

BOARD OF DIRECTORS

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

COMPANY SECRETARY

R.C. Kurup

AUDITORS

Tarmaster & Co.
Chartered Accountants

REGISTERED OFFICE

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

CORPORATE OFFICE

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

BANKERS

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

REGISTRAR & TRANSFER AGENT

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

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NOTICE

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

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

By Order of the Board

R.C.Kurup
Company Secretary

Registered Office:

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

Dated, 4th July, 2012

NOTES

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

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

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

CFL CAPITAL FINANCIAL SERVICES LTD.

DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

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

FINANCIAL RESULTS

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

DIVIDEND

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

INDUSTRY STRUCTURE, OPERATIONS AND DEVELOPMENT

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

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

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

OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

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

DIRECTORS

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

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

PARTICULARS OF EMPLOYEES

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

SUBSIDIARY

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CORPORATE GOVERNANCE

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

HUMAN RESOURCES

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

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

AUDITORS & AUDIT REPORT

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

(H. C. Mathur)
Chairman

Kolkata, Dated: 4th July, 2012



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

Company's Philosophy on Corporate Governance

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

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

Board of Directors

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

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

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

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

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

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

Audit Committee

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

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

Remuneration Committee

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

Remuneration Policy

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

Directors' Remuneration

Non Executive Directors

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

Executive Director

Rs. in lakhs

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

Investors'/Shareholders' Grievance Committee

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

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

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

CFL CAPITAL FINANCIAL SERVICES LTD.

General Body Meetings

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

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

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

Code of Conduct

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

Disclosures

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

Means of Communication

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

d. Market Price Data

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

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

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

General Shareholder Information

a. Annual General Meeting:

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

b. Financial Calendar (tentative and subject to change)

Financial results for quarter ending 30 th June, 2012	13 th August, 2012
Financial results for quarter ending 30 th September, 2012	12 th November, 2012
Financial results for quarter ending 31 st December, 2012	13 th February, 2013
Financial results for the year ending 31 st March, 2013	end of June, 2013
Annual General Meeting for the year ending 31 st March, 2013	end of September, 2013

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

Name	Address	Stock Code
Bombay Stock Exchange Ltd., Mumbai	Phiroze Jeejeebhoy Towers, 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 upto the year 2011-2012

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



e. Registrars and Share Transfer Agent

Link Intime India Private Limited

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

f. Share Transfer System

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

g. Shareholding Pattern (as at 31st March, 2012)

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

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

h. Distribution of shareholding (as at 31st March, 2012)

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

i. Dematerialisation of shares

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

International Securities Identification Number INE 481A01014.

j. Outstanding GDRs/ADRs/Warrants or any Convertible instruments

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

k. Plant location-Not applicable

I. Address for correspondence

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

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

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

The accounts are available on our website also.

For and on behalf of the Board

(H.C. Mathur)
Chairman

Kolkata, Dated: 4th July, 2012

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 31st March, 2012.

(H.C.Mathur)
Managing Director

Kolkata, Dated: 4th July, 2012

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

To the Members of
CFL Capital Financial Services Limited

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

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

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

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

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

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

Dated, 4th July, 2012

CFL CAPITAL FINANCIAL SERVICES LTD.

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

1. We have audited the attached Balance Sheet of CFL CAPITAL FINANCIAL SERVICES LIMITED, as at 31st March, 2012 and also the Profit and Loss Statement and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Except as discussed in paragraph 4, we conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further, to our comments in the annexure referred to in paragraph 3 above.
 - i) The net worth of the Company is negative. The Company's Management has drawn a plan to liquidate some assets, to borrow money including from promoter shareholders etc for meeting its expenses and liabilities. On the basis of the above plan the Company may be in a position to continue as a going concern. (Refer notes 1-B & 1.C of Note1)
 - ii) Loans from Banks and UTI and interest charged thereon have been provided as per the claims before / orders passed by the Debt Recovery Tribunals (see notes 6.1, 6.7 and 12.1)
5. **Attention is drawn to :-**
 - a. **Non-compliance of the provisions of the Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 26)**
 - b. **The company has not been able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by Non- Banking Financial (Deposit Accepting or Holding) Companies (Reserve Bank) Directions, 2007. (Refer Note 26)**
- 6) Subject to our foregoing observations in Para 4, and its consequential effects on Loss for the year and assets and liabilities as at 31st March, 2012, we further report that –
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) **In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the book except our observations under Para 5 above;**
 - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with in this report are in agreement with books of account;
 - iv) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on records by the Board of Directors, we report that all the Directors are disqualified from being appointed as a director of another public company in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 7) **Subject to the effect of such adjustments, if any, as referred to in paragraph 5, as might have been determined to be necessary had we been able to satisfy ourselves,** in our opinion and to the best of our information and according to explanations given to us, the accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view :-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) In case of the Profit and Loss Statement of the Company, Loss for the year ended on that date and
 - iii) In case of the Cash Flow Statement of the cash flows for the year ended on that date.

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

S. Saha
Partner
Membership No. 300639

Place : Kolkata
Dated : 4th July, 2012

Annexure to the Auditors' Report

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

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



- any other material statutory dues applicable to it.
10. According to the information and the explanations given to us, no undisputed dues payable in respect of income- tax, sales tax, wealth tax, service tax, customs duty and cess were outstanding at 31st March 2012 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us and on the basis of the documents and records, the following disputed statutory dues on account of Income Tax and Sales tax have not been deposited with the appropriate authorities Annexure 1.
11. The Company has accumulated losses of Rs. 67,999.24 lakhs at the end of the financial year and has incurred cash losses in the financial year and in the immediately preceding financial year.
12. On the basis of the books and records examined by us and the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions and banks as per details given below- Annexure II.
13. On the basis of the books and records examined by us, and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company was registered as Non Banking Finance Company with the Reserve Bank of India but the same stands cancelled with effect from May 18, 2004. (Refer Note B-2 of Note-9)
15. In respect of shares, shares securities debentures and other investments dealt or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are in the Company's present or former name.
16. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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

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

S. Saha
Partner
Membership No. 300639

Place : Kolkata
Dated : 4th July, 2012

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

Particulars of disputed statutory liability not paid to the authorities

Annexure I

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

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

Annexure - II

(Rs in Lakhs)

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

CFL CAPITAL FINANCIAL SERVICES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rupees)

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

As per our Report attached

for and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants

Firm Registration No 302016E

S Saha

Partner

M. No. 300639

R C Kurup

Company Secretary

H C Mathur

Managing Director

Sujit Datta

Director

Place : Kolkata

Date : 4th July, 2012

Place : Kolkata

Date : 4th July, 2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rupees)

Particulars	Note No.	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
I REVENUE FROM OPERATIONS	1.C		
II Other Income	10	5,551,748.03	7,965,737.97
III Total Revenue (I+II)	Total	5,551,748.03	7,965,737.97
IV EXPENSES			
Employee Benefit Expenses	11	17,069,206.78	16,001,063.23
Finance Costs	12	1,687,037,648.25	90,147,392.20
Depreciation and amortization expense	13	976,646.54	1,082,752.00
Other expenses	14	8,039,523.86	9,764,990.28
Total Expenses	Total	1,713,123,025.43	116,996,197.71
V Profit before exceptional and extraordinary Items and tax (III-IV)		(1,707,571,277.40)	(109,030,459.74)
VI Exceptional Items	15	21,130,980.86	8,300,905.78
VII Profits before extraordinary items & tax (V-VI)		(1,686,440,296.54)	(100,729,553.96)
VIII EXTRAORDINARY ITEMS		-	-
IX PROFIT / (LOSS) BEFORE TAX		(1,686,440,296.54)	(100,729,553.96)
X Tax Expense:			
(1) Current tax		-	-
(2) Deferred Tax		-	-
XI Profit / (Loss) for the period from continuing operations (VII-VIII)		(1,686,440,296.54)	(100,729,553.96)
XII Profit / (Loss) from discontinuing operation		-	-
XIII Tax Expense of discontinuing operations		-	-
XIV Profit / (Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI-XIV)		(1,686,440,296.54)	(100,729,553.96)
XVI EARNING PER SHARE (Rs. 10/-)			
(1) Basic	24	(12.40)	(0.96)
(2) Diluted	24	(12.40)	(0.96)
General Information	1		
Significant Accounting Policies	2		

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

As per our Report attached

for and on behalf of the Board of Directors

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

S Saha
Partner
M. No. 300639

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

Place : Kolkata
Date : 4th July, 2012

CFL CAPITAL FINANCIAL SERVICES LTD.

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2012

(Amount in Rupees)

Particulars	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
A. Cash Flow from Operating Activities		
Net Profit Before Tax & Extraordinary items	(1,68,64,40,296.54)	(10,07,29,553.96)
Adjustments for :		
- Financial Expenses	1,68,70,37,648.25	9,01,47,392.20
- Depreciation	9,76,646.54	10,82,752.00
- Operating profit before Working Capital changes	15,73,998.25	(94,99,409.76)
Adjustments for :		
- (Increase) Decrease in Trade Receivables	1,72,174.40	16,36,021.00
- (Increase) Decrease in Other Non-Current Assets	(1,00,530.29)	(1,24,436.09)
- (Increase) Decrease in Current Loans & Advances	(2,21,496.40)	(9,55,230.60)
- (Increase) Decrease in Other Current Assets	1,24,935.04	9,01,253.10
- Increase (Decrease) in Other Current Liabilities	1,44,28,52,112.92	12,90,90,987.67
- Increase (Decrease) in Trade Payables	2,07,99,175.00	(18,71,903.56)
- Increase (Decrease) in Long Term Provisions	4,20,996.00	(37,437.00)
- Increase (Decrease) in Short Term Provisions	76,937.00	2,04,259.00
Cash generated from Operations	1,46,56,98,301.92	11,93,44,103.76
Financial Expenses	(1,68,70,37,648.25)	(9,01,47,392.20)
Net Cash from Operating Activities	(22,13,39,346.33)	2,91,96,711.56
B. Cash Flow from Investing Activities		
(Purchase) of Fixed Assets	(8,88,000.00)	(99,550.00)
(Purchase) / Sale and / or Diminution of Current Investments	10,104.00	2,01,240.50
(Purchase) / Sale and / or Diminution of Non-Current Investments	1,65,16,947.00	1,36,41,516.98
Sale/ extinguishment of Fixed Assets (Net)	(2,10,12,248.86)	1,71,591.92
Proceeds from Sale of Fixed Assets	3,29,31,800.00	23,628.00
Net Cash used in Investing Activities	2,75,58,602.14	1,39,38,427.40
C. Cash Flow from Financing Activities		
Increase / (Decrease) in Non Current Borrowings	(9,83,24,338.85)	(11,56,46,082.30)
Increase / (Decrease) in Current Borrowings due to decrees passed	32,41,88,775.23	5,67,50,000.00
Increase / (Decrease) in Current Borrowings due to repayment	(1,53,50,000.00)	-
Proceeds from unpaid calls received	7,71,957.00	
Net Cash used in Financing Activities	21,12,86,393.38	(5,88,96,082.30)
Net Increase/(decrease) in Cash & Cash Equivalents	1,75,05,649.19	(1,57,60,943.34)
Cash & Cash equivalents as at opening	83,59,354.01	2,41,20,297.35
Cash & Cash equivalents as at closing	2,58,65,003.20	83,59,354.01

Notes

- The Cash Flow is prepared on the basis of Indirect method as prescribed in The Accounting Standard 3 issued by The Institute of Chartered Accountants of India.
- The Format used above is as prescribed for Financial organisation.
- Cash equivalents as on 31.3.2012 include Rs 1,03,51,195.92 (P.Y. Rs.24,445.92) in Escrow account which has to be utilised first for repayment of Fixed Deposits as per the directions of Reserve Bank of India.
- The increase in Borrowings and liabilities is mainly due to accounting of these items on the bases of the orders passed by the Debt Recovery Tribunals.

As per our Report attached

for and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants

Firm Registration No 302016E

S Saha
Partner
M. No. 300639

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

Place : Kolkata
Date : 4th July, 2012



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 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 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. CFL 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 Going Concern
- The networth 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 31st March, 2013 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.
- C As the net owned fund of the Company are negative, Reserve Bank of India (RBI) has cancelled the registration of the Company as Non Banking Financial Company with effect from 18th May, 2004. Accordingly the Company cannot carry on any fresh Non Banking Financial activities. Hence these financial statements show the continuation of earlier operations / activities.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

- A The financial statements are prepared under historical cost and on accrual basis and comply 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.
- 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
- Fixed Assets are recorded at cost of acquisition or construction including cost of installation, transfer costs etc. They are stated at lower of historical cost less accumulated depreciation plus /minus impairment adjustments or

realisable value. There are no intangible assets.

F Income & Expenditure

Income and Expenditure are generally accounted on accrual basis except to the extent restricted 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

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 Company's employees are entitled to various retirement benefits Provident Fund contributions are made to a Fund approved by the appropriate authorities. The shortfall in the return is borne by the Company. Gratuity and Superannuation are covered by schemes with Life Insurance Corporation (LIC)

The Gratuity Scheme is a defined benefit plan and funded accordingly as per certificate given by the LIC in this regard. The Superannuation scheme is a defined contribution scheme and contribution is paid to the LIC as per the scheme. 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 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.

CFL CAPITAL FINANCIAL SERVICES LTD.

	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
NOTE 3		
SHARE CAPITAL		
A. Equity Share Capital		
a. Authorised		
19,49,50,000(Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each	1,949,500,000.00	1,949,500,000.00
b. Issued		
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each	1,386,750,000.00	1,386,750,000.00
c. Subscribed		
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each	1,386,750,000.00	1,386,750,000.00
d. Paid-up		
i. 13,86,55,500 (Previous Year 13,85,86,046) Fully Paid Equity shares of Rs. 10/- each	1,386,555,000.00	1,385,860,460.00
ii. Nil (Previous Year 88,954) partly paid Equity shares of Rs. 10/- each- Rs. 5/- per share paid up	-	444,770.00
iii. Shares Forfeited during the year 19,500 (Previous Year Nil) partly paid Equity shares of Rs 10/-each - Rs.5/- per share paid up	97,500.00	-
Total Paid Up Equity Share Capital	1,386,652,500.00	1,386,305,230.00

	As at 31-Mar-12 Rupees		As at 31-Mar-11 Rupees	
	Numbers	Amount	Numbers	Amount
e. Number of Equity Shares subscribed of Rs. 10 each.				
e.1 Fully Paid				
Fully Paid at the beginning of the year	138,586,046	1,385,860,460.00	138,586,046	1,385,860,460.00
Add Partly Paid Shares Paid up during the year	69,454	694,540.00	-	-
Fully Paid at the end of the year	138,655,500	1,386,555,000.00	-	1,385,860,460.00
e.2 Partly Paid				
Partly Paid at the beginning of the year (Rs 5 Paid Up)	88,954	444,770.00	88,954	444,770.00
Less Partly Paid Shares Paid up during the year	69,454	347,270.00	-	-
Less Partly Paid Shares forfeited during the year	19,500	97,500.00	-	-
Partly Paid at the end of the year (Rs 5 Paid Up)	-	-	88,954	444,770.00
e.3 Forfeited shares				
Forfeited shares at the beginning of the year	-	-	-	-
Partly Paid Shares forfeited during the year (principal Amount)	19,500	97,500.00	-	-
Forfeited shares at the end of the year	19,500	97,500.00	-	-
Total e.1+e.2+e.3	-	1,386,652,500.00	-	1,386,305,230.00

f. Shareholders holding more than 5% shareholding	Percentage holdings		No. of shares	
	Percentage holdings	No. of shares	Percentage holdings	No. of shares
STEL Holdings Limited (formerly Sentinel Tea and Exports Ltd)	34.37	47,664,240	34.37	47,664,240
Summit Securities Limited	19.70	27,318,150	19.70	27,318,150
Arco Impex Limited	17.64	24,460,100	17.64	24,460,100
Blue Niles Holdings Limited	13.30	18,448,587	13.30	18,448,587
g. Calls unpaid	Numbers	Amount	Numbers	Amount
Principal amount unpaid				
Opening Balance - unpaid principal amount	88,954	444,770	88,954	444,770
Less Amount received during the year	69,454	347,270	-	-
Less Shares Forfeited during the year	19,500	97,500	-	-
Closing Balance - unpaid principal amount (No amount was/is unpaid by the Directors or Officers of the Company)	-	-	88,954	444,770
h. Forfeited shares				
Opening Balance - Principal Amount paid on forfeited shares	-	-	-	-
Add Principal amount paid on Forfeited shares	19,500	97,500	-	-
Closing Balance - Principal amount paid on Forfeited shares	19,500	97,500	-	-
i. Rights of equity shareholders				
Equity shareholders have the rights as provided under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.				

	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
B. Preference Share Capital		
a. Authorised		
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each	250,500,000.00	250,500,000.00
b. Issued		
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
c. Subscribed		



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
d. Paid-up				
24,99,000 (Previous Year 24,99,000,) 13% Redeemable Cumulative Preference Shares of Rs 100/- each		<u>249,900,000.00</u>		<u>249,900,000.00</u>
Total Paid up Preference Share Capital		<u>249,900,000.00</u>		<u>249,900,000.00</u>
e. Number of Preference Shares subscribed				
at the beginning and end of the year		2,499,000		2,499,000
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	46.21	1,154,790
Kitply Industries Limited	20.01	500,000	20.01	500,000
g. Redemption				
The Preference shares were issued on 20.01.1998 for a period of 5 years The redemption date was extended twice for a period of 5 years each. The same are now due for redemption on 19.01.2013				
h. Rights of the Preference shareholders				
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 and Articles of Association of the Company.				
TOTAL SHARE CAPITAL (A.d + B.d)		<u>1,636,552,500.00</u>		<u>1,636,205,230.00</u>

NOTE 4

RESERVES AND SURPLUS

Capital Reserves

Opening Balance	940,644,587.80	-	940,644,587.80	-
Add : Amount on settlement of dues	-	-	-	-
		940,644,587.80		940,644,587.80

Securities Premium Account

Opening Balance	258,279,942.00		258,279,942.00	
Less : Calls Unpaid	<u>146,250.00</u>		<u>570,937.00</u>	
		258,133,692.00		257,709,005.00

Statutory Reserve

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

Opening balance	(5,113,484,531.59)		(5,012,754,977.63)	
Add loss for the year	<u>(1,686,440,296.54)</u>		<u>(100,729,553.96)</u>	
Total		(6,799,924,828.13)		(5,113,484,531.59)

TOTAL RESERVES AND SURPLUS

<u>(5,535,146,548.33)</u>	<u>(3,849,130,938.79)</u>
----------------------------------	---------------------------

As at 31-Mar-12
Rupees

As at 31-Mar-11
Rupees

NOTE 5

NON-CURRENT LIABILITIES

a) Long term Borrowings

From Fixed Depositors - Unsecured	-	98,324,338.85
b) Deferred Tax Liabilities (net)	-	-
c) Other Long term liabilities	-	-
d) Long term provisions	-	-
Provision for employee benefits - Leave Salary	1,438,655.00	1,017,659.00
TOTAL	<u>1,438,655.00</u>	<u>99,341,997.85</u>

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

As at 31-Mar-12
Rupees

As at 31-Mar-11
Rupees

NOTE 6

a) Short term Borrowings

From Banks - Secured (see note 6.1 below)	963,571,792.55	688,224,060.32
From Bill Re-discounters parties - Unsecured (see note 6.2 below)	1,487,749.00	1,487,749.00
From Corporate Bodies - unsecured (See Note 6.3 below)	<u>474,405,043.00</u>	<u>440,914,000.00</u>
Sub-Total	1,439,464,584.55	1,130,625,809.32
b) Trade Payables	-	-
Sundry Creditors (See note 6.4 below)	89,442,608.68	68,643,433.68
Sub-Total	<u>89,442,608.68</u>	<u>68,643,433.68</u>

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c) Other Current Liabilities

Unpaid Debentures From Others -Secured (See Notes 6.5 below)	19,500,000.00	19,500,000.00
Interest Accrued & Due on debentures-Secured (See Note 6.6 below)	401,657,825.00	37,963,561.00
From Fixed Depositors - Unsecured (See Note 6.7 below)	159,910,994.10	115,421,933.00
Interest Accrued & Due on Bank Loans (See Note 6.8 below)	1,880,885,997.77	848,272,931.00
Tax deducted at Source payable	425,273.00	253,530.00
Sundry creditors for expenses	44,843,737.59	42,959,759.54
Sub-Total	2,507,223,827.46	1,064,371,714.54

d) Short term provisions

Provision for employee benefits Leave Salary	241,408.00	76,560.00
Provision for employee benefits Gratuity	39,788.00	127,699.00
Sub-Total	281,196.00	204,259.00
Total	4,036,412,216.69	2,263,845,216.54

Note 6.1 - Borrowings from Banks

- The loans from Banks are secured by hypothecation of specified assets present and future, owned by the Company, Hire Purchase and Leased Assets and Book Debts. However the value of the security offered to the banks is inadequate with respect to the amount due.
- The Company has entered into agreements with some banks for settlement of their dues and completed the settlements in earlier years. The Company is negotiating with the others including those who have initiated legal proceedings against the Company. The Adjudicating Authorities have decreed against the Company in many cases and the Recovery Officers have commenced possession and disposal of these assets given as security to the bankers. The amount shown as payable is calculated on the basis of amounts decreed by the adjudication authorities along with the interest as decreed. In case the decree has not been passed the amount is computed on the basis of the claimed amount and with interest computed as per the claim. In the previous year amounts shown above are the Principal outstanding and the interest accrued and due thereon are based on the principal as per the Company's calculations that are based upon the earlier proposals/agreements entered into with the banks and approved in-principle by most of them. The Company could not pay the dues as per the proposal. The amount payable as on the Balance sheet date is disclosed in note 6.7 below.
- Debts Recovery Tribunals (DRT) I & II Mumbai have passed decrees in favour of six banks. These banks have filed recovery proceedings against the Company. Six more suits filed by other banks are pending - 3 before DRT-1 Mumbai and one each before DRTs at Dehi, Kolkata and Chennai. DRT-II Delhi had also passed a partial Decree against the Company in favour of one of the banks and consequently another recovery proceedings is pending before the Recovery Officer of DRT-II Delhi. DRT-I Kolkata, DRT-II Delhi and the Recovery Officer of DRT-I Mumbai have passed injunction / status quo orders in case of mortgaged assets / properties. The Recovery Officer of DRT-I Mumbai has appointed a Receiver in respect of the mortgaged properties in one such recovery proceeding. Two more execution proceedings filed by one of the banks are pending before Recovery Officers at DRTs at Hyderabad and Lucknow for the said properties. The mortgaged properties at Ahmedabad, Kanpur, Lucknow and Pune have already been auctioned off, by the Recovery Officers in two recovery proceedings. The Company has also preferred five appeals before the Debt Recovery Appellate Tribunals, Mumbai, which are pending before the Hon'ble Appellate Tribunal. In one of such recovery proceedings pending before DRT-I Mumbai, CEAT Ltd. has filed an intervention application The amounts were earlier advances as Working Capital limits and then converted into loans. Hence shown under this head.

The principal amount defaulted against each lender is as under	Date of Default	Default as on 31-Mar-12 Rupees	Default as on Rate of Interest p.a	Default as on 31-Mar-11 Rupees
ICICI Bank Ltd (formerly Bank of Rajasthan Ltd)	20-Jun-03	86,978,617.09	16.50% Monthly rests	55,078,491.00
Catholic Syrian Bank Ltd	11-Aug-04	66,049,506.00	10.00% Simple Interest	38,723,407.00
Dena Bank	7-May-02	197,149,072.00	12.00% Quarterly rests	137,696,228.00
Federal Bank Ltd	10-Aug-06	79,710,996.64	16.75% Monthly rests	29,000,000.00
Indusind Bank Ltd	9-Apr-03	138,145,001.02	12.00% Quarterly rests	89,344,863.07
Oriental Bank of Commerce	3-Dec-03	46,175,500.00	17.00% Quarterly rests	44,754,529.25
State Bank of Travancore	22-Jul-05	82,126,000.00	12.00% Quarterly rests	82,617,737.00
South Indian Bank Ltd	10-Mar-03	86,399,411.00	14.50% Quarterly rests	67,393,206.00
Vijaya Bank	1-May-03	124,393,002.02	9.00% Simple Interest	91,797,485.00
Axis Bank Ltd	11-Aug-04	71,794,686.78	10.00% Simple Interest	51,818,114.00
Less amounts recovered by Recovery officers of the Debt recovery Tribunals		(15,350,000.00)		-
		963,571,792.55		688,224,060.32

The above amounts are the defaulted sums claimed by the lenders before the Debt Recovery Tribunals (DRT). These are admitted by DRT and in some cases orders passed in their favor. The Claimed amount is the Principal as per the Lenders. The principal shown year is as per Company's claim.

The Recovery officers of the Debt Recovery Tribunals have sold some of the fixed assets mortgaged to the banks as security. The amount realised is held by the Recovery Officers on behalf of the above banks.

Note 6.2

The Company used to re-discount the bills which it used to discount of its clients in the course of its funding business. The amount is outstanding as the recovery from the discounters is pending and other disputes with the concerned discounters.

Note 6.3

These are short term loans that are interest free and due on demand.



Note 6.4 - Sundry Creditors

Sundry Creditors include dues from subsidiary - Samudra Securities Limited Rs. 3,05,08,208.68 (Previous Year Rs. 3,04,08,208.68) Samudra Securities Limited (SSL) (formerly Ceat Securities Ltd.) has become a subsidiary of the Company with effect from 1st April, 2003 as per the scheme of amalgamation approved by the Hon. High Courts of Madras and Calcutta. An amount of Rs. 304.08 lakhs is due to CSL on account of GOI securities purchased from them. 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 the investment would not be impaired if the dues to SSL are settled.

Note 6.5 - Unpaid Debentures

The 19% Secured Non Convertible debentures are secured by an exclusive charge/mortgage over specific assets given on Lease / Hire Purchase However the value of security including colateral security is inadequate with respect to amount due. The principal amount of Rs. 195 lakhs was payable as security to the bankers. The amount shown as payable is calculated on the basis of amounts claimed before the adjudicating authorities along with interest as claimed. In the previous year amounts shown above are the Principal outstanding and the interest accrued and due thereon are based on the principal as per the Company's calculations that are based upon the earlier sanction given by Unit Trust of India in 1999-2000 at the time of reschedulement. The Company could not pay the dues as per the proposal. After the demerger of Unit Trust of India in 2002, the dues are bi-furcated between UTI Asset Management Co Ltd and the Administrator of Specified Undertaking of Unit Trust of India. The amount due as on the Balance Sheet date is disclosed below.

		Default as on 31-Mar-12 Rupees	Rate of Interest p.a	Default as on 31-Mar-11 Rupees
UTI Asset Management Co Ltd	12-May-03	7,117,500.00	20% Simple & compound qtrly Rest & 2% penal	7,117,500.00
Administrator of the Specified Undertaking of UTI	12-May-03	12,382,500.00		12,382,500.00
		<u>19,500,000.00</u>		<u>19,500,000.00</u>

Note 6.6 - Interest Accrued and Due on Unpaid Debentures

		Default as on 31-Mar-12 Rupees	Rate of Interest p.a	Default as on 31-Mar-11 Rupees
UTI Asset Management Co Ltd	12-May-03	146,605,106.00	20% Simple & compound qtrly Rest & 2% penal	13,856,700.00
Administrator of the Specified Undertaking of UTI	12-May-03	255,052,719.00		24,106,861.00
		<u>401,657,825.00</u>		<u>37,963,561.00</u>

Note 6.7 - Fixed Deposits

The Company has defaulted in repaying the deposits as per the original terms of the deposit. However the Company is repaying Fixed Depositors in instalments as per 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

As all Fixed Deposits have matured as per the Original terms, the full amount is shown as dues to fixed depositors. The CLB has also considered the maturity amount while deciding about the amount of instalments Amount of deposits repayable, as per CLB Order dated 13.10.2009, within one year is Rs 15,99,10,994.10 (installment plus hardship cases) (PY Rs. 11,54,21,933/-)

	No of deposits	Amount	No of deposits	Amount
Amount unclaimed	4,208	63,685,616.00	4,677	70,023,533.00

As per the order of the Honourable Company law Board (CLB) dated May 25, 2005, no delayed payment interest would be payable if the Company makes the payment as per its order dated April 30, 2004. The CLB has subsequently amended its orders. CLB vide its latest order dated October 13, 2009 permitted the company to pay the total dues in four annual installments by December 31 every year from 2009 to 2012. During the current year, the Company has paid the installment before 31st December, 2011 as permitted by CLB to all the depositors who have lodged their claims for repayments. Hence the Company has no unpaid deposits.

Note 6.8 - Interest Accrued and due on loans to banks

	Dates of Defaults	Default as on 31-Mar-12	Rate of Interest p.a	Default as on 31-Mar-11
ICICI Bank Ltd (formerly Bank of Rajasthan Ltd)	20-Jun-03	279,576,701.91	16.50% Monthly rests	68,945,013.00
Catholic Syrian Bank Ltd	11-Aug-04	50,450,965.00	10.00% Simple Interest	48,430,052.00
Dena Bank	7-May-02	438,307,006.00	12.00% Quarterly rests	172,313,384.00
Federal Bank Ltd	10-Aug-06	174,626,327.36	16.75% Monthly rests	25,664,997.00
Indusind Bank Ltd	9-Apr-03	262,237,661.05	12.00% Quarterly rests	112,244,587.00
Oriental Bank of Commerce	3-Dec-03	172,100,237.25	17.00% Quarterly rests	56,544,667.00
State Bank of Travancore	22-Jul-05	97,328,666.00	12.00% Quarterly rests	103,389,212.00
South Indian Bank Ltd	10-Mar-03	194,087,641.00	14.50% Quarterly rests	84,295,230.00
Vijaya Bank	1-May-03	160,850,376.98	9.00% Simple Interest	114,881,919.00
Axis Bank Ltd	11-Aug-04	51,320,415.22	10.00% Simple Interest	61,563,870.00
		-		-
		<u>1,880,885,997.77</u>		<u>848,272,931.00</u>

Interest has been provided as per the claim before DRT or as ordered by it. In the earlier year it was as per the offer of the Company made in 1999.

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Note 6.9

Provisions	Opening balance 1-Apr-11	Additions	Settled / paid	Closing Balance 31-Mar-12
Non Current provision for employee benefits Leave salary	1,017,659	420,996	-	1,438,655
Current provision for employee benefits Leave salary	76,560	241,408	76,560	241,408
Current provision for employee benefits Gratuity	127,699	206,732	294,643	39,788
NPA Provisions on Receivables	334,407,663	-	4,432,173	329,975,490
NPA Provisions on Short term Loans & Advances	92,700,479	-	965,368	91,735,110
NPA Provisions on Standard Assets	671,245	-	241,826	429,419
NPA Provisions on Non Current Investments	216,297,888	-	13,398,000	202,899,888
Total	645,299,193	869,136	19,408,570	626,759,759

NON CURRENT ASSETS

NOTE 7

FIXED ASSETS SCHEDULE AS ON 31.3.2012

(Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2011	Additions	Sales/ Retirement Transfer	As at 31.03.2012	As at 01.04.2011	For the Year	Sales/ Transfer etc	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012
A) Assets given on Lease (All prior to 1.4.2001) (Tangible)										
Plant & Equipment	97,049,434.30	-	2,550,000.00	94,499,434.30	97,049,434.30	-	2,550,000.00	94,499,434.30	-	-
TOTAL (A)	97,049,434.30	-	2,550,000.00	94,499,434.30	97,049,434.30	-	2,550,000.00	94,499,434.30	-	-
B) Owned Assets (Tangible)										
Buildings	40,908,668.68	-	14,548,875.00	26,359,793.68	8,867,628.97	719,742.00	2,848,645.86	6,738,725.11	32,041,039.71	19,621,068.57
Furniture and Fixture	719,962.05	-	36,000.00	683,962.05	355,796.20	40,339.58	11,598.00	384,537.78	364,165.85	299,424.27
Vehicles	2,152,156.00	877,700.00	923,319.00	2,106,537.00	1,309,963.00	149,779.00	668,047.00	791,695.00	842,193.00	1,314,842.00
Office Equipment	7,692,214.02	10,300.00	148,797.40	7,553,716.62	7,373,231.43	66,785.96	148,797.40	7,291,219.99	318,982.59	262,496.63
TOTAL (B)	51,473,000.75	888,000.00	15,656,991.40	36,704,009.35	17,906,619.60	976,646.54	3,677,088.26	15,206,177.88	33,566,381.15	21,497,831.47
G . TOTAL (A+B)	148,522,435.05	888,000.00	18,206,991.40	131,203,443.65	114,956,053.90	976,646.54	6,227,088.26	109,705,612.18	33,566,381.15	21,497,831.47
Less Provision on Standard assets									167,832.00	107,480.00
									33,398,549.15	21,390,351.47
Previous Year	426,826,918.66	99,550.00	278,404,033.61	148,522,435.05	392,249,947.59	1,082,752.00	278,376,645.69	114,956,053.90	34,576,971.07	33,566,381.15

In case of most of the buildings the change to the new name of the Company in the records is to be completed.

Leased Assets shown as 'Sales/Transfer/Retirement' consist mainly of completed leases. The leased assets shown above are mainly those where there are disputes or the transfers of title are not completed.

The assets sold / retired during the year include offices of the Company disposed off by the Recovery Officers of the Debt Recovery Tribunals.

The software used for computers was emmbeded in them or were purchased and capitalised with them over 10 years ago and are fully depreciated. The updation has been made by the clients to whom Company provided administrative services and hence are not capitalised.

Particulars	As at 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11	As at 31-Mar-11
	Nos.	Rupees	Nos.	Rupees

Note 8

Non-current investments

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

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)

Total i

28,456,037.00 28,456,037.00

The investment is valued at cost.

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

Basic Teleservices Ltd. A

2 - 2 -



Particulars	As at	As at	As at	As at
	31-Mar-12	31-Mar-12	31-Mar-11	31-Mar-11
	Nos.	Rupees	Nos.	Rupees
IAEC Industries Ltd. A	150,000	11,778,933.00	150,000	11,778,933.00
Indo Deain 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
Union Motors I Ltd. - L	-	-	366,667	13,398,000.00
Worldcom Multi Media Ltd. DO	100,000	2,500,000.00	100,000	2,500,000.00
Subtotal		211,224,331.00		224,622,331.00
Less Provision for Non Performing Assets - Long Term Investments		202,899,888.00		216,297,888.00
TOTAL ii		8,324,443.00		8,324,443.00
iii. Investment in Government Securities (Face Value Rs 100 per unit except where specified)				
C2018 12.60% Government of India 2018	20	2,022.00	20	2,022.00
C2017 7.49% Government of India 2017	100,000	9,816,500.00	100,000	9,816,500.00
C2017 7.46% Government of India 2017	20,000	1,913,800.00	20,000	1,913,800.00
C2016 12.30% Government of India 2016	500	55,125.00	500	55,125.00
C2016 10.71% Government of India 2016	200	23,253.00	200	23,253.00
C2015 11.50% Government of India 2015	160	19,200.00	160	19,200.00
C2014 6.72% Government of India 2014	203,500	19,963,350.00	3,726,000	36,552,060.00
C2011 11.50% Government of India 2011	-	-	100	11,237.00
Less : Provision on Standard Assets		(158,966.00)		(241,966.00)
TOTAL iii		31,634,284.00		48,151,231.00
TOTAL Non-Current Investments i+ii+iii		68,414,764.00		84,931,711.00
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 @ 0.5% as per Reserve Bank of India's directions.				
Aggregate Book Value of Quoted Investments		31,634,284.00		48,151,231.00
Aggregate Market Value of Quoted Investments		31,304,395.60		47,815,568.00
Aggregate Book Value of Unquoted Investments		36,780,480.00		36,780,480.00
b. Deferred Tax Asset		-		-
The Company has not accounted for Deferred Tax Asset since there is no virtual certainty of its utilisation in future.				
c. Long term loan and advances		-		-
There are no long term laons & advamce				
d. Other non-current assets				
Tax Deducted at Source (Unsecured Considered Good)		19,273,460.73		19,172,930.44
Total Non-current Assets (Note 7 & 8)		109,078,576.20		137,503,190.59

CFL CAPITAL FINANCIAL SERVICES LTD.

Note 9

CURRENT ASSETS

Current investments

a. Investment in Equity Instruments

i. Investment in Unlisted Companies

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	-	145,000	-
Gwalior Transmission Ltd - L	-	-	400	-
Inland Printers Ltd A	10,000	-	10,000	-
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	-
Naina Semi Conductor Ltd A	47,200	-	47,200	-
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) DC	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	-
TOTAL i (See Note D below)				

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 dematerialized form.

Autopins Ltd.(D) / A (see note H)	41,730	-	417,300	-
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	-
KEC Limited* (D) / A	-	-	-	-
Kothari Petro Ltd. (D) / A	40,457	-	56,087	-
Moolchand Export Ltd - L	10,400	-	10,400	-
Moulik Finance and Resorts Ltd - DO	25,500	-	25,500	-
Nagarjuna Agritech Ltd. (D) / A	60,400	-	84,200	-
NGL Fine Chem Ltd (D) / A	-	-	10,155	10,155.00
N R International Ltd (D) / A	88,936	-	103,447	-
Pretto Leather Ltd A	2,800	-	2,800	-
Ranjeev Alloys Ltd (D) / A	45,100	-	45,100	-
Reed Relays & Electronics Ltd. A	-	-	5,050	-
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	-	-	36	-
Yogi Polyester Ltd. UL	55,800	-	55,800	-
Less Provision on Standard Assets		(2,336.00)		(2,387.00)
TOTAL ii		464,936.00		475,040.00
TOTAL CURRENT INVESTMENTS (i+ii)		464,936.00		475,040.00
Aggregate Book Value of Quoted Investments		464,936.00		475,040.00
Aggregate Market Value of Quoted Investments		2,484,534.00		2,864,858.35
Aggregate Book Value of Unquoted Investments		-		-



Note 9.a

- 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 / dematerialisation 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 physical securities, the changing of Company's name is under process.
- F. 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.
- 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 G above. Shares of Liquidated Companies have been written off.
- H. On reduction of Capital, one equity share of Rs. 10/- each was allotted in lieu of 10 equity shares of Rs. 10 each held earlier.

Particulars	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
b. Trade receivables - Unsecured		
Outstanding for over six months after the due dates	-	-
Considered Good	-	173,039.40
Considered Doubtful	329,975,490.30	334,407,663.30
Less : Provision for Doubtful Debts	329,975,490.30	334,407,663.30
Less : Provision for Standard Assets	-	(865.00)
	-	172,174.40

Note 9.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
- c. Cash and Cash Equivalents :**
- i. Balances with Scheduled Banks :
- in Fixed Deposits 7,500,000.00
- in Current Accounts 7,941,775.78
- 8,259,322.59
- ii. Cash in hand - 72,031.50
- iii. Balances with Scheduled Banks :
- in Escrow Account 10,351,195.92
- 25,445.92
- 8,359,354.01

Note 9.c

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.

d. Short-term Loans & Advances

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)	84,049,504.26	85,416,512.63	
Less Provision for doubtful debts	84,049,504.26	85,014,872.63	
	-	-	401,640.00
Staff loans (Unsecured / Considered Good)	662,500.00		153,600.00
Other loans/advances (Unsecured, Considered good)	522,962.00	517,628.60	
Less Provision for doubtful debts	185,606.00	185,606.00	
	337,356.00		332,022.60
Less Provision on Standard Assets	(3,312.00)		(112,215.00)
Short-term Loans & Advances- Net of Provisions	996,544.00		775,047.60

Note 9.d

- 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 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.
- iii. 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 these amounts to be appropriated to various lenders.

Particulars	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
e. Other Current Assets (unsecured / considered good)		
Interest Receivable on Government Securities	508,767.96	596,933.00
Deposits for Premises, Telephones etc (Unsecured/considered Good)	2,357,326.00	2,382,751.00
Less ; Provision on Standard Assets unsecured / considered good	(14,330.00)	(2,985.00)
	2,851,763.96	2,976,699.00
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.		
TOTAL CURRENT ASSETS	30,178,247.16	12,758,315.01

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Note 9.f

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

Particulars	Year ended 31-3-2012 Rupees	Year ended 31-3-2011 Rupees
NOTE 10		
INCOME FROM OPERATIONS		
Income from Old Recoveries of Funded Business.	632,827.00	1,411,347.00
Profit from Sale of Shares- Current Investments - Non Trade	420,673.99	790,489.80
Profit from Sale of Shares- Long Term Investments Non Trade	-	435,000.00
Dividend - Current investments - Non trade	56,074.27	28,020.00
Dividend - Long Term investments	281,250.00	281,250.00
Interest on SLR Securities Long Term Investments-Trade	3,121,690.93	4,048,976.99
Interest on Bank Deposits (TDS Rs. 28464/- PY Rs 4099/-)	391,607.84	20,399.00
Rent Received (TDS Rs.36,000/- PY Rs. 63,247/-)	467,524.00	575,011.00
Other Business Income (TDS 18,000/- PY 37,000/-)	180,100.00	375,244.18
TOTAL	5,551,748.03	7,965,737.97
NOTE 11		
EMPLOYEE BENEFIT EXPENSES		
Salaries and other benefits	14,972,269.00	13,704,113.23
Welfare Expenses	160,833.50	175,928.00
Contribution to Provident Fund, Gratuity		
Superannuation and other Funds	1,936,104.28	2,121,022.00
	17,069,206.78	16,001,063.23
NOTE 12		
FINANCE COSTS		
Interest - Fixed Loan	363,694,264.00	3,705,000.00
Interest - Others	1,323,343,384.25	86,442,392.20
TOTAL	1,687,037,648.25	90,147,392.20
Note 12..1		
Interest on loans		
In the earlier years, the Company was providing simple interest @ 12.50% pa as was offered by the Company in 1999 with its proposal for settlement of bank dues. In the current year the Company has provided interest retrospectively on the basis of claim made by the lenders which is in most cases on compound basis and at higher rate. The interest for the current year and earlier year is as under:		
Interest for the Current Year	415,658,805.00	90,147,392.20
Interest for earlier years (differential)	1,271,378,843.25	-
	1,687,037,648.25	90,147,392.20
The interest for the year is therefore higher by Rs.32,55,27,360/-		
NOTE 13		
Depreciation and amortization expenses (see note 7)	976,646.54	1,082,752.00
NOTE 14		
OTHER EXPENSES		
Auditors Remuneration (see Note 17)	269,046.00	324,631.00
Communication costs	829,648.64	1,021,787.89
Directors' Fees	25,000.00	24,000.00
Electricity Expenses	101,375.00	153,346.11
Insurance	450,556.00	554,305.20
Legal & Professional Charges	2,031,655.10	3,313,822.16
Printing and Stationery	355,449.41	329,582.70
Rent,	1,096,373.00	1,149,793.00
Repairs and Maintenance-Buildings	409,867.42	497,362.40
Repairs and Maintenance- Others	103,313.00	148,362.00
Travelling and Conveyance	1,139,667.22	1,049,042.35
Vehicle Expenses	927,179.00	882,964.47
Miscellaneous Expenses	300,394.07	315,991.00
TOTAL	8,039,523.86	9,764,990.28



NOTE 15

EXCEPTIONAL INCOME AND EXPENSES

A. EXCEPTIONAL INCOME

Provision No longer required, & others

a) Provision for NPAs No Longer required	19,037,367.37	76,468,294.68
b) Profit on Sale of Assets	14,567,223.86	21,000.00
c) Write back of earlier years expenses on settlement	2,301,884.00	1,790,463.63
d) Profit on Sale of Investments Long Term Investments	-	-

TOTAL

35,906,475.23 78,279,758.31

B. LESS EXCEPTIONAL EXPENSES

Write offs/Provisions against doubtful/irrecoverable

Assets and diminution/loss in value of Investments

a) Bad debts written off	14,365,008.37	68,536,603.61
b) Loss on sale of assets	197,874.00	25,041.92
c) NPA provisions as per norms	-	1,296,177.00
d) Loss on sale / redemption of securities.	212,612.00	121,030.00

TOTAL

14,775,494.37 69,978,852.53

NET EXCEPTIONAL INCOME /(EXPENSES)

21,130,980.86 8,300,905.78

NOTE 16

Contingent Liabilities :

- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 45,48,18,000/- (previous Year Rs.42,23,31,000/-)
- ii) Income Tax Rs 13,79,66,110/- (Previous Year Rs 51,68,993/-)
- iii) Wealth Tax Rs. 3,27,843/- (Previous Year Rs. Nil/-)
- iv) Sales Tax Rs. 23,14,158/- (Previous Year Rs. 1,55,99,969/-)
- v) Custom Duty Rs. 7,00,000/- (Previous Year Rs. 7,00,000/-)
- vi) Pension Scheme Rs. Nil/- (Previous Year Rs. 75,12,301/-)
- vii) Others Rs. 27,50,760/- (PY Rs. 69,74,203/-)

The above liabilities are dependent upon the outcome of appeals before various authorities and future distributable profits.

In the opinion of the Management, there is no possibility of reimbursement, except to the extent of taxes paid and included under Loans & Advances.

Claims against the Company not acknowledged as debts, as the same are disputed by the Company. Others Rs. 17,99,576/- (Previous Year Rs. Nil/-)

NOTE 17

Audit fees include amounts paid to Auditors towards:

	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
As Auditors for : Statutory Audit	125,000	125,000
Tax Audit	25,000	25,000
For certification fees	94,000	93,000
Corporate Governanace	20,000	20,000
Out of Pocket expenses	5,046	61,631
	269,046	324,631

NOTE 18

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 it utilisation for set off against future taxable income is uncertain in the foreseeable future.

NOTE 19

The accumulated loss of Rs.679,99,24,824/- (Previous Year Rs. 511,34,85,531/-) includes unabsorbed depreciation of Rs. 1,70,02,99,479/- (Previous Year Rs. 169,93,22,850/-)

NOTE 20

The Company has paid an amount of Rs 21,21,022/- (PY Rs. 12,21,909/-) towards Provident & Pension Funds and Gratuity & Superannuation Schemes. It has provided on actuarial basis a liability of Rs. 10,94,219/- (PY Rs. 10,55,096/-) as at the year end on account of leave benefit due to the employees. From 1.4.2009 the Employees Provident Fund Scheme has been transferred to the Regional PF Commissioner Kolkata. Hence the Employees PF Scheme, Employees Pension Scheme and Superannuation Scheme are Defined Contribution Schemes and the same are fully funded on the Balance Sheet date as per the schemes. Executive Provident Fund managed by the Trust and Gratuity managed by Life Insurance Corporation of India are defined benefit schemes and are fully funded on the Balance Sheet date as per the requirements of AS-15. During the year and amount of Rs. 2,61,749/- (PY Rs. 4,80,500) was paid by the Company to the Trust due to lower income. Leave Liability as on Balance Sheet date is provided as per the requirements of AS-15 on the basis of Actuarial Certificate.

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NOTE 21

As per Accounting Standard 15 "Employee Benefits", the disclosure of Employee benefits as defines in the Accounting Standard are given below:-

Defined Contribution Plan

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

	Current Year Rupees	Previous Year Rupees
Company's Contribution to Superannuation Fund	2011-12 600,449	2010-11 521,326
Company's Contribution to Pension Scheme	62,430	76,095
Company's Contribution to Provident Fund (RPFO)	41,787	46,519
Defined Benefit Plan	2011-12	2010-11
Company's Contribution to Provident Fund (Trust)	655,691	864,318
Company's Contribution to Gratuity Scheme	206,732	574,919

The Company's Provident Fund is exempted under para 27 of Employees' Provident Fund Scheme, 1952. Conditions for grant of exemptions stipulates that the benefits granted by the Funds will not be less favourable than those available under statutory fund. The employees' gratuity fund scheme is managed by Life Insurance Corporation of India. The present value of obligation 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. The obligation for leave encashment is recognised on the basis of the actuarial certificate and is not funded.

	Gratuity (Funded)		Leave Encashment (not Funded)	
	2011-12	2010-11	2011-12	2010-11
I Assumptions as at				
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.	7% p.a.
Salary escalation rate	10% p.a.	10% 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% throughout	1% throughout
Retirement age Years	58		58	58
Expected average remaining service			13	13
Period of accounting			1.4.2010- to 31.3.2011	
I. Data information on	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Number of members	15	16	15	15
Average /Total monthly salaries	18,235.61	18,235.61	363,442	326,381
Average age	42.44	42.44	46	45
Average Past Service (yrs)/Leave balance (days)	11.44	11.44	61	79
II Changes in present value of obligations				
PVO at beginning of year	3,402,503	2,873,065	1,094,219	1,055,096
Interest cost	272,200	229,845	87,538	83,092
Current Service Cost	206,741	186,982	189,238	189,238
Benefits Paid (as intimated by Company)	(22,137)	(340,623)	-	(32,896)
Actuarial (gain)/ loss on obligation	87,182	453,234	309,068	(200,311)
PVO at end of year	3,946,489	3,402,503	1,680,063	1,094,219
III Changes in fair value of plan assets				
Fair value of Plan Assets at beginning of year	3,465,887	3,511,368	-	-
Expected return on Plan Assets	359,391	295,142	-	-
Contributions	438,499	-	-	32,896
Benefits Paid (as intimated by Company)	(22,137)	(340,623)	-	(32,896)
Actuarial (gain)/ loss on plan assets	-	-	-	-
Fair Value of Plan Assets at end of year (estimate)	4,241,640	3,465,887	-	-
IV Fair Value of Plan Assets				
Fair value of Plan Assets at beginning of year	3,465,887	3,811,368	-	-
Actual return on Plan Assets	359,391	295,142	-	-
Contribution	438,499	374,695	-	32,896
Benefits Paid (as intimated by Company)	(22,137)	(340,623)	-	(32,896)
Fair value of Plan Assets at the end of year	4,241,640	3,465,887	-	-
Funded Status	295,151	63,384	(1,680,063)	(1,094,219)
Excess of actual over estimated return on Plan			-	
V Actuarial Gain/ (Loss) Recognized				
Actuarial Gain /(Loss) for the year(Obligation)	(87,182)	(453,234)	(309,068)	200,311
Actuarial Gain/(Loss) for the year (Plan Assets)			-	-
Total Gain/(loss) for the year	87,182	453,234	(309,068)	200,311
Actual Gain/(loss) recognized for the year	87,182	453,234	(309,068)	200,311
Unrecognized Actuarial Gain/(loss) at end of year			-	-



	Gratuity (Funded)		Leave Encashment (not Funded)	
	2011-12	2010-11	2011-12	2010-11
VI Amounts to be recognized in the balance sheet and statement of profit & loss statement				
PVO at end of year	3,946,489	3,402,503	1,680,063	1,094,219
Fair value of Plan Assets at the end of year	4,241,640	3,465,887	-	-
Funded Status	295,151	63,384	(1,680,063)	(1,094,219)
Unrecognized Actuarial Gain/ (loss)	(295,151)	63,384	-	-
Net assets/ (Liability) recognized in the balance sheet			(1,680,063)	(1,094,219)
VII Expense recognized in the statement of Profit & Loss				
Current Service Cost	206,741	186,982	189,238	189,238
Interest cost	272,200	229,845	87,538	83,092
Expected Return on Plan Assets	(359,391)	(295,142)	-	-
Net Actuarial Gain/(Loss) recognised for the year	87,182	453,234	309,068	(200,311)
Expense recognized in the statement of P & L A/c	206,732	574,919	585,844	72,019
VIII Movements in the Liability recognised in Balance Sheet				
Opening Net Liability	3,402,503	2,873,065	1,094,219	1,055,096
Expenses as above	206,732	574,919	585,844	72,019
Actual return on Plan Assets	359,351	295,142	-	-
Benefits paid	(22,173)	(340,623)	-	(32,896)
Closing Net Liability	3,946,489	3,402,503	1,680,063	1,094,219
IX Break up of total liabilities as Non-Current & Current				
Current Liabilities (2 Exits)(Previous Year 1 exit)			241,408	76,560
Non Current Liabilities			1,438,655	1,017,659
Total Liability			1,680,063	1,094,219
X Experience History Information				
Defined Benefit obligation at the end of Period			1,680,063	1,094,219
Plan assets at the end of the Period			-	-
Funder Status - Surplus / (Deficit)			(1,680,063)	(1,094,219)
Actuarial Gain /(Loss) due to change in basis			-	-
Actuarial Gain /(Loss) due to change in data			(309,068)	(200,311)
Total Actuarial Gain /(Loss) in Liabilities			(309,068)	(200,311)
Experience Gain / Loss in Plan Assets			-	-
XI RESULTS OF VALUATION				
a. PV of Past Service Benefit	2,897,268	2,408,198		
b. Current Service Cost	212,533	186,074		
c. Total Service Gratuity	4,809,651	4,178,521		
d. Accrued Gratuity	2,342,555	1,934,913		
e. Life Cover Sum Assured	1,477,000	1,388,439		
f. LC Premium	7,550	6,810		
g. Service Tax @ 12.6%	778	842		
XII RECOMMENDED CONTRIBUTION RATE				
a. Fund Value as on Renewal Date	2,832,822	1,738,090		
b. Additional Contribution for Existing Fund	64,446	670,108		
c. Current Service Cost	212,533	186,074		

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

NOTE 22

Related Party Disclosures

1. Relationships

- (i) Shareholders in the Company
STEL Holdings Limited 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 - Managing Director

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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 21.1.(i) above	Rupees Parties referred in Note 21.1.(ii) above	Parties referred in Note 21.1.(iii) above
Outstanding receivables (net of payables)	-	-	-
Outstanding payables (net of receivables)	-	30,508,208.68	-
Advance given /returned	-	11,017,010.00	-
Advances taken / returned	-	11,017,010.00	-
ICDs paid during the year/repayments made during the year	-	-	-
Expenses recharged to other Companies (Previous Year)	-	180,000.00	-
		(63,013,177.68)	

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

1 Remuneration (Previous Year)		898,818.00 (899,915.00)	
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NOTE 23

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

Particulars	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
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NOTE 24

Earnings per share

a. Profit/(Loss) after tax	(Rupees)	(1,686,440,297)	(100,729,554)
b. Adjustments for Preference Dividend		32,487,000	32,487,000
c. Adjusted Loss after tax		(1,718,927,297)	(133,216,554)
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.	(12.40)	(0.96)
g. Weighted average number of Equity shares for Diluted EPS	Nos.	138,675,000	138,675,000
h. Earning per share (Diluted)	Rs.	(12.40)	(0.96)

NOTE 25

A sum of Rs. 94,695/- (P Y Rs. 86,029/-) is transferable to the Investors Education & Protection Fund at the end of the year. After the year end a sum of Rs. 86,029/- (P Y Rs. 3,45,148/-) have been transferred to the said Fund till the date of these statements.

NOTE 26

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.

NOTE 27

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.

NOTE 28

The disclosures required as per Section 212(3) and 212(8) of the Companies Act, 1956 are annexed.

NOTE 29

The Revised Schedule Vi has become effective from 1-Apr-2011 for the preparation of the financial statements. This has significantly impacted the disclosures and presentation in the financial statements. 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 and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants

Firm Registration No 302016E

S Saha
Partner
M. No. 300639

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

Place : Kolkata
Date : 4th July, 2012



CFL CAPITAL FINANCIAL SERVICES LIMITED
Schedule to the Balance Sheet of a Non- Banking Financial Company

See Note 27

(as required in terms of Paragraph 13 of Non Banking Financial (Deposits Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007

Particulars	(Rs. in lakhs)		(Rs. in lakhs)		
	AS AT 31ST MARCH, 2012		AS AT 31ST MARCH, 2012		
Liabilities Side :					
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid	Amount Outstanding	Amount overdue			
(a) Debentures : Secured (*)	4,211.58	4,211.58			
: Unsecured					
(other than falling within the meaning of public deposits *)					
(*) (security is inadequate as on date)					
(b) Deferred Credits					
(c) Term Loans	28,444.57	28,444.57			
(d) Inter-corporate loans and borrowing	4,744.05				
(e) Commercial Paper					
(f) Public Deposits*	1,599.11	-			
(g) Other Loans (specify nature)					
* Please see note 1 below					
(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :					
(a) In the form of Unsecured debentures					
(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)					
(c) Other public deposits	1,599.11	-			
* Please see note 1 below					
Assets side :					
Amount outstanding					
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :					
(a) Secured					
(b) Unsecured	920.72				
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities EL/ HP activities					
(i) Lease assets including lease rentals under sundry debtors					
(a) Financial lease (all debtors)	3,299.75				
(b) Operating lease					
(ii) Stock on hire including hire charges under sundry debtors					
(a) Assets on hire (all debtors incl. in (i) above)					
(b) Repossessed Assets					
(iii) Hypothecation loans counting towards AFC activities					
(a) Loans where assets have been repossessed					
(b) Loans other than (a) above					
(5) Break – up of Investments :					
Current Investments :					
1. Quoted :					
(i) Shares : (a) Equity	4.65				
: (b) Preference					
(ii) Debentures and Bonds					
(iii) Units of mutual funds	-				
(iv) Government Securities	-				
(v) Others (please specify) PSU Bonds	-				
2. Unquoted :					
(i) Shares : (a) Equity					
: (b) Preference					
(ii) Debentures and Bonds					
(iii) Units of mutual funds					
(iv) Government Securities					
(v) Others (please specify)					
Loans Term investments:					
1. Quoted :					
(i) Shares : (a) Equity					
: (b) Preference					
(ii) Debentures and Bonds					
(iii) Units of mutual funds					
(iv) Government Securities				316.34	
(v) Others (please specify)					
3. Unquoted :					
(i) Shares : (a) Equity					367.80
: (b) Preference					
(ii) Debentures and Bonds					
(iii) Units of mutual funds					
(iv) Government Securities					
(v) Others (please specify)					
(6) Borrower group- wise classification of assets financed as in (3) & (4) above					
Please see Note 2 below					
Category		Amount net of provisions			
		Secured	Unsecured	Total	
1. Related Parties **					
(a) Subsidiaries			-	-	
(b) Copanies in the same group			-	-	
© Other related parties			-	-	
2. Other than related parties			4,220.47	4,220.47	
Total		0.00	4,220.47	4,220.47	
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :					
Category			Market Value/ Break up or fair value or NAV	Book Value (net of Provision)	
1. Related Parties **					
(a) Subsidiaries			294.16	285.99	
(b) Companies in the same group			0.00	0.00	
© Other related parties					
2. Other than related parties			421.13	402.80	
Total		0.00	715.29	688.79	
** As per Accounting Standard of ICAI (Please see Note 3)					
(8) Other information					
Particulars		Amount			
(i) Gross Non-Performing Assets		6361.38			
(a) Related parties		0.00			
(b) Other than related parties		6361.38			
(ii) Net non-Performing Assets		130.90			
(a) Related parties		0.00			
(b) Other than related parties		130.90			
(iii) Assets acquired in satisfaction of debt (in 2003-04 & earlier)		50.43			
1. As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.					
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.					
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.					

CFL CAPITAL FINANCIAL SERVICES LTD.

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

See Note 28

Name of the Subsidiary Particulars	SAMUDRA SECURITIES LIMITED
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	(65,092.94)
b) For the previous financial year of the Subsidiary Company	(326,500.12)
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

Managing Director

Sujit Datta

Director

Place : Kolkata

Date : 4th July, 2012

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

Name of the Subsidiary Particulars	Samudra Securities Limited SAMUDRA SECURITIES LIMITED
Capital	31,100,000
Reserves	(29,619,432)
Total Assets	1,531,617
Total Liabilities	1,531,617
Investments other than Investment in Subsidiary	-
Turnover	229,949
Profit/(Loss) Before Tax	(70,992)
Provision for Tax	-
Profit / (Loss)After Tax	(70,992)
Dividend	-

R C Kurup

Company Secretary

H C Mathur

Managing Director

Sujit Datta

Director

Place : Kolkata

Date : 4th July, 2012



AUDITORS' REPORT ON CONSOLIDATED STATEMENTS-CFL CAPITAL FINANCIAL SERVICES LTD. & GROUP

We have examined the attached Consolidated Balance Sheet of CFL Capital Financial Services Limited and its subsidiary viz., Samudra Securities Limited as at 31st March, 2012, the Consolidated Profit & Loss Statement and the Consolidated Cash Flow Statement for the year ending on that date.

These financial statements are the responsibility of the CFL Capital Financial Services Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006, and on the basis of the separate audited financial statements of the CFL Capital Financial Services Limited and the above mentioned subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the CFL

Capital Financial Services Limited Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the CFL Capital Financial Services Limited and the above name subsidiary as at March 31, 2012;
- b) in the case of the Consolidated Profit and Loss Statement of the consolidated results of operations of the CFL Capital Financial Services Limited and the above named subsidiary for the year ended March 31, 2012; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the CFL Capital Financial Services Limited and the above named subsidiary for the year ended March 31, 2012.

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

S. Saha
Partner
Membership No.300639

Place : Kolkata
Dated : 4th July, 2012

CFL CAPITAL FINANCIAL SERVICES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012 - Consolidated

(Amount in Rupees)

Particulars	Note No.	As at 31-Mar-12		As at 31-Mar-11	
		Rupees	Rupees	Rupees	Rupees
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
a. Share Capital	3	1,636,552,500.00		1,636,205,230.00	
b. Reserves & Surplus	4	(5,534,256,316.25)		(3,848,406,809.83)	
c. Money received against share warrants		-		-	
			(3,897,703,816.25)		(2,212,201,579.83)
(2) Share Application Money Pending Allotment					
			-		-
(2A) Minority Interest					
			2,642,507.17		2,636,607.70
(3) Non-current Liabilities					
a. Long-term borrowings	5	-		98,324,338.85	
b. Deferred tax liabilities (net)		-		-	
c. Other long term liabilities		-		-	
d. Long term provisions		1,438,655.00		1,017,659.00	
			1,438,655.00		99,341,997.85
(4) Current Liabilities					
a. Short-term borrowings	6	1,439,464,584.55		1,130,625,809.32	
b. Trade payables		58,934,400.00		38,378,220.00	
c. Other current Liabilities		2,507,274,876.46		1,064,419,714.54	
d. Short term provisions		281,196.00		204,259.00	
			4,005,955,057.01		2,233,628,002.86
TOTAL			112,332,402.93		123,405,028.58
II. ASSETS					
1. Non-current Assets					
a. Fixed Assets					
i. Tangible Assets	7	22,390,351.47		34,398,549.15	
ii. Intangible Assets		-		-	
iii. Capital Work-in-progress		-		-	
iv. Intangible assets under development		-		-	
b. Non-current Investments	8	39,961,227.00		56,478,174.00	
c. Deferred tax assets (net)		-		-	
d. Long term loans and advances		200,000.00		200,000.00	
e. Other non-current assets		19,289,663.01		19,189,132.72	
			81,841,241.48		110,265,855.87
2. Current Assets					
a. Current investments	9	464,936.00		475,040.00	
b. Inventories		-		-	
c. Trade receivables		-		172,174.40	
d. Cash and cash equivalents		26,177,917.49		8,740,211.71	
e. Short-term loans and advances		996,544.00		775,047.60	
f. Other current assets		2,851,763.96		2,976,699.00	
			30,491,161.45		13,139,172.71
TOTAL			112,332,402.93		123,405,028.58

General Information

1

Significant Accounting Policies

2

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

As per our Report attached

for and on behalf of the Board of Directors

For **TARMASTER & CO.**

Chartered Accountants
Firm Registration No 302016E

S Saha
Partner
M. No. 300639

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

Place : Kolkata
Date : 4th July, 2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012 - Consolidated

(Amount in Rupees)

Particulars	Note No.	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
I REVENUE FROM OPERATIONS	1.C		
II Other Income	10	5,601,697.02	8,945,221.06
III Total Revenue (I+II)	Total	5,601,697.02	8,945,221.06
IV Expenses			
Employee Benefit Expenses	11	17,069,206.78	16,001,063.23
Finance Costs	12	1,687,037,648.25	90,147,392.20
Depreciation and amortization expenses	13	976,646.54	1,082,752.00
Other Expenses	14	8,060,465.26	9,806,964.28
TOTAL EXPENSES	Total	1,713,143,966.83	117,038,171.71
V Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		(1,707,542,269.81)	(108,092,950.65)
VI Exceptional Items	15	21,273,975.86	6,217,837.88
VII Profits before extraordinary items & tax (V-VI)		(1,686,268,293.95)	(101,875,112.77)
VIII Extraordinary Items		-	-
IX Profit /(Loss) before Tax		(1,686,268,293.95)	(101,875,112.77)
X Tax Expense			
Current Tax		-	35,501.50
Deferred Tax		-	-
XI Profit / (loss) for the period from continuing operations (VII-VIII)		(1,686,268,293.95)	(101,910,614.27)
XII Profit / (Loss) from discontinuing operation		-	-
XIII Tax Expense of discontinuing operations		-	-
Less Share of Minority Interest		5,899.47	(28,635.79)
XIV Profit / (Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI-XIV)		(1,686,274,193.42)	(101,881,978.48)
XVI EARNING PER SHARE (Rs. 10/-)			
1. Basic	24	(12.39)	(0.97)
2. Diluted	24	(12.39)	(0.97)
General Information	1		
Significant Accounting Policies & General Notes	2		

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

As per our Report attached

for and on behalf of the Board of Directors

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

S Saha
Partner
M. No. 300639

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

Place : Kolkata
Date : 4th July, 2012

CFL CAPITAL FINANCIAL SERVICES LTD.

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2012-CONSOLIDATED

Particulars	(Amount in Rupees)	
	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
A. Cash Flow from Operating Activities		
Net Profit Before Tax & Extraordinary items	(1,686,411,288.95)	(101,875,112.77)
Adjustments for :		
- Financial Expenses	1,687,037,648.25	90,147,392.20
- Amount of Loss adjusted on Minority share	5,899.47	28,635.79
- Depreciation	976,646.54	1,082,752.00
- Operating profit before Working Capital changes	1,608,905.31	(10,616,332.78)
Adjustments for :		
- (Increase) Decrease in Trade Receivables	172,174.40	1,636,021.00
- (Increase) Decrease in Other Non-Current Assets	(100,530.29)	(373,638.37)
- (Increase) Decrease in Current Loans & Advances	(221,496.40)	(870,526.82)
- (Increase) Decrease in Other Current Assets	124,935.04	1,115,253.10
- Increase (Decrease) in Other Current Liabilities	1,442,855,161.92	134,372,835.54
- Increase (Decrease) in Trade Payables	20,556,180.00	(6,199,332.43)
- Increase (Decrease) in Long Term Provisions	420,996.00	1,017,659.00
- Increase (Decrease) in Short Term Provisions	76,937.00	(850,837.00)
Cash generated from Operations	1,465,493,262.98	119,231,101.24
Financial Expenses	(1,687,037,648.25)	(90,147,392.20)
Direct taxes paid	-	(35,501.50)
Interest received on Refunds	-	-
Net Cash from Operating Activities	(221,544,385.27)	29,048,207.54
B. Cash Flow from Investing Activities		
(Purchase) of Fixed Assets	(888,000.00)	(99,550.00)
(Purchase) / Sale and / or Diminution of Current Investments	10,104.00	201,240.50
(Purchase) / Sale and / or Diminution of Non-Current Investments	16,659,942.00	13,498,521.98
Sale/ extinguishment of Fixed Assets (Net)	(21,012,248.86)	171,591.92
Proceeds from Sale of Fixed Assets	32,931,800.00	23,628.00
Net Cash used in Investing Activities	27,701,597.14	13,795,432.40
C. Cash Flow from Financing Activities		
Increase / (Decrease) in Non Current Borrowings	(98,324,338.85)	(115,646,082.30)
Increase / (Decrease) in Current Borrowings due to decrees passed	324,188,775.23	56,750,000.00
Increase / (Decrease) in Current Borrowings due to repayment	(15,350,000.00)	-
Proceeds from unpaid calls received	771,957.00	0.00
Increase / Decrease in Minority Interest	(5,899.47)	(28,635.79)
Net Cash used in Financing Activities	211,280,493.91	(58,924,718.09)
Net Increase/(decrease) in Cash & Cash Equivalents	17,437,705.78	(16,081,078.15)
Cash & Cash equivalents as at opening	8,740,211.71	24,821,289.86
Cash & Cash equivalents as at closing	26,177,917.49	8,740,211.71

- Notes
- The Cash Flow is prepared on the basis of Indirect method as prescribed in The Accounting Standard 3 issued by The Institute of Chartered Accountants of India.
 - The Format used above is as prescribed for Financial organisation.
 - Cash equivalents as on 31.3.2012 include Rs. 1,03,51,195.92 (P.Y. Rs. 24,445.92) in Escrow account which has to be utilised first for repayment of Fixed Deposits as per the directions of Reserve Bank of India.
 - The increase in Borrowings and liabilities is mainly due to accounting of these items on the bases of the orders passed by the Debt Recovery Tribunals in case of the holding company.

As per our Report attached

for and on behalf of the Board of Directors

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

S Saha
Partner
M. No. 300639

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

Place : Kolkata
Date : 4th July, 2012



NOTE FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS - CONSOLIDATED

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 CIM allotted is U67120WB1994PLC066795.

B BASIS OF CONSOLIDATION

The Consolidated Accounting Statements for the year ended 31st March, 2011 have been prepared by line addition of the respective financial statements for year ending 31st March, 2011 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 Going Concern

The network 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 31st March, 2013 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.

D As the net owned fund of the Company are negative, Reserve Bank of India (RBI) has cancelled the registration of the Company as Non Banking Financial Company with effect from 18th May, 2004. Accordingly the Company cannot carry on any fresh Non Banking Financial activities. Hence these financial statements show the continuation of earlier operations / activities.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

A The financial statements are prepared under historical cost and on accrual basis and comply 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.

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

Fixed Assets are recorded at cost of acquisition or construction including cost of installation, transfer costs etc. They are stated at lower of historical cost less accumulated depreciation plus impairment loss or realisable value. There are no intangible assets.

F Income & Expenditure

Income and Expenditure are generally accounted on accrual basis except to the extent restricted 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 .

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 Company's employees are entitled to various retirement benefits Provident Fund contributions are made to a Fund approved by the appropriate authorities. The shortfall in the return is borne by the Company. Gratuity and Superannuation are covered by schemes with Life Insurance Corporation (LIC). The Gratuity Scheme is a defined benefit plan and funded accordingly as per certificate given by the LIC in this regard. The Superannuation scheme is a defined contribution scheme and contribution is paid to the LIC as per the scheme. 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, 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.

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Particulars	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
NOTE 3		
SHARE CAPITAL		
A. Equity Share Capital		
a. Authorised		
19,49,50,000 (Previous Year 19,49,50,000) Equity Shares of Rs. 10 Each	1,949,500,000.00	1,949,500,000.00
b. Issued		
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each	1,386,750,000.00	1,386,750,000.00
c. Subscribed		
13,86,75,000 (Previous Year 13,86,75,000) Equity shares of Rs. 10/- each	1,386,750,000.00	1,386,750,000.00
d. Paid-up		
i. 13,86,55,500 (Previous Year 13,85,86,046) Fully Paid Equity shares of Rs. 10/- each	1,386,555,000.00	1,385,860,460.00
ii. Nil (Previous Year 88,954) partly paid Equity shares of Rs. 10/- each- Rs. 5/- per share paid up/	-	444,770.00
iii. Shares Forfeited during the year 19500 (Previous Year Nil) partly paid Equity shares of Rs 10/-each - Rs.5/- per shar paid up	97,500.00	-
Total Paid Up Equity Share Capital	1,386,652,500.00	1,386,305,230.00

Particulars	As at 31-Mar-12 Rupees		As at 31-Mar-11 Rupees	
	Numbers	Amount	Numbers	Amount
e. Number of Equity Shares subscribed of Rs. 10 each.				
e.1 Fully Paid				
Fully Paid at the beginning of the year	138,586,046	1,385,860,460.00	138,586,046	1,385,860,460.00
Add Partly Paid Shares Paid up during the year	69,454	694,540.00	-	-
Fully Paid at the end of the year	138,655,500	1,386,555,000.00		1,385,860,460.00
e.2 Partly Paid				
Partly Paid at the beginning of the year (Rs 5 Paid Up)	88,954	444,770.00	88,954	444,770.00
Less Partly Paid Shares Paid up during the year	69,454	347,270.00	-	-
Less Partly Paid Shares forfeited during the year	19,500	97,500.00	-	-
Partly Paid at the end of the year (Rs 5 Paid Up)	-	-	88,954	444,770.00
e.3 Forfeited shares				
Forfeited shares at the beginning of the year	-	-		-
Partly Paid Shares forfeited during the year (principal Amount)	19,500	97,500.00		-
Forfeited shares at the end of the year	19,500	97,500.00		-
Total e.1+e.2+e.3	-	1,386,652,500.00		1,386,305,230.00
f. Shareholders holding more than 5% shareholding	Percentage holdings	No. of shares	Percentage holdings	No. of shares
Sentinel Tea and Exports Limited	34.37	47,664,240	34.37	47,664,240
Summit Securities Limited	19.70	27,318,150	19.70	27,318,150
Arco Impex Limited	17.64	24,460,100	17.64	24,460,100
Blue Niles Holdings Limited	13.30	18,448,587	13.30	18,448,587
g. Calls unpaid	Numbers	Amount	Numbers	Amount
Prinipal amount unpaid				
Opening Balance - unpaid principal amount	88,954	444,770	88,954	444,770
Less Amount received during the year	69,454	347,270	-	-
Less Shares Forfeited during the year	19,500	97,500	-	-
Closing Balance - unpaid principal amount (No amount was/is unpaid by the Directors or Officers of the Company)	-	-	88,954	444,770
h. Forfeited shares				
Opening Balance - Principal Amount paid on forfeited shares		-		-
Add Principal amount paid on Forfeited shares	19,500	97,500		-
Closing Balance - Principal amount paid on Forfeited shares	19,500	97,500		-
i. Rights of equity shareholders				
Equity shareholders have the rights as provided under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.				

Particulars	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
B. Preference Share Capital		
a. Authorised		
25,05,000 (Previous Year 25,05,000) Redeemable Cumulative Preference Shares of Rs.100 Each	250,500,000.00	250,500,000.00
b. Issued		
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
c. Subscribed		
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
d. Paid-up		
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
Total Paid up Preference Share Capital	249,900,000.00	249,900,000.00
e. Number of Preference Shares subscribed at the beginning and end of the year	2,499,000	2,499,000



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	46.21	1,154,790
Kitply Industries Limited	20.01	500,000	20.01	500,000
g. Redemption				
The Preference shares were issued on 20.01.1998 for a period of 5 years The redemption date was extended twice for a period of 5 years each. The same are now due for redemption on 19.01.2013				
h. Rights of the Preference shareholders				
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 and Articles of Association of the Company.				
TOTAL SHARE CAPITAL (A.d + B.d)		<u>1,636,552,500.00</u>		<u>1,636,205,230.00</u>
Particulars	As at 31-Mar-12 Rupees		As at 31-Mar-11 Rupees	
NOTE 4				
RESERVES AND SURPLUS				
Capital Reserves				
Opening Balance	943,483,270.90		943,483,270.90	
Add : Amount on settlement of dues	-		-	
	<u>943,483,270.90</u>		<u>943,483,270.90</u>	
<i>Note 4 continued</i>				
Securities Premium Account				
Opening Balance	258,279,942.00		258,279,942.00	
Less : Calls Unpaid	<u>146,250.00</u>		<u>570,937.00</u>	
	258,133,692.00		257,709,005.00	
Statutory Reserve	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				
Opening balance	(5,115,599,085.73)		(5,013,717,107.25)	
Add loss for the year	<u>(1,686,274,193.42)</u>		<u>(101,881,978.48)</u>	
Total	<u>(6,801,873,279.15)</u>		<u>(5,115,599,085.73)</u>	
TOTAL RESERVES AND SURPLUS	<u>(5,534,256,316.25)</u>		<u>(3,848,406,809.83)</u>	
NOTE 5				
NON-CURRENT LIABILITIES				
a) Long term Borrowings				
From Corporate Bodies - unsecured		-		-
From Fixed Depositors - Unsecured				98,324,338.85
b) Deferred Tax Liabilities (net)				-
c) Other Long term liabilities				-
d) Long term provisions				-
Provision for employee benefits - Leave Salary		<u>1,438,655.00</u>		<u>1,017,659.00</u>
TOTAL		<u>1,438,655.00</u>		<u>99,341,997.85</u>
The above amounts are due for repayment after 12 months from the date of the Balance Sheet.				
NOTE 6				
a) Short term Borrowings				
From Banks - Secured (see notes 6.1 below)		963,571,792.55		688,224,060.32
From Bill Re-discounters parties - Unsecured (see note 6.2 below)		1,487,749.00		1,487,749.00
From Corporate Bodies - unsecured (See Note 6.3 below)		<u>474,405,043.00</u>		<u>440,914,000.00</u>
Subtotal		1,439,464,584.55		1,130,625,809.32
b) Trade Payables				
Sundry Creditors (See note 6.4 below)		58,934,400.00		38,378,220.00
Subtotal		<u>58,934,400.00</u>		<u>38,378,220.00</u>
c) Other Current Liabilities				
Unpaid Debentures From Others -Secured (See Notes 6.5 below)		19,500,000.00		19,500,000.00
Interest Accrued & Due on debentures-Secured (See Note 6.6 below)		401,657,825.00		37,963,561.00
From Fixed Depositors - Unsecured (See Note 6.7 below)		159,910,994.10		115,421,933.00
Interest Accrued & Due on Bank Loans (See Note 6.8 below)		1,880,885,997.77		848,272,931.00
Tax deducted at Source payable		443,273.00		253,530.00
Sundry creditors for expenses		<u>44,876,786.59</u>		<u>43,007,759.54</u>
Subtotal		2,507,274,876.46		1,064,419,714.54
d) Short term provisions				
Provision for employee benefits Leave Salary		241,408.00		76,560.00
Provision for employee benefits Gratuity		<u>39,788.00</u>		<u>127,699.00</u>
Sub-Total		<u>281,196.00</u>		<u>204,259.00</u>
Total		<u>4,005,955,057.01</u>		<u>2,233,628,002.86</u>

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Note 6.1 - Borrowings from Banks

- i. The loans from Banks are secured by hypothecation of specified assets present and future, owned by the Company, Hire Purchase and Leased Assets and Book Debts. However the value of the security offered to the banks is inadequate with respect to the amount due.
- ii. The Company has entered into agreements with some banks for settlement of their dues and completed the settlements in earlier years. The Company is negotiating with the others including those who have initiated legal proceedings against the Company. The Adjudicating Authorities have decreed against the Company in many cases and the Recovery Officers have commenced possession and disposal of these assets given as security to the bankers. The amount shown as payable is calculated on the basis of amounts decreed by the adjudicating authorities along with the interest as decreed. In case the decree has not been passed the amount is computed on the basis of the claimed amount and with interest computed as per the claim. In the previous year amounts shown above are the Principal outstanding and the interest accrued and due thereon are based on the principal as per the Company's calculations that are based upon the earlier proposals/agreements entered into with the banks and approved in-principle by most of them. The Company could not pay the dues as per the proposal. The amount payable as on the Balance sheet date is disclosed in note 6.7 below.
- iii. Debts Recovery Tribunals (DRT) I & II Mumbai have passed decrees in favour of six banks. These banks have filed recovery proceedings against the Company. Six more suits filed by other banks are pending - 3 before DRT-1 Mumbai and one each before DRTs at Dehi, Kolkata and Chennai. DRT-II Delhi had also passed a partial Decree against the Company in favour of one of the banks and consequently another recovery proceedings is pending before the Recovery Officer of DRT-II Delhi. DRT-I Kolkata, DRT-II Delhi and the Recovery Officer of DRT-I Mumbai have passed injunction / status quo orders in case of mortgaged assets / properties. The Recovery Officer of DRT-I Mumbai has appointed a Receiver in respect of the mortgaged properties in one such recovery proceeding. Two more execution proceedings filed by one of the banks are pending before Recovery Officers at DRTs at Hyderabad and Lucknow for the said properties. The mortgaged properties at Ahmedabad, Kanpur, Lucknow and Pune have already been auctioned off, by the Recovery Officers in two recovery proceedings. The Company has also preferred five appeals before the Debt Recovery Appellate Tribunals, Mumbai, which are pending before the Hon'ble Appellate Tribunal. In one of such recovery proceedings pending before DRT-I Mumbai, CEAT Ltd. has filed an intervention application. The amounts were earlier advances as Working Capital limits and then converted into loans. Hence shown under this head.

	Date of Default	Default as on 31-Mar-12 Rupees	Default as on Rate of Interest p.a	Default as on 31-Mar-11 Rupees
The principal amount defaulted against each lender is as under				
ICICI Bank Ltd (formerly Bank of Rajasthan Ltd)	20-Jun-03	86,978,617.09	16.50% Monthly rests	55,078,491.00
Catholic Syrian Bank Ltd	11-Aug-04	66,049,506.00	10.00% Simple Interest	38,723,407.00
Dena Bank	7-May-02	197,149,072.00	12.00% Quarterly rests	137,696,228.00
Federal Bank Ltd	10-Aug-06	79,710,996.64	16.75% Monthly rests	29,000,000.00
Indusind Bank Ltd	9-Apr-03	138,145,001.02	12.00% Quarterly rests	89,344,863.07
Oriental Bank of Commerce	3-Dec-03	46,175,500.00	17.00% Quarterly rests	44,754,529.25
State Bank of Travancore	22-Jul-05	82,126,000.00	12.00% Quarterly rests	82,617,737.00
South Indian Bank Ltd	10-Mar-03	86,399,411.00	14.50% Quarterly rests	67,393,206.00
Vijaya Bank	1-May-03	124,393,002.02	9.00% Simple Interest	91,797,485.00
Axis Bank Ltd	11-Aug-04	71,794,686.78	10.00% Simple Interest	51,818,114.00
Less amounts recovered by Recovery officers of the Debt recovery Tribunals		-		-
		(15,350,000.00)		
		963,571,792.55		688,224,060.32

The above amounts are the defaulted sums claimed by the lenders before the Debt Recovery Tribunals (DRT). These are admitted by DRT and in some cases orders passed in their favor. The Claimed amount is the Principal as per the Lenders. The principal shown year is as per Company's claim.

The Recovery officers of the Debt Recovery Tribunals have sold some of the fixed assets mortgaged to the banks as security. The amount realised is held by the Recovery Officers on behalf of the above banks.

Note 6.2

The Company used to re-discount the bills which it used to discount of its clients in the course of its funding business. The amount is outstanding as the recovery from the discounters is pending and other disputes with the concerned discounters.

Note 6.3

These are short term loans that are interest free and due on demand.

Note 6.4 - Sundry Creditors

Sundry Creditors include dues from subsidiary - Samudra Securities Limited - Rs. 3,05,08,208.68 (Previous Year Rs. 3,04,08,208.68) Samudra Securities Limited (SSL) (formerly Ceat Securities Ltd.) has become a subsidiary of the Company with effect from 1st April, 2003 as per the scheme of amalgamation approved by the Hon. High Courts of Madras and Calcutta. An amount of Rs. 304.08 lakhs is due to CSL on account of GOI securities purchased from them. 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 the investment would not be impaired if the dues to SSL are settled.

Note 6.5 - Unpaid Debentures

The 19% Secured Non Convertible debentures are secured by an exclusive charge/mortgage over specific assets given on Lease / Hire Purchase. However the value of security including collateral security is inadequate with respect to amount due. The principal amount of Rs. 195 lakhs was payable as security to the bankers. The amount shown as payable is calculated on the basis of amounts claimed before the adjudicating authorities along with interest as claimed. In the previous year amounts shown above are the Principal outstanding and the interest accrued and due thereon are based on the principal as per the Company's calculations that are based upon the earlier sanction given by Unit Trust of India in 1999-2000 at the time of rescheduling. The Company could not pay the dues as per the proposal. After the demerger of Unit Trust of India in 2002, the dues are bi-furcated between UTI Asset Management Co Ltd and the Administrator of Specified Undertaking of Unit Trust of India. The amount due as on the Balance Sheet date is disclosed below.



Note 6.5 (Continued)		Default as on 31-Mar-12 Rupees	Rate of Interest p.a	Default as on 31-Mar-11 Rupees
UTI Asset Management Co Ltd	12-May-03	7,117,500.00	20% Simple & compound	7,117,500.00
Administrator of the Specified Undertaking of UTI	12-May-03	12,382,500.00	qtrly Rest & 2% penal	12,382,500.00
		19,500,000.00		19,500,000.00

Note 6.6 - Interest Accrued and Due on Unpaid Debentures

UTI Asset Management Co Ltd	12-May-03	146,605,106.00	20% Simple & compound	13,856,700.00
Administrator of the Specified Undertaking of UTI	12-May-03	255,052,719.00	qtrly Rest & 2% penal	24,106,861.00
		401,657,825.00		37,963,561.00

Note 6.7 - Fixed Deposits

The Company is repaying Fixed Depositors in instalments as per 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. As all Fixed Deposits have matured as per the Original terms, the full amount is shown as dues to fixed depositors. The CLB has also considered the maturity amount while deciding about the amount of instalments. Amount of deposits repayable, as per CLB Order dated 13.10.2009, within one year is Rs 15,99,10,994.10 (instalment plus hardship cases) (PY Rs. 11,54,21,933/-)

	No of deposits	Amount	No of deposits	Amount
Amount unclaimed	4,208	63,685,616.00	4,677	70,023,533.00

As per the order of the Honourable Company Law Board (CLB) dated May 25, 2005, no delayed payment interest would be payable if the Company makes the payment as per its order dated April 30, 2004. The CLB has subsequently amended its orders. CLB vide its latest order dated October 13, 2009 permitted the company to pay the total dues in four annual instalments by December 31 every year from 2009 to 2012. During the current year, the Company has paid the instalment before 31st December, 2011 as permitted by CLB to all the depositors who have lodged their claims for repayments. Hence the Company has no unpaid deposits.

Note 6.8 - Interest Accrued and due on loans to banks		Default as on 31-Mar-12 Rupees	Rate of Interest p.a	Default as on 31-Mar-11 Rupees
ICICI Bank Ltd (formerly Bank of Rajasthan Ltd)	20-Jun-03	279,576,701.91	16.50% Monthly rests	68,945,013.00
Catholic Syrian Bank Ltd	11-Aug-04	50,450,965.00	10.00% Simple Interest	48,430,052.00
Dena Bank	7-May-02	438,307,006.00	12.00% Quarterly rests	172,313,384.00
Federal Bank Ltd	10-Aug-06	174,626,327.36	16.75% Monthly rests	25,664,997.00
Indusind Bank Ltd	9-Apr-03	262,237,661.05	12.00% Quarterly rests	112,244,587.00
Oriental Bank of Commerce	3-Dec-03	172,100,237.25	17.00% Quarterly rests	56,544,667.00
State Bank of Travancore	22-Jul-05	97,328,666.00	12.00% Quarterly rests	103,389,212.00
South Indian Bank Ltd	10-Mar-03	194,087,641.00	14.50% Quarterly rests	84,295,230.00
Vijaya Bank	1-May-03	160,850,376.98	9.00% Simple Interest	114,881,919.00
Axis Bank Ltd	11-Aug-04	51,320,415.22	10.00% Simple Interest	61,563,870.00
		1,880,885,997.77		848,272,931.00

Interest has been provided as per the claim before DRT or as ordered by it. In the earlier year it was as per the offer of the Company made in 1999.

Note 6.9

Provisions	Opening balance	Additions	Settled / paid	Closing Balance
	1-Apr-11			31-Mar-12
Non Current provision for employee benefits Leave salary	1,017,659	420,996	-	1,438,655
Current provision for employee benefits Leave salary	76,560	241,408	76,560	241,408
Current provision for employee benefits Gratuity	127,699	206,732	294,643	39,788
NPA Provisions on Receivables	334,407,663	-	4,432,173	329,975,490
NPA Provisions on Short term Loans & Advances	92,700,479	-	965,368	91,735,110
NPA Provisions on Standard Assets	671,245	-	241,826	429,419
NPA Provisions on Non Current Investments	216,297,888	-	13,398,000	202,899,888
Total	645,299,193	869,136	19,408,570	626,759,759

NOTE 7

CONSOLIDATED FIXED ASSETS SCHEDULE AS ON 31.3.2012

(Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2011	Additions	Sales/ Retirement Transfer	As at 31.03.2012	As at 01.04.2011	For the Year	Sales/ Transfer etc	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012
A) Leased Assets Funded prior to 1.4.2001 (Tangible)										
Plant & Equipment	9,70,49,434.30	-	25,50,000.00	9,44,99,434.30	9,70,49,434.30	-	25,50,000.00	9,44,99,434.30	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
TOTAL (A)	9,70,49,434.30	-	25,50,000.00	9,44,99,434.30	9,70,49,434.30	-	25,50,000.00	9,44,99,434.30	-	-

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B) Owned Assets (Tangible)										
Buildings	4,09,08,668.68	-	1,45,48,875.00	2,63,59,793.68	88,67,628.97	7,19,742.00	28,48,645.86	67,38,725.11	3,20,41,039.71	1,96,21,068.57
Furniture and Fixture	7,19,962.05	-	36,000.00	6,83,962.05	3,55,796.20	40,339.58	11,598.00	3,84,537.78	3,64,165.85	2,99,424.27
Vehicles	21,52,156.00	8,77,700.00	9,23,319.00	21,06,537.00	13,09,963.00	1,49,779.00	6,68,047.00	7,91,695.00	8,42,193.00	13,14,842.00
Office Equipment	76,92,214.02	10,300.00	1,48,797.40	75,53,716.62	73,73,231.43	66,785.96	1,48,797.40	72,91,219.99	3,18,982.59	2,62,496.63
Bangalore SE Card	10,00,000.00	-	-	10,00,000.00	-	-	-	-	10,00,000.00	10,00,000.00
TOTAL (B)	5,24,73,000.75	8,88,000.00	1,56,56,991.40	3,77,04,009.35	1,79,06,619.60	9,76,646.54	36,77,088.26	1,52,06,177.88	3,45,66,381.15	2,24,97,831.47
G . TOTAL (A+B)	14,95,22,435.05	8,88,000.00	1,82,06,991.40	13,22,03,443.65	11,49,56,053.90	9,76,646.54	62,27,088.26	10,97,05,612.18	3,45,66,381.15	2,24,97,831.47
Less Provision on Standard assets									1,67,832.00	1,07,480.00
									3,43,98,549.15	2,23,90,351.47
Previous Year	42,78,26,918.66	99,550.00	27,84,04,033.61	14,95,22,435.05	39,22,49,947.59	10,82,752.00	27,83,76,645.69	11,49,56,053.90	3,55,76,971.07	3,45,66,381.15

In case of most of the buildings the change to the new name of the Company/Subsidiary in the records is to be completed.

Leased Assets shown as 'Sales/Transfer/Retirement' consist mainly of completed leases. The leased assets shown above are mainly those where there are disputes or the transfers of title are not completed.

The assets sold / retired during the year include offices of the Holding Company disposed off by the Recovery Officers of the Debt Recovery Tribunals.

The software used for computers was embedded in them or were purchased and capitalised with them over 10 years ago and are fully depreciated. The updation has been made by the clients to whom Company provided administrative services and hence are not capitalised.

Particulars	As at 31-Mar-12 Nos.	As at 31-Mar-12 Rupees	As at 31-Mar-11 Nos.	As at 31-Mar-11 Rupees
Note 8				
NON CURRENT ASSETS				
Non-current investments				
a. Investment in Equity Instrument (long term-trade)				
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
Basic Teleservices Ltd. A	2	-	2	-
Bangalore Stock Exchange Limited (Face Value Re 1/- share)	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 Deain 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
Union Motors I Ltd. - L	-	-	366,667	13,398,000.00
Worldcom Multi Media Ltd. DO	100,000	2,500,000.00	100,000	2,500,000.00
Subtotal		211,226,831.00		224,624,831.00
Less Provision for Non Performing Assets - Long Term Investments		202,899,888.00		216,297,888.00
TOTAL		8,326,943.00		8,326,943.00
ii. Investment in Government Securities				
(Face Value Rs 100 per unit except where specified)				
C2018 12.60% Government of India 2018	20	2,022.00	20	2,022.00
C2017 7.49% Government of India 2017	100,000	9,816,500.00	100,000	9,816,500.00
C2017 7.46% Government of India 2017	20,000	1,913,800.00	20,000	1,913,800.00
C2016 12.30% Government of India 2016	500	55,125.00	500	55,125.00
C2016 10.71% Government of India 2016	200	23,253.00	200	23,253.00
C2015 11.50% Government of India 2015	160	19,200.00	160	19,200.00
C2014 6.72% Government of India 2014	203,500	19,963,350.00	3,726,000	36,552,060.00
C2011 11.50% Government of India 2011	-	-	100	11,237.00
Less : Provision on Standard Assets		(158,966.00)		(241,966.00)
TOTAL iii		31,634,284.00		48,151,231.00
TOTAL Non-Current Investments i+ii		39,961,227.00		56,478,174.00

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 @ 0.5% as per Reserve Bank of India's directions.



	As at 31-Mar-12 Rupees	As at 31-Mar-11 Rupees
Aggregate Book Value of Quoted Investments	31,634,284.00	48,151,231.00
Aggregate Market Value of Quoted Investments	31,304,395.60	47,815,568.00
Aggregate Book Value of Unquoted Investments	8,326,943.00	8,326,943.00
b. Deferred Tax Asset		
The Company has not accounted for Deferred Tax Asset since there is no virtual certainty of its utilisation in future.		
c. Long term loan and advances		
Deposit with Bangalore Stock Exchange Ltd.	200,000.00	200,000.00
d. Other non-current assets		
Tax Deducted at Source (Unsecured Considered Good)	19,289,663.01	19,189,132.72
Total Current Assets (Notes 7 & 8)	81,841,241.48	110,265,855.37

Note 9

CURRENT ASSETS

Current investments	QUANTITY	VALUE	QUANTITY	VALUE
a. Investment in Equity Instruments				
i. Investment in Unlisted Companies				
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	-	145,000	-
Gwalior Transmission Ltd - L	-	-	400	-
Inland Printers Ltd A	10,000	-	10,000	-
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	-
Naina Semi Conductor Ltd A	47,200	-	47,200	-
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	-
TOTAL i (See Note D below)		-		-
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 dematerialized form.				
Autopins Ltd.(D) / A (see note H)	41,730	-	417,300	-
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	-
KEC Limited* (D) / A	-	-	-	-
Kothari Petro Ltd. (D) / A	40,457	-	56,087	-
Moolchand Export Ltd - L	10,400	-	10,400	-
Moulik Finance and Resorts Ltd - DO	25,500	-	25,500	-
Nagarjuna Agritech Ltd. (D) / A	60,400	-	84,200	-
NGL Fine Chem Ltd (D) / A	-	-	10,155	10,155.00
N R International Ltd (D) / A	88,936	-	103,447	-
Pretto Leather Ltd A	2,800	-	2,800	-
Ranjeev Alloys Ltd (D) / A	45,100	-	45,100	-
Reed Relays & Electronics Ltd. A	-	-	5,050	-
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	-	-	36	-
Yogi Polyester Ltd. UL	55,800	-	55,800	-
Less Provision on Standard Assets		(2,336.00)		(2,387.00)
TOTAL ii		464,936.00		475,040.00
TOTAL CURRENT INVESTMENTS (i+ii)		464,936.00		475,040.00

CFL CAPITAL FINANCIAL SERVICES LTD.

Note 9

CURRENT ASSETS

Current investments	QUANTITY	VALUE	QUANTITY	VALUE
Aggregate Book Value of Quoted Investments		464,936.00		475,040.00
Aggregate Market Value of Quoted Investments		-		2,864,858.35
Aggregate Book Value of Unquoted Investments		-		-

Note 9.a

- 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 / dematerialisation 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 physical securities, the changing of Company's name is under process.
- F. 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.
- 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 G above. Shares of Liquidated Companies have been written off.
- H. On reduction of Capital, one equity share of Rs. 10/- each was allotted in lieu of 10 equity shares of Rs. 10 each held earlier

	QUANTITY	VALUE	QUANTITY	VALUE
b. Trade receivables - Unsecured				
Outstanding for over six months after the due dates	-	-	-	-
Considered Good	-	-	173,039.40	-
Considered Doubtful	329,975,490.30	-	334,407,663.30	-
Less : Provision for Doubtful Debts	329,975,490.30	-	334,407,663.30	-
Less : Provision for Standard Assets	-	-	(865.00)	-
				172,174.40

Note 9.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

c. Cash and Cash Equivalents :

i. Balances with Scheduled Banks :				
- in Fixed Deposits	7,500,000.00	-	-	-
- in Current Accounts	8,254,690.07	-	8,640,180.29	-
		15,754,690.07		8,640,180.29
ii. Cash in hand	-	72,031.50	-	74,585.50
iii. Balances with Scheduled Banks :				
- in Escrow Account	-	-	25,445.92	25,445.92
		10,351,195.92		25,445.92
		26,177,917.49		8,740,211.71

Note 9.c

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.

d. Short-term Loans & Advances

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)	84,049,504.26	-	85,416,512.63	-
Less Provision for doubtful debts	84,049,504.26	-	85,014,872.63	-
		-		401,640.00
Staff loans (Unsecured / Considered Good)	-	662,500.00	-	153,600.00
Other loans/advances (Unsecured, Considered good)	522,962.00	-	517,628.60	-
Less Provision for doubtful debts	185,606.00	-	185,606.00	-
		337,356.00		332,022.60
Less Provision on Standard Assets	-	(3,312.00)	-	(112,215.00)
Short-term Loans & Advances- Net of Provisions	-	996,544.00	-	775,047.60

Note 9.d

- 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 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.
- iii. 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 these amounts to be appropriated to various lenders.



e. Other Current Assets (unsecured / considered good)

Interest Receivable on Government Securities	508,767.96	596,933.00	
Deposits for Premises, Telephones etc (Unsecured/considered Good)	2,357,326.00	-	2,382,751.00
Less ; Provision on Standard Assets	<u>(14,330.00)</u>	-	<u>(2,985.00)</u>
		2,851,763.96	2,976,699.00

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.

TOTAL CURRENT ASSETS

30,491,161.45 **13,139,172.71**

Note 9.e

- 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

Particulars	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
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NOTE 10

INCOME FROM OPERATIONS

Income from Old Recoveries of Funded Business.	632,827.00	1,411,347.00	
Profit from Sale of Shares- Current Investments - Non Trade	522,901.84	882,063.48	
Profit from Sale of Shares- Long Term Investments Non Trade	-	435,000.00	
Dividend - Current investments - Non trade	183,795.41	1,275,929.41	
Dividend - Long Term investments	281,250.00	281,250.00	
Interest on SLR Securities Long Term Investments-Trade	3,121,690.93	4,048,976.99	
Interest on Bank Deposits (TDS Rs. 28464/-, PY Rs 4099/-)	391,607.84	20,399.00	
Rent Received (TDS Rs.36,000/- PY. Rs. 63,247/-)	467,524.00	575,011.00	
Other Business Income (TDS 18,000/- PY 37,000/-)	<u>100.00</u>	<u>15,244.18</u>	
	5,601,697.02	8,945,221.06	

NOTE 11

EMPLOYEE BEBENEFIT EXPENSES

Salaries and other benefits	14,972,269.00	13,704,113.23	
Welfare Expenses	160,833.50	175,928.00	
Contribution to Provident Fund, Gratuity Superannuation and other Funds	<u>1,936,104.28</u>	<u>2,121,022.00</u>	
	17,069,206.78	16,001,063.23	

NOTE 12

FINANCE COSTS

Interest - Fixed Loan	363,694,264.00	3,705,000.00	
Interest - Others	<u>1,323,343,384.25</u>	<u>86,442,392.20</u>	
	1,687,037,648.25	90,147,392.20	

Note 12..1

Interest on loans

In the earlier years, the Company was providing simple interest @ 12.50% pa as was offered by the Company in 1999 with its proposal for settlement of bank dues. In the current year the Company has provided interest retrospectively on the basis of claim made by the lenders which is in most cases on compound basis and at higher rate. The interest for the current year and earlier year is as under:

Interest for the Current Year	415,658,805.00	90,147,392.20
Interest for earlier years (differential)	<u>1,271,378,843.25</u>	<u>-</u>
	1,687,037,648.25	90,147,392.20

The interest for the year is therefore higher by Rs.32,55,27,360/-

NOTE 13

Depreciation and amortization expenses (See Note 7)	976,646.54	1,082,752.00
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NOTE 14

OTHER EXPENSES

Auditors Remuneration (see Note 17)	284,046.00	339,631.00
Communication costs	829,648.64	1,021,787.89
Directors' Fees	25,000.00	24,000.00
Electricity Expenses	101,375.00	153,346.11
Insurance	450,556.00	554,305.20
Legal & Professional Charges	2,031,655.10	3,327,822.16
Printing and Stationery	355,449.41	329,582.70
Rent,	1,096,373.00	1,149,793.00
Repairs and Maintenance-Buildings	409,867.42	497,362.40
Repairs and Maintenance- Others	103,313.00	148,362.00
Travelling and Conveyance	1,139,667.22	1,049,042.35
Vehicle Expenses	927,179.00	882,964.47
Miscellaneous Expenses	<u>306,335.47</u>	<u>328,965.00</u>
	8,060,465.26	9,806,964.28

CFL CAPITAL FINANCIAL SERVICES LTD.

Particulars	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
NOTE 15		
EXCEPTIONAL INCOME AND EXPENSES		
A. EXCEPTIONAL INCOME		
Provision No longer required, & others		
a) Provision for NPAs No Longer required	19,180,362.57	76,475,294.68
b) Profit on Sale of Assets	14,567,223.86	21,000.00
c) Write back of earlier years expenses on settlement	2,301,884.00	1,790,463.63
d) Profit on Sale of Investments Long Term Investments	-	-
	36,049,470.23	78,286,758.31
B. LESS EXCEPTIONAL EXPENSES		
Write offs/Provisions against doubtful/irrecoverable Assets and diminution/loss in value of Investments		
a) Bad debts written off	14,265,008.37	68,536,603.61
b) Loss on sale of assets	197,874.00	25,041.92
c) NPA provisions as per norms	-	1,296,177.00
d) Loss on sale / redemption of securities.	212,612.00	2,211,097.90
	14,675,494.37	72,068,920.43
NET EXCEPTIONAL INCOME /(EXPENSES)	2,137,3975.86	6,217,837.88

NOTE 16

Contingent Liabilities :

- i) Dividend on 13% Redeemable Cumulative Preference Shares is in arrears- Rs. 45,48,18,000/- (previous Year Rs.42,23,31,000/-)
- ii) Income Tax Rs 13,79,66,110/- (Previous Year Rs 51,68,993/-)
- iii) Wealth Tax Rs. 3,27,843/- (Previous Year Rs. Nil/-)
- iv) Sales Tax Rs. 23,14,158/- (Previous Year Rs. 1,55,99,969/-)
- v) Custom Duty Rs. 7,00,000/- (Previous Year Rs. 7,00,000/-)
- vi) Pension Scheme Rs. Nil/- (Previous Year Rs. 75,12,301/-)
- vi) Others Rs. 27,50,760/- (PY Rs. 69,74,203/-)

The above liabilities are dependent upon the outcome of appeals before various authorities and future distributable profits. In the opinion of the Management, there is no possibility of reimbursement, except to the extent of taxes paid and included under Loans & Advances. Claims against the Company not acknowledged as debts, as the same are disputed by the Company. Others Rs. 17,99,576/- (Previous Year Rs. Nil/-)

NOTE 17

Audit fees include amounts paid to Auditors towards:

	Year ended 31-Mar-12 Rupees	Year ended 31-Mar-11 Rupees
As Auditors for : Statutory Audit	125,000	125,000
Statutory Audit - Subsidiary	15,000	15,000
Tax Audit	25,000	25,000
For certification fees	94,000	93,000
Corporate Governanace	20,000	20,000
Out of Pocket expenses	5,046	61,631
	284,046	339,631

NOTE 18

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.

NOTE 19

The accumulated loss of Rs. 6,801,873,279.15 (Previous Year Rs.5,115,599,085.73) includes unabsorbed depreciation of Rs.1,70,02,99,479/- (Previous Year Rs.169,93,22,850/-)

NOTE 20

The Company has paid an amount of Rs 21,21,022/- (PY Rs. 12,21,909/-) towards Provident & Pension Funds and Gratuity & Superannuation Schemes. It has provided on actuarial basis a liability of Rs. 10,94,219/- (PY Rs. 10,55,096/-) as at the year end on account of leave benefit due to the employees. From 1.4.2009 the Employees Provident Fund Scheme has been transferred to the Regional PF Commissioner Kolkata. Hence the Employees PF Scheme, Employees Pension Scheme and Superannuation Scheme are Defined Contribution Schemes and the same are fully funded on the Balance Sheet date as per the schemes. Executive Provident Fund managed by the Trust and Gratuity managed by Life Insurance Corporation of India are defined benefit schemes and are fully funded on the Balance Sheet date as per the requirements of AS-15. During the year and amount of Rs. 2,61,749/- (PY Rs. 4,80,500) was paid by the Company to the Trust due to lower income. Leave Liability as on Balance Sheet date is provided as per the requirements of AS-15 on the basis of Actuarial Certificate.



NOTE 21

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

Defined Contribution Plan

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

	2011-12	2010-11
Company's Contribution to Superannuation Fund	600,449	521,326
Company's Contribution to Pension Scheme	62,430	76,095
Company's Contribution to Provident Fund (RPFO)	41,787	46,519
Defined Benefit Plan	2011-12	2010-11
Company's Contribution to Provident Fund (Trust)	655,691	864,318
Company's Contribution to Gratuity Scheme	206,732	574,919

The Company's Provident Fund is exempted under para 27 of Employees' Provident Fund Scheme, 1952. Conditions for grant of exemptions stipulates that the benefits granted by the Funds will not be less favourable than those available under statutory fund.

The employees' gratuity fund scheme is managed by Life Insurance Corporation of India. The present value of obligation 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. The obligation for leave encashment is recognised on the basis of the actuarial certificate and is not funded

I Assumptions as at	Gratuity (Funded)		Leave Encashment (not Funded)	
	2011-12 LIC(1994-96)	2010-11 LIC(1994-96)	2011-12 LIC(1994-96)	2010-11 LIC(1994-96)
Mortality Rate	8% p.a.	8% p.a.	8% p.a.	7% p.a.
Discount Rate	10% p.a.	10% p.a.	10% p.a.	10% p.a.
Salary escalation rate			NO FUND	NO FUND
Rate of Return (expected) on plan assets				
Method of Valuation				
Withdrawal Rate	1%-3% depending on age		1% throughout	1% throughout
Retirement age Years	58		58	58
Expected average remaining service			13	13
Period of accounting			1.4.2010- to 31.3.2011	
I. Data information on	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Number of members	15	16	15	15
Average /Total monthly salaries	18,235.61	18,235.61	363,442	326,381
Average age	42.44	42.44	46	45
Average Past Service (yrs)/Leave balance (days)	11.44	11.44	61	79
II Changes in present value of obligations				
PVO at beginning of year	3,402,503	2,873,065	1,094,219	1,055,096
Interest cost	272,200	229,845	87,538	83,092
Current Service Cost	206,741	186,982	189,238	189,238
Benefits Paid (as intimated by Company)	(22,137)	(340,623)	-	(32,896)
Actuarial (gain)/ loss on obligation	87,182	453,234	309,068	(200,311)
PVO at end of year	3,946,489	3,402,503	1,680,063	1,094,219
III Changes in fair value of plan assets				
Fair value of Plan Assets at beginning of year	3,465,887	3,511,368	-	-
Expected return on Plan Assets	359,391	295,142	-	-
Contributions	438,499	-	-	32,896
Benefits Paid (as intimated by Company)	(22,137)	(340,623)	-	(32,896)
Actuarial (gain)/ loss on plan assets	-	-	-	-
Fair Value of Plan Assets at end of year (estimate)	4,241,640	3,465,887	-	-
IV Fair Value of Plan Assets				
Fair value of Plan Assets at beginning of year	3,465,887	3,811,368	-	-
Actual return on Plan Assets	359,391	295,142	-	-
Contribution	438,499	374,695	-	32,896
Benefits Paid (as intimated by Company)	(22,137)	(340,623)	-	(32,896)
Fair value of Plan Assets at the end of year	4,241,640	3,465,887	-	-
Funded Status	295,151	63,384	(1,680,063)	(1,094,219)
Excess of actual over estimated return on Plan			-	-
V Actuarial Gain/ (Loss) Recognized				
Actuarial Gain /(Loss) for the year(Obligation)	(87,182)	(453,234)	(309,068)	200,311
Actuarial Gain/(Loss) for the year (Plan Assets)			-	-
Total Gain/(loss) for the year	87,182	453,234	(309,068)	200,311
Actual Gain/(loss) recognized for the year	87,182	453,234	(309,068)	200,311
Unrecognized Actuarial Gain/(loss) at end of year			-	-

CFL CAPITAL FINANCIAL SERVICES LTD.

	Gratuity (Funded)		Leave Encashment (not Funded)	
VI Amounts to be recognized in the balance sheet and statement of profit & loss statement				
PVO at end of year	3,946,489	3,402,503	1,680,063	1,094,219
Fair value of Plan Assets at the end of year	4,241,640	3,465,887	-	-
Funded Status	295,151	63,384	(1,680,063)	(1,094,219)
Unrecognized Actuarial Gain/ (loss)	(295,151)	63,384	-	-
Net assets/ (Liability) recognized in the balance sheet			(1,680,063)	(1,094,219)
VII Expense recognized in the statement of Profit & Loss				
Current Service Cost	206,741	186,982	189,238	189,238
Interest cost	272,200	229,845	87,538	83,092
Expected Return on Plan Assets	(359,391)	(295,142)	-	-
Net Actuarial Gain/(Loss) recognised for the year	87,182	453,234	309,068	(200,311)
Expense recognized in the statement of P & L A/c	206,732	574,919	585,844	72,019
VIII Movements in the Liability recognised in Balance Sheet				
Opening Net Liability	3,402,503	2,873,065	1,094,219	1,055,096
Expenses as above	206,732	574,919	585,844	72,019
Actual return on Plan Assets	359,351	295,142	-	-
Benefits paid	(22,173)	(340,623)	-	(32,896)
Closing Net Liability	3,946,489	3,402,503	1,680,063	1,094,219
IX Break up of total liabilities as Non-Current & Current				
Current Liabilities (2 Exits)(Previous Year 1 exit)			31-03-2012	31-03-2011
			241,408	76,560
Non Current Liabilities			1,438,655	1,017,659
Total Liability			1,680,063	1,094,219
X Experience History Information				
			Current Year	Last Year
Defined Benefit obligation at the end of Period			31-03-2012	31-03-2011
Plan assets at the end of the Period			1,680,063	1,094,219
Funder Status - Surplus / (Deficit)			-	-
Actuarial Gain /(Loss) due to change in basis			(1,680,063)	(1,094,219)
Actuarial Gain /(Loss) due to change in data			-	-
Total Actuarial Gain /(Loss) in Liabilities			(309,068)	(200,311)
Experience Gain / Loss in Plan Assets			(309,068)	(200,311)
			-	-
XI RESULTS OF VALUATION				
a. PV of Past Service Benefit	2,897,268	2,408,198		
b. Current Service Cost	212,533	186,074		
c. Total Service Gratuity	4,809,651	4,178,521		
d. Accrued Gratuity	2,342,555	1,934,913		
e. Life Cover Sum Assured	1,477,000	1,388,439		
f. LIC Premium	7,550	6,810		
g. Service Tax @ 12.6%	778	842		
X RECOMMENDED CONTRIBUTION RATE				
a. Fund Value as on Renewal Date	2,832,822	1,738,090		
b. Additional Contribution for Existing Fund	64,446	670,108		
c. Current Service Cost	212,533	186,074		

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

NOTE 22

10 Related Party Disclosures

1. Relationships

(i) Shareholders in the Company

STEL Holdings Limited 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 - 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 21.1.(i) above	Rupees Parties referred in Note 21.1.(ii) above	Parties referred in Note 21.1.(iii) above
1. Outstanding receivables (net of payables)	-	-	-
2. Outstanding payables (net of receivables)	-	30,508,208.68	-
3. Advance given /returned	-	11,017,010.00	-
4. Advances taken / returned	-	11,017,010.00	-
5. ICDs paid during the year/repayments made during the year	-	-	-
Expenses recharged to other Companies	-	180,000.00	-
Previous Year	-	(63,013,177.68)	-

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

	Rupees
1 Remuneration	898,818.00
(Previous year)	(899,915.00)

NOTE 23

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

NOTE 24

Earnings per share

a. Profit/(Loss) after tax		(1,686,268,294)	(101,910,614)
b. Adjustments for			
Preference Dividend		32,487,000	32,487,000
Interest on Income Tax Refunds		-	-
Taxation of earlier years		-	-
c. Adjusted Loss after tax		(1,718,755,294)	(134,397,614)
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.	(12.39)	(0.97)
g. Weighted average number of Equity shares for Diluted EPS	Nos.	138,675,000	138,675,000
h. Earning per share (Diluted)	Rs.	(12.39)	(0.97)

NOTE 25

A sum of Rs. 94,695/- (PY Rs. 86,029/-) is transferable to the Investors Education & Protection Fund at the end of the year. After the year end a sum of Rs. 86,029/- (PY Rs. 3,45,148/-) have been transferred to the said Fund till the date of these statements.

NOTE 26

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.

NOTE 27

The disclosures required as per Section 212(3) and 212(8) of the Companies Act, 1956 are annexed.

NOTE 28

The Revised Schedule Vi has become effective from 1-Apr-2011 for the preparation of the financial statements. This has significantly impacted the disclosures and presentation in the financial statements. 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

S Saha
Partner
M. No. 300639

Place : Kolkata
Date : 4th July, 2012

for and on behalf of the Board of Directors

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata
Date : 4th July, 2012

CFL CAPITAL FINANCIAL SERVICES LTD.

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

Name of the Subsidiary Particulars	SAMUDRA SECURITIES LIMITED
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	(65,092.94)
b) For the previous financial year of the Subsidiary Company	(326,500.12)
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
Managing Director

Sujit Datta
Director

Place : Kolkata

Date :

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

Name of the Subsidiary Particulars	Samudra Securities Limited SAMUDRA SECURITIES LIMITED
Capital	31,100,000
Reserves	(29,619,432)
Total Assets	1,531,617
Total Liabilities	1,531,617
Investments other than Investment in Subsidiary	-
Turnover	229,949
Profit/(Loss) Before Tax	(70,992)
Provision for Tax	-
Profit / (Loss)After Tax	(70,992)
Dividend	-

R C Kurup
Company Secretary

H C Mathur
Managing Director

Sujit Datta
Director

Place : Kolkata

Date :

CFL CAPITAL FINANCIAL SERVICES LTD.

REGISTERED OFFICE

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

TWENTY SEVENTH ANNUAL GENERAL MEETING

FRIDAY, 31ST AUGUST, 2012 AT 10.30 A.M.

AT THE BIRLA ACADEMY, 108-109, SOUTHERN AVENUE, KOLKATA 700 029

A member / proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance. If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office, at least 48 hours before the time of holding the meeting.

Folio No.	DP ID No.	Client HD No.

I record my presence at the 27th AGM

Signature of Member/Proxy

Signature of Proxy (if any) in Block Letters

CFL CAPITAL FINANCIAL SERVICES LTD.

REGISTERED OFFICE

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

I/We _____

of _____

being a member of CFL Capital Financial Services Limited, hereby appoint _____

_____ of _____

_____ of _____

as my/our proxy to attend vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Friday, 31st day of August, 2012 at 10.30 a.m.

As witness my/our hand/s this _____ day of _____ 2012.

Signed by the said _____

Affix
Revenue
Stamp
here

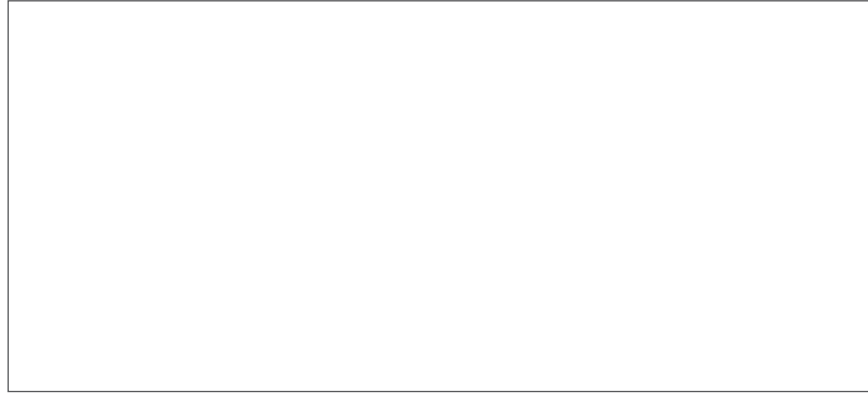
Folio No.	DP ID No.	Client HD No.

This Proxy Form duly completed must be received at the Company's Registered Office at least 48 hours before the time of holding the Meeting.

ADMISSION SLIP

PROXY FORM

BOOK-POST



If undelivered, please return to:

CFL Capital Financial Services Limited
Century Plaza, Unit No. 233, Second Floor,
81, Netaji Subhas Road, Kolkata 700 001