 6.10	Opening balance 1-Apr-13	Additions	Settled / paid/Transferred	Closing Balance 31-Mar-14
<b>Provisions</b>				
Non Current provision for employee benefits Leave salary	1,276,621.00	319,973.00	489,235.00	1,107,359.00
Current provision for employee benefits Leave salary	459,910.00	-	18,704.00	441,206.00
Current provision for employee benefits Gratuity	-	-	-	-
Current provision for employee benefits Superannuation	697,680.00	386,866.60	697,680.00	386,866.60
NPA Provisions on Receivables	327,306,105.30	-	146,616,613.00	180,689,492.30
NPA Provisions on Short term Loans & Advances	91,345,110.30	-	29,031,566.88	62,313,543.42
NPA Provisions on Standard Assets	429,419.00	-	-	429,419.00
NPA Provisions on Non Current Investments	202,899,888.00	-	2,740,864.00	200,159,024.00
<b>Total</b>	<b>624,414,733.60</b>	<b>706,839.60</b>	<b>179,594,662.88</b>	<b>445,526,910.32</b>

## Note 6.11

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:

a. Principal amount and Interest due thereon remaining unpaid to any supplier at the end of accounting year			
b. Interest paid during the year beyond the appointed day	-	-	-
c. Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-	-
d. Amount of interest accrued and remaining unpaid at the end of the year	-	-	-
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small	-	-	-

## Note 6.12

All the creditors of the Company, except few corporates, banks and Financial Institutions (FIs), have confirmed their dues to the Company as on 31<sup>st</sup> March, 2014. Further, the amount due to the banks except Vijaya Bank (VB), Bank of Rajasthan Ltd. (BR) (now merged with ICICI Bank Ltd.), Federal Bank Ltd. (FB) and FIs have been stated at the amount decreed by the Hon'ble Debt Recovery Tribunal (DRT) in their favour, as increased by the interest due thereon at the rate ordered by DRT in the respective decree. The dues to VB, BR, FB and FIs have been stated at the amount claimed by them in their recovery suits filed before DRT and interest due thereon upto 31<sup>st</sup> March, 2014 at the rate demanded by them in their respective recovery suits.

## NOTE 7

### CONSOLIDATED FIXED ASSETS SCHEDULE AS ON 31.3.2014

(Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	For the Year	On deleted Assets	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>A) Leased Assets Funded prior to 1.4.2001 (Tangible)</b>										
Plant & Equipment	94,499,434.30	-	94,499,434.30	-	94,499,434.30	-	94,499,434.30	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	<b>94,499,434.30</b>	<b>-</b>	<b>94,499,434.30</b>	<b>-</b>	<b>94,499,434.30</b>	<b>-</b>	<b>94,499,434.30</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B) Owned Assets (Tangible)</b>										
Buildings	22,437,455.68	-	-	22,437,455.68	6,299,667.62	365,731.00	-	6,665,398.62	15,772,057.06	16,137,788.06
Furniture and Fixture	662,962.05	-	341,400.00	321,562.05	398,402.78	4,818.85	85,491.58	317,730.05	3,832.00	264,559.27
Vehicles	2,106,537.00	-	389,613.00	1,716,924.00	954,803.00	138,027.00	364,532.00	728,298.00	988,626.00	1,151,734.00
Office Equipment	843,700.60	-	434,563.67	409,136.93	611,919.79	58,083.67	430,995.36	239,008.10	170,128.83	231,780.81
Bangalore SE Card	1,000,000.00	-	-	1,000,000.00	-	-	-	-	1,000,000.00	1,000,000.00
<b>TOTAL (B)</b>	<b>27,050,655.33</b>	<b>-</b>	<b>1,165,576.67</b>	<b>25,885,078.66</b>	<b>8,264,793.19</b>	<b>566,660.52</b>	<b>881,018.94</b>	<b>7,950,434.77</b>	<b>17,934,643.89</b>	<b>18,785,862.14</b>
<b>G. TOTAL (A+B)</b>	<b>121,550,089.63</b>	<b>-</b>	<b>95,665,010.97</b>	<b>25,885,078.66</b>	<b>102,764,227.49</b>	<b>566,660.52</b>	<b>95,380,453.24</b>	<b>7,950,434.77</b>	<b>17,934,643.89</b>	<b>18,785,862.14</b>
<b>Less Provision on Standard assets</b>										
									107,480.00	107,480.00
<b>Previous Year</b>	<b>132,203,443.65</b>	<b>43,300.00</b>	<b>10,696,654.02</b>	<b>121,550,089.63</b>	<b>109,705,612.18</b>	<b>625,489.00</b>	<b>7,566,873.69</b>	<b>102,764,227.49</b>	<b>18,785,862.14</b>	<b>22,497,831.47</b>

- In case of most of the buildings (consisting of office units) the change to the new name of the Company in the concerned records is to be completed.
- Leased Assets shown as 'Sales/Transfer/Retirement' are assets removed from the books mainly of completed leases.
- The assets sold / retired during the year include offices of the Company disposed off by the Recovery Officers of the Debt Recovery Tribunals.
- Office units with the Gross value of Rs. 1,63,64,355.68 located at New Delhi and Hyderabad are given as collateral security to Banks (Note 6.4) and Office unit at Mumbai valued at Rs. 48,50,000 to Debenture holders (Note 6.5)
- The software used for computers was embedded in them or were purchased and capitalised with them over 10 years ago and are fully depreciated.

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Particulars	As at 31-Mar-14 Nos.	As at 31-Mar-14 Rupees	As at 31-Mar-13 Nos.	As at 31-Mar-13 Rupees
<b>Note 8</b>				
<b>NON CURRENT ASSETS</b>				
<b>Non-current investments</b>	<b>QUANTITY</b>	<b>VALUE</b>	<b>QUANTITY</b>	<b>VALUE</b>
<b>a. Investment in Equity Instruments (long term-trade)</b>				
i. Investment in Other Companies -Unlisted (Face Value Rs. 10/ per share unless specified otherwise)				
Ace Garments Export Ltd. (DO)	850,000	8,500,000.00	850,000	8,500,000.00
Bangalore Stock Exchange Limited (A)	2,500	2,500.00	2,500	2,500.00
IAEC Industries Ltd. (A)	150,000	11,778,933.00	150,000	11,778,933.00
Indo Daein Leather Ltd. (A)	600,000	26,400,000.00	600,000	26,400,000.00
Indo Deutsche Metallo Chimique Ltd. (DO)	171,500	30,012,500.00	171,500	30,012,500.00
Jind Textiles Ltd. (UL)	750,000	18,938,523.00	750,000	18,938,523.00
Kalpana Chemicals Ltd. (A)	700,000	21,735,000.00	700,000	21,735,000.00
Kaveri Polysacks Ltd. (USO)	350,000	3,500,000.00	350,000	3,500,000.00
Kohinoor Feeds Ltd. (A)	562,500	33,609,375.00	562,500	33,609,375.00
Multimedia Frontiers Ltd. (A)	100,000	900,000.00	100,000	900,000.00
Nikita Cements Ltd. (DO)	150,000	2,100,000.00	150,000	2,100,000.00
Ruia Hospitality Ltd. (DO)	1,350,000	47,250,000.00	1,350,000	47,250,000.00
Spectrum Alkyd & Resins Ltd. (DO)	400,000	4,000,000.00	400,000	4,000,000.00
Worldcom Multi Media Ltd. (DO)	100,000	2,500,000.00	100,000	2,500,000.00
Subtotal		<u>211,226,831.00</u>		<u>211,226,831.00</u>
Less Provision for Non Performing Assets - Long Term Investments		<u>200,159,024.00</u>		<u>202,899,888.00</u>
<b>TOTAL i</b>		<u><u>11,067,807.00</u></u>		<u><u>8,326,943.00</u></u>
ii. Investment in Government Securities (Face Value Rs. 100 per unit except where specified)				
12.60% Government of India 2018	20	2,022.00	20	2,022.00
7.49% Government of India 2017	100,000	9,816,500.00	100,000	9,816,500.00
7.46% Government of India 2017	20,000	1,913,800.00	20,000	1,913,800.00
12.30% Government of India 2016	500	55,125.00	500	55,125.00
10.71% Government of India 2016	200	23,253.00	200	23,253.00
11.50% Government of India 2015	160	19,200.00	160	19,200.00
6.72% Government of India 2014	-	-	120,100	11,781,810.00
11.50% Government of India 2011	-	-	-	-
Less : Provision on Standard Assets		<u>(158,966.00)</u>		<u>(158,966.00)</u>
<b>TOTAL ii</b>		<u><u>11,670,934.00</u></u>		<u><u>23,452,744.00</u></u>
<b>TOTAL Non-Current Investments i+ii</b>		<u><u>22,738,741.00</u></u>		<u><u>31,779,687.00</u></u>
A. The Long Term Investments as per the Accounting Standard 13 as notified by the Companies (Accounting Standards) Rules 2006 are classified Non Current investments.				
B. Provision has been made on the basis of the Non-Banking Financial (Deposits Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.				
C. The Investments are valued at Cost and provisions are made as per the directions referred in B above.				
D. Shares in unlisted companies (including Subsidiary company are held in physical form while Government securities are held in electronic form.				
E. In case physically held securities (except subsidiary), the changing of Company's name is under process.				
F. No charge of SLR securities has been created in favour of the Public Depositors. This has been permitted by Reserve Bank of India.				
G. The Investee Company's status as Listed or Unlisted is as per the Company Data on the website of Ministry of Corporate Affairs at the current year end.				
H. The meaning of abbreviations is A - Active, DO - Dormant, L- Liquidated, UL - Under Liquidation, USO - Under Strike Off. These particulars are from the same data as in G above. Shares of Liquidated Companies have been written off.				
I. Provision on Standard Assets has been made of at least 0.5% as per Reserve Bank of India's directions.				
J. D indicates shares are in de-materialized form otherwise they are in physical form.				

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	As at 31-Mar-14 Nos.	As at 31-Mar-14 Rupees	As at 31-Mar-13 Nos.	As at 31-Mar-13 Rupees
Aggregate Book Value of Quoted Investments		11,670,934.00		23,452,744.00
Aggregate Market Value of Quoted Investments		23,775,061.00		31,304,395.60
Aggregate Book Value of Unquoted Investments		11,067,807.00		36,782,980.00
<b>b. Deferred Tax Asset</b>		-		-
The Company has not accounted for Deferred Tax Asset since there is no virtual certainty of its utilisation in future.				
<b>c. Long term loan and advances</b>		-		-
Deposit with Bangalore Stock Exchange Ltd.		200,000.00		200,000.00
<b>d. Other non-current assets</b>		19,285,559.43		19,347,914.07
Tax Deducted at Source (Unsecured Considered Good)				
<b>Total</b>		<u>42,224,300.43</u>		<u>51,327,601.07</u>

## Note 9

### CURRENT ASSETS

#### Current investments

##### a. Investment in Equity Instruments

###### i. Investment in Unlisted Companies (as per records of Ministry of Corporate Affairs)

The share is of a face value of Rs. 10 each and fully paid unless otherwise specified. They are valued at cost. The aggregate provision for diminution is shown separately.

	QUANTITY	VALUE	QUANTITY	VALUE
Ankit Yarns Ltd. (A)	46	-	46	-
Dataline Research Ltd. (A)	50,000	-	50,000	-
EBF Finance Ltd. (DO)	9,050	-	9,050	-
Gemini Agritech Co Ltd. (SO)	-	-	145,000	-
KGN Agro Int Ltd. (Partly Paid) (DO)	176,600	-	176,600	-
Lakshana Cotton Spinning Mills P Ltd. (UL)	100	-	100	-
Malaivika Steel Co Ltd. (DO)	237,400	-	237,400	-
Nova Surgikos Ltd. (UL)	25,800	-	25,800	-
PAL Peugeot Ltd. (UL)	99,600	-	99,600	-
Prism Mills Ltd. (A)	1,000	-	1,000	-
Radan Multimedia Ltd. (Formerly Radan Tapes & Tubes Ltd.) (DO)	17,400	-	17,400	-
Reacto Paper Ltd. (UL)	400,000	-	400,000	-
Sun Earth Ceramics Ltd.** (DO)	125	-	125	-
Sun Valley Farm Products Ltd. (Formerly Cryptogen Ltd.) (A)	77,700	-	77,700	-
Vitara Chemicals Co Ltd. (DO)	198,000	-	198,000	-
<b>TOTAL i</b>		-		-

###### ii. Investment in Listed Companies

The share is of a face value of Rs. 10 each and fully paid unless otherwise specified. They are valued at cost or market price whichever is lower.

Some of the shares are suspended by the concerned stock exchanges. 'D' denotes shares are held in de-materialized form.

Autopins Ltd. (D / A)	41,730	-	41,730	-
Balaji Industrial Corporation Ltd. (D / A)	45,498	-	45,498	-
Cherry Polypack Ltd.** (A)	36,200	-	36,200	-
Fancy Fittings Ltd. (A)	8,900	445,641.00	8,900	445,641.00
Grand Foundry Ltd. (UL)	200	-	200	-
Inland Printers Ltd. (A)	10,000	-	10,000	-
JSW Steels Limited* (D / A)	100	-	100	-
KEC Limited* (D / A)	250	-	250	-
Kothari Petro Ltd. (D / A)	-	-	4,944	-
Moulik Finance and Resorts Ltd. (DO)	25,500	-	25,500	-
Nagarjuna Agritech Ltd. (D / A)	24,691	-	26,691	-
Naina Semi Conductor Ltd. (A)	47,200	-	47,200	-
N R International Ltd. (D / A)	79,934	-	79,934	-

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	As at	As at	As at	As at
	31-Mar-14 Nos.	31-Mar-14 Rupees	31-Mar-13 Nos.	31-Mar-13 Rupees
Pretto Leather Ltd. (A)	2,800	-	2,800	-
Ranjeev Alloys Ltd. (D / A)	3,980	-	2,980	-
Reliance Industries Limited* (D / A)	40	21,631.00	40	21,631.00
Shamrock Industrial Co Ltd. (D / A)	86,165	-	86,165	-
Shree Rubbers Industries Ltd. (A)	192,000	-	192,000	-
Shreeyash Industries Ltd. (D / A)	50,000	-	50,000	-
Venkat Pharma Ltd. (D / A)	-	-	-	-
Yogi Polyester Ltd.. (UL)	55,800	-	55,800	-
Less Provision on Standard Assets		(2,336.00)		(2,336.00)
<b>TOTAL ii</b>		<b>464,936.00</b>		<b>464,936.00</b>
<b>TOTAL CURRENT INVESTMENTS (i+ii)</b>		<b>464,936.00</b>		<b>464,936.00</b>

Aggregate Book Value of Quoted Investments	464,936.00	464,936.00
Aggregate Market Value of Quoted Investments	961,719.43	2,484,534.00
Aggregate Book Value of Unquoted Investments	-	-

## Note 9.a

- The Current Investments are included in this Schedule as per the Accounting Standard 13 as notified by the Companies (Accounting Standards) Rules 2006 and there are restrictions on trading imposed by Reserve Bank of India.
- \* These shares have been received by the Company on removal of defects in case of bad deliveries or for lost shares. These have been accounted at the market rate.
- \*\*The Company's application for duplicate shares / de-materialization not responded by respective Companies.
- Where the company has written off the value of a share/debenture/security due to non availability of market rate of a period exceeding six months, its value has been shown as Nil despite the quantitative number held as on the Balance Sheet date appearing. Others are valued at lower of cost or market value.
- Shares marked as (D) are in electronic form, others are in physical form. In case most of the physical securities, the changing of the Company's name is under process.
- The Investee Companies' status as Listed or Unlisted is as per the Company Data on the website of Ministry of Corporate Affairs at the current year end.
- The meaning of abbreviations is A - Active, DO - Dormant, L- Liquidated, UL - Under Liquidation, USO - Under Strike Off. These particulars are from the same data as in E above. Shares of Liquidated Companies have been written off.

## b. Trade receivables - Unsecured

Outstanding for over six months after the due dates	-	-
Considered Good	196,562.00	96,051.00
Considered Doubtful	137,867,670.80	327,452,578.30
Less : Provision for Doubtful Debts	137,867,670.80	327,452,578.30
	<b>196,562.00</b>	<b>96,051.00</b>

## Note 9.b

- The above receivables are outstanding for a period exceeding six months from the date they were due for payment
- The above do not consist of any amount due from the Directors or Officers of the Company or Firms and Companies in which they are Partners/Directors

## c. Cash and Cash Equivalents :

i. Balances with Scheduled Banks :				
- in Fixed Deposits (against dues to employees)	163,761.27		151,636.00	-
- in Current Accounts	1,050,485.80		6,486,399.55	-
		<b>1,214,247.07</b>		<b>6,638,035.55</b>
ii. Cash in hand	-	<b>64,061.00</b>	-	<b>76,075.50</b>
iii. Balances with Scheduled Banks :				
- in Escrow Account -Current		<b>359,431.94</b>		<b>14,545.87</b>
- in Escrow Account - Fixed Deposit		<b>6,400,000.00</b>		-
		<b>8,037,740.01</b>		<b>6,728,656.92</b>

## Note 9.c

The amounts in the escrow account are maintained as per the directions of the Reserve Bank of India and the amounts are to be utilised for the purpose of repaying the fixed deposits.

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	As at 31-Mar-14 Nos.	As at 31-Mar-14 Rupees	As at 31-Mar-13 Nos.	As at 31-Mar-13 Rupees
<b>d. Short-term Loans &amp; Advances</b>				
Advances(unsecured) - receivable in cash or in kind or for value to be received				
Inter Corporate Deposits (Unsecured / Doubtful)	7,500,000.00		7,500,000.00	
Less Provision for doubtful debts	<u>7,500,000.00</u>		<u>7,500,000.00</u>	
		-		-
Bills Discounted (unsecured / Doubtful)	49,629,527.38		83,659,504.26	
Less Provision for doubtful debts	<u>49,629,527.38</u>		<u>83,659,504.26</u>	
		-		-
Staff loans (Unsecured / Considered Good)		314,000.00		519,000.00
Other loans/advances (Unsecured, Considered good)	288,801.90		829,393.60	
Less Provision for doubtful debts	<u>185,606.00</u>		<u>185,606.00</u>	
		103,195.90		643,787.60
Less Provision on Standard Assets		(3,312.00)		(3,312.00)
<b>Short-term Loans &amp; Advances- Net of Provisions</b>		<u>413,883.90</u>		<u>1,159,475.60</u>

## Note 9.d

- Inter Corporate Deposit was given in earlier years and is doubtful of recovery. No interest has been accrued as per the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.
- Bills Discounted are dues for bills discounted in earlier years and are doubtful of recovery. No interest has been accrued as per the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.
- As per the Orders of the Debt Recovery Tribunals ordering the sale of Company's Assets, the Recovery Officers have sold certain assets and realised amounts appropriated to various lenders credit.

## e. Other Current Assets (unsecured / considered good)

Interest Receivable on Government Securities	361,447.00		439,973.00	
Interest Receivable on Security Deposit	107,073.00		-	
Deposits for Premises, Telephones etc (Unsecured/considered Good)	2,381,826.00	-	2,427,326.00	
Less ; Provision on Standard Assets (unsecured / considered good)	<u>(14,330.00)</u>	-	<u>(14,330.00)</u>	-
		2,836,016.00		2,852,969.00

The amount in the escrow account is maintained as per the directions of the Reserve Bank of India and the amount to be utilised for the purpose of repaying the fixed deposits.

<b>TOTAL CURRENT ASSETS</b>		<u>11,949,137.91</u>		<u>11,302,088.52</u>
-----------------------------	--	----------------------	--	----------------------

The above do not consist of any amount due from the Directors or Officers of the Company or Firms and Companies in which they are Partners/Directors

Particulars	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>NOTE 10</b>		
<b>INCOME FROM OPERATIONS</b>		
<b>OTHER INCOME</b>		
Income from Old Recoveries of Funded Business.	661,882.00	122,145.00
Profit from Sale of Shares- Current Investments - Non Trade	35,764.86	614,819.23
Profit from Sale of Shares- Long Term Investments Non Trade	228,190.00	20,850.00
Dividend - Current investments - Non trade	75,510.59	335,870.92
Dividend - Long Term investments-non trade	281,250.00	281,250.00
Interest on SLR Securities Long Term Investments-Trade	1,637,130.00	2,132,783.60
Interest on Bank Deposits (TDS Rs. 1,607/-, Previous Year Rs. 92,251/-)	14,466.00	922,510.52
Interest on Security Deposits with Lenders (TDS Rs. 21,416/-, Previous Year Rs. Nil)	128,243.00	-
Interest Credited by Recovery Officer - DRT	489,139.00	-
Rent Received (TDS Rs. 36,000/- Previous Year. Rs. 36,000/-)	360,000.00	360,000.00
Other Business Income (TDS Nil/- Previous Year 18,000)	400,002.00	53.00
	4,311,577.45	4,790,282.27
<b>NOTE 11</b>		
<b>EMPLOYEE BEBEBFIT EXPENSES</b>		
Salaries and other benefits	9,853,948.00	17,114,275.00
Welfare Expenses	123,821.00	225,957.00
Contribution to Provident Fund, Gratuity		
Superannuation and other Funds	<u>1,026,327.60</u>	<u>1,110,911.96</u>

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	11,004,096.60	18,451,143.96
	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>NOTE 12</b>		
<b>FINANCE COSTS</b>		
Interest - Debentures	130,878,043.00	105,546,868.32
Interest - Banks & Others	428,220,921.00	375,853,934.68
	<u>559,098,964.00</u>	<u>481,400,803.00</u>
<b>NOTE 13</b>		
Depreciation and amortization expenses (see note 7)	566,660.52	625,489.00
<b>NOTE 14</b>		
<b>OTHER EXPENSES</b>		
Auditors Remuneration (see Note 17)	265,367.00	296,311.00
Communication costs	644,796.23	699,232.00
Directors' Fees	18,000.00	18,000.00
Electricity Expenses	124,526.00	126,063.00
Insurance	497,521.00	521,546.00
Legal & Professional Charges	2,489,415.51	2,192,039.11
Printing and Stationery	316,797.00	291,583.27
Rent,	1,094,330.00	1,087,830.00
Recovery Expenses incurred by Debt Recovery Tribunal	2,767,954.00	775,172.32
Repairs and Maintenance-Buildings	32,118.00	51,735.00
Repairs and Maintenance-Others	78,529.39	49,731.00
Service Tax-reverse charge	157,436.00	103,684.00
Travelling and Conveyance	1,000,350.00	1,136,198.81
Vehicle Expenses	530,359.00	1,100,935.00
Miscellaneous Expenses	216,404.64	259,769.20
	<u>10,233,903.77</u>	<u>8,709,829.71</u>
<b>NOTE 15</b>		
<b>EXCEPTIONAL INCOME AND EXPENSES</b>		
<b>A. EXCEPTIONAL INCOME</b>		
Provision No longer required, & others		
a) Provision for NPAs No Longer required	226,355,748.68	2,912,912.00
b) Profit on Sale of Assets	-	8,802,472.04
c) Profit on Redemption of Securities	-	-
c) Write back of earlier years liabilities	-	337,688.00
	<u>226,355,748.68</u>	<u>12,053,072.04</u>
<b>B. LESS EXCEPTIONAL EXPENSES</b>		
Write off/Provisions against doubtful/irrecoverable Assets and diminution/loss in value of Investments		
a) Bad debts written off	218,083,636.30	-
b) Loss on sale of assets	182,348.42	22,212.82
c) Loss on sale / redemption of securities.	26,228.38	-
d) Loss on foreclosure.	3,104,610.00	-
	<u>221,396,823.10</u>	<u>22,212.82</u>
<b>NET EXCEPTIONAL INCOME /(EXPENSES)</b>	<b>4,958,925.58</b>	<b>12,030,859.22</b>

## NOTE 16

### (1) Contingent Liabilities :

- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 51,97,92,000/-16 years (previous Year Rs.48,73,05,000/-15 years)
- ii) Wealth Tax Rs. 3,27,843/- (Previous Year Rs. 3,27,843/-)
- iii) Sales Tax Rs. 23,14,158/- (Previous Year Rs. 23,14,158/-)
- iv) Others Rs. 13,20,000/- (Previous Year Rs. 13,20,000/-)

The above liabilities, except dividend on preference shares, are dependent upon the outcome of appeals before various authorities. The contingent liability towards dividend on preference share would be payable, if the Company has distributable profits.

Claims against the Company not acknowledged as debts (as the same are disputed by the Company). Others - Rs. 42,49,283/- (Previous Year Rs. 39,20,191/-)

# CFL CAPITAL FINANCIAL SERVICES LTD.



(2) Audit fees include amounts paid to Auditors towards:	Year ended	Year ended
	31-Mar-14	31-Mar-13
	Rupees	Rupees
As Auditors for : Statutory Audit	140,000	125,000
Tax Audit	-	25,000
For certification fees	85,293	121,265
Corporate Governance	20,000	20,000
Out of Pocket expenses	20,074	5,046
	<b>265,367</b>	<b>296,311</b>

Tarmaster & Co. are auditors of the Holding as well as Subsidiary Company.

### (3) CURRENT & DEFERRED TAX

There is no provision for Income Tax during the year due to loss..

The Company has not created the Deferred Taxation Asset as its utilisation for set off against future taxable income is uncertain in the foreseeable future.

(4) The accumulated loss of Rs. 786,58,29,318.86/- (Previous Year Rs. 729,42,57,267.23/-) includes unabsorbed depreciation of Rs.170,09,26,683/- (Previous Year Rs. 170,02,99,479/-)

(5) The Company has paid an amount of Rs. 11,05,605.96/- (Previous Year Rs. 15,77,046.69/-) towards Provident & Pension Funds and Gratuity & Superannuation Schemes. For leave benefit the Company has provided, on actuarial basis, a liability of Rs. 17,36,521/- (Previous Year Rs. 16,80,063/-) as at the year end. During the year an amount of Rs. Nil (Previous Year Rs. 2,61,749/-) was paid by the Company to the Executive Provident Fund Trust due to lower income. The said Trust managing the Executive Fund was wound up as the recognition under the Income Tax Act 1961 was proposed to be withdrawn with effect from 01.04.2012 as per the proposal of the Finance Bill 2012.

Samudra Securities Limited have no employees.

(6) As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:-

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	2013-14	2012-13
Company's Contribution to Superannuation Fund	498,873	697,680
Company's Contribution to Employees (RPFO) Pension Scheme	62,007	76,468
Company's Contribution to Provident Fund (RPFO)	111,030	325,870

#### Defined Benefit Plan (Please refer note 16(5))

	2013-14	2012-13
Company's Contribution to Provident Fund (Trust)	-	-
Company's Contribution to Gratuity Scheme	334,290	7,848

The present value of obligation towards gratuity is determined based on actuarial valuation report furnished by them, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. It is fully funded as on the year end.

Particulars	Gratuity (Funded)		Leave Encashment (not Funded)	
	2013-14	2012-13	2013-14	2012-13
<b>I Assumptions as at</b>				
Mortality Rate	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)
Discount Rate	8% p.a.	8% p.a.	8% p.a.	9% p.a.
Salary escalation rate	7% p.a.	7% p.a.	10% p.a.	10% p.a.
Rate of Return (expected) on plan assets			NO FUND	NO FUND
Method of Valuation				
Withdrawal Rate	1%-3% depending on age	1%-3% depending on age	1% throughout	1% throughout
Retirement age Years	58	58	58	58
Expected average remaining service			9	11
Period of accounting	01.04.2013- to 31.3.2014	01.04.2012- to 31.3.2013	01.04.2013- to 31.3.2014	01.04.2012- to 31.3.2013
<b>I. Data information on</b>	31.03.2014	31.03.2014	31.03.2014	31.03.2013
Number of members	12	15	12	15
Average /Total monthly salaries	22,105.75	28,149.33	265,268	422,240
Average age	51.33	48.40	49	47
Average Past Service (yrs)/Leave balance (days)	17.50	16.80	57	66
<b>II Changes in present value of obligations</b>				
PVO at beginning of year	3,887,011	3,946,489	1,736,521	1,736,521
Interest cost	310,961	315,719	132,431	132,431
Current Service Cost	203,917	221,757	201,201	201,201
Benefits Paid (as intimated by Company)	(1,874,637)	-	(530,138)	(530,138)
Actuarial (gain)/ loss on obligation	34,060	(596,954)	8,500	8,500
PVO at end of year	2,561,312	3,887,011	1,548,515	1,548,515

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	Gratuity (Funded)		Leave Encashment (not Funded)	
	2013-14	2012-13	2013-14	2012-13
<b>III Changes in fair value of plan assets</b>				
Fair value of Plan Assets at beginning of year	4,946,516	4,241,640	-	-
Expected return on Plan Assets	214,648	418,879	-	-
Contributions	-	285,997	530,138	-
Benefits Paid (as intimated by Company)	(1,874,637)	-	(530,138)	-
Actuarial (gain)/ loss on plan assets	-	-	-	-
Fair Value of Plan Assets at end of year (estimate)	3,286,527	4,946,516	-	-
<b>IV Fair Value of Plan Assets</b>				
Fair value of Plan Assets at beginning of year	4,946,516	4,241,640	-	-
Actual return on Plan Assets	214,648	418,879	-	-
Contribution	-	285,997	530,138	-
Benefits Paid (as intimated by Company)	(1,874,637)	-	(530,138)	-
Fair value of Plan Assets at the end of year	3,286,527	4,946,516	-	-
Funded Status	725,215	1,059,505	(1,548,515)	(1,736,521)
Excess of actual over estimated return on Plan	-	-	-	-
<b>V Actuarial Gain/ (Loss) Recognized</b>				
Actuarial Gain /(Loss) for the year(Obligation)	(34,060)	596,954	(8,500)	269,187
Actuarial Gain/(Loss) for the year (Plan Assets)	-	-	-	-
Total Gain/(loss) for the year	34,060	(596,954)	(8,500)	269,187
Actual Gain/(loss) recognized for the year	34,060	(596,954)	(8,500)	269,187
Un-recognized Actuarial Gain/(loss) at end of year	-	-	-	-
<b>VI Amounts to be recognized in the balance sheet and statement of profit &amp; loss statement</b>				
PVO at end of year	2,561,312	3,887,011	1,548,515	1,736,521
Fair value of Plan Assets at the end of year	3,286,527	4,946,516	-	-
Funded Status	725,215	1,059,505	(1,548,515)	(1,736,521)
Un-recognized Actuarial Gain/ (loss)	-	1,059,505	-	-
Net assets/ (Liability) recognized in the balance sheet	725,215	-	(1,548,515)	(1,736,521)
<b>VII Expense recognized in the statement of Profit &amp; Loss</b>				
Current Service Cost	203,917	221,757	201,201	191,240
Interest cost	310,961	315,719	132,431	134,405
Expected Return on Plan Assets	(214,648)	(418,879)	-	-
Net Actuarial Gain/(Loss) recognised for the year	34,060	(596,954)	8,500	(269,187)
Expense recognized in the statement of P & L A/c	339,290	(478,357)	342,132	56,458
<b>VIII Movements in the Liability recognised in Balance Sheet</b>				
Opening Net Liability	-	-	1,736,521	1,680,063
Expenses as above	-	-	342,132	56,458
Actual return on Plan Assets	-	-	-	-
Benefits paid	-	-	(530,138)	-
Closing Net Liability	-	-	1,548,515	1,736,521
<b>IX Break up of total liabilities as Non-Current &amp; Current</b>				
Current Liabilities (3 Exits)( Previous Year 2 exit)	-	-	441,156	459,900
Non Current Liabilities	-	-	1,107,359	1,276,621
<b>Total Liability</b>	-	-	1,548,515	1,736,521
<b>X Experience History Information</b>				
Defined Benefit obligation at the end of Period	-	-	1,548,515	1,736,521
Plan assets at the end of the Period	-	-	-	-
Funder Status - Surplus / (Deficit)	-	-	(1,548,515)	(1,736,521)
Actuarial Gain /(Loss) due to change in basis	-	-	(31,123)	-
Actuarial Gain /(Loss) due to change in data	-	-	39,623	(269,187)
Total Actuarial Gain /(Loss) in Liabilities	-	-	8,500	(269,187)
Experience Gain / Loss in Plan Assets	-	-	-	-

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	Gratuity (Funded)		Leave Encashment (not Funded)	
	2013-14	2012-13	2013-14	2012-13
<b>IX RESULTS OF VALUATION</b>				
a. PV of Past Service Benefit	2,561,312	3,887,011		
b. Current Service Cost	125,340	203,917		
c. Total Service Gratuity	3,486,511	6,237,193		
d. Accrued Gratuity	2,670,882	4,165,701		
e. Life Cover Sum Assured	805,807	1,160,313		
f. LC Premium	5,841	7,973		
g. Service Tax @ 12.6%	722	985		
<b>X RECOMMENDED CONTRIBUTION RATE</b>				
a. Fund Value as on Renewal Date	4,830,129	4,527,637		
b. Additional Contribution for Existing Fund	-	-		
c. Current Service Cost	-	-		

The Certificate for Gratuity is as given by the Life Insurance Corporation. In case of Leave encashment, the certificate is given by an Actuary

## (7) Related Party Disclosures

### 1. Relationships

(i) Shareholders in the Company  
Sentinel Tea and Exports Ltd. holds 34.27% equity share capital of the Company.

(ii) Other related parties  
Ace Garment Export Ltd.\*\*  
Indo Dean Leather Ltd.\*\*  
Kaveri Polysacks Ltd.\*\*  
Spectrum Alkyd & Resins Ltd.\*\*  
Ruia Hospitality Ltd.\*\*

\*\* (The Company holds over 20% shareholding in these companies. These investments were made as Merchant Bankers. The Company does not have any significant influence over their managements and are hence not considered as Associates for related parties disclosures.)

(iii) Directors and other executives ( including those who were associated for part of the period)

Mr. H. C. Mathur - Chairman & Managing Director

### 2. The following transactions were carried out with the related parties in the ordinary course of business:

a. Details relating to parties referred to in (i) and (ii) above

	Parties referred in Note 16(7)(i) above	Rupees Parties referred in Note 16(7)(ii) above
Transactions	-	-

b. Details relating to persons referred to in item 1(iii) above

	Current Year Rupees
Remuneration to Chairman & Managing Director	884,308.00
Previous Year	(884,335.00)

## (8) Segment Information

The Company's present activity is to take steps to close its Non Banking Financial activities. The other activities have not made any significant progress. Hence there are no segments. The Subsidiary is stock broking but activity is NIL.

# CFL CAPITAL FINANCIAL SERVICES LTD.



Particulars	Note No.	Year ended 31-Mar-14 Rupees	Year ended 31-Mar-13 Rupees
<b>(9) Earnings per share</b>			
a. Profit/(Loss) after tax	(Rupees)	(571,572,052)	(492,383,988)
b. Adjustments for			
Preference Dividend		32,487,000	32,487,000
Interest on Income Tax Refunds		28,171	-
Taxation of earlier years		-	-
c. Adjusted Loss after tax		(604,087,223)	(524,870,988)
d. Weighted average number of Equity shares for Basic EPS	Nos.	138,675,000	138,675,000
e. Nominal value per Equity share	Rs.	10.00	10.00
f. Earning per share (Basic)	Rs.	(4.36)	(3.78)
g. Weighted average number of Equity shares for Diluted EPS	Nos.	138,675,000	138,675,000
h. Earning per share (Diluted)	Rs.	(4.36)	(3.78)

(10) A sum of Rs. 35,103/- (P Y Rs. 26,350/-) is transferable to the Investors Education & Protection Fund at the end of the year.

After the year end a sum of Rs. 35,103/- ( P Y Rs. 26,350/-) have been transferred to the said Fund till the date of these statements.

(11) The Company follows the directions given by Reserve Bank of India (RBI) to Non Banking Financial Companies and maintains Statutory Liquidity Ratio (SLR) as per RBI's instructions in the matter. The Company continues to be governed by the Non-Banking Financial (Deposit Accepting or Holding) Companies

Prudential Norms (Reserve Bank) Directions 2007. However Consequent to the Net Worth of the Company having become negative, the restrictions placed by para 16 of these norms pertaining to a minimum Capital Adequacy of 12% and Para 19 (pertaining to acquisition of land and building other than for own use) and Para 20 (pertaining to Concentration of Credit/Investment) could not be met.

(12) Previous Year's figures have been reclassified and /or regrouped wherever necessary to correspond with the current year's classification and disclosures.

As per our Report attached  
For **TARMASTER & CO.**  
Chartered Accountants  
Firm Registration No 302016E

for and on behalf of the Board of Directors

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

**R. C. Kurup**  
Company Secretary

**H. C. Mathur**  
Chairman & MD

**Sujit Datta**  
Director

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

Place : Kolkata  
Date : 30<sup>th</sup> May, 2014

**ATTENDANCE SLIP**

**CFL CAPITAL FINANCIAL SERVICES LIMITED**

CIN:L67120WB1983PLC036805

Regd.Office: Century Plaza, 81, Netaji Subhas Road, Unit No.233, 2nd Floor, Kolkata-700001

D.P id		NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER
Client Id / Folio No.		
No of Shares		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at "Uttam Mancha"

10/1/1 Monoharpukur Road, Kolkata-700 026 on **Monday, the 29th day of September, 2014 at 11.00 A.M.**

\_\_\_\_\_  
SIGNATURE

Note: Please complete this and hand it over at the entrance of the hall.

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CFL CAPITAL FINANCIAL SERVICES LIMITED**

CIN:L67120WB1983PLC036805

Regd.Office: Century Plaza, 81, Netaji Subhas Road, Unit No.233, 2nd Floor, Kolkata-700001

Name of the member(s)			
Registered Address			
Email ID			
Folio No.Client IDDP ID		DP ID	

I/We, being the member(s) of \_\_\_\_\_ shares of CFL Capital Financial Services Limited, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having email id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having email id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having email id \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company, to be held at "Uttam Mancha", 10/1/1 Monoharpukur Road, Kolkata-700026 on Monday, the 29th day of September, 2014 at 11.00 A.M and at any adjournment thereof in respect of such resolutions as are indicated below :

Item No.	Ordinary Business	No. of Shares	For	Against
1	Adoption of Balance Sheet as at 31st March, 2014, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.			
2	Appointment of Auditors.			
3	Appointment of Mr. Sujit Datta as an Independent Director.			
4	Appointment of Mr. B. N. Tripathi as an Independent Director.			
5	Appointment of Mr. A. V. Sudhakaran as an Independent Director.			
6	Appointment of Mr. H. C. Mathur as Managing Director.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

Signature of shareholder

Affix a  
1 Rupee  
Revenue  
Stamp

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.

**COURIER / REGISTERED / SPEED POST**



If undelivered, please return to:

**CFL CAPITAL FINANCIAL SERVICES LTD.**

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