

A N e w B e g i n n i n g



CSL Finance
Limited

Annual Report 2017-18

CORPORATE INFORMATION

CORPORATE IDENTITY NUMBER (CIN)

L74899DL1992PLC051462

BOARD OF DIRECTORS**Managing Director**

Rohit Gupta

Directors

Ashok Kumar Kathuria

Anjna (Independent)

Manoj Gupta (Independent)

Chief Financial Officer

Naresh Chandra Varshney

Chief Operating Officer

Rajeev Mehra

Company Secretary & Legal Head

Akash Gupta

LISTED AT

BSE Limited

Bankers

State Bank of India

HDFC Bank Limited

AU Small Finance Bank

Kotak Mahindra Bank Limited

Statutory Auditor

Aggarwal & Rampal

Chartered Accountants

Internal Auditor

R. Mahajan & Associates,

Chartered Accountants

Registered Office

8/19, Ground Floor, W.E.A., Pusa Lane,

Karol Bagh, New Delhi-110005

Registrar & Share Transfer Agents

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area,

Phase-2, New Delhi-110020

CONTENTS

02	The Theme: A New Beginning
04	Company Principles & Goals
05	Company Snapshot
06	Company Strategy
07	Product Portfolio
08	Company Milestones
11	Board Of Directors
15	Management Team
20	Letter From Managing Director
24	Management Discussion & Analysis Report
32	Notice
39	Director's Report
59	Corporate Governance Report
71	Financial Statements
100	Attendance Slip
101	Proxy Form

“

A journey of a thousand
miles begins with a
single step.

- Lao Tzu

A **NEW** BEGINNING

This year we embrace our past and open the door to a bright future. We renew ourselves, step up and start a new chapter in the company's life.



COMPANY PRINCIPLES & GOALS

Since inception, CSL Finance Limited has been following certain guiding principles on which the foundation of the Company has been built. The Company believes in maintaining the highest level of Integrity in its operations and aspires to be fair to its customers, employees and other stakeholders.

While the focus has been on managing risk, the Company has always had a keen eye for the risk reward payoffs. There has been a strong compliance orientation to ensure that all rules and guidelines are followed in order to build a strong and viable organisation in the long term.

Company's Goals

In order to achieve its objective to be strong and viable in the long run, CSL Finance has earmarked its long term and short term goals, which are:

- Build a low cost profitable business model with a focus on high portfolio quality and customer satisfaction.
- Focus to become formidable player in our niche target segment.
- Build a sustainable business with ROE target of 16-18% in the medium term.
- Service unbanked small businesses with strategy to cross sell.
- Follow a cluster based approach to build a strong presence in select markets of North and West India.

“The Company believes in maintaining the highest level of integrity in its operations.”

COMPANY SNAPSHOT

BSE

Listed on Bombay
Stock Exchange

Delhi based NBFC
with AUM of

282 Cr**99%**

Loan Book
Secured

12

Branches across
North India

BBB

Rating from
CARE

High CAR

65%**53.50 Cr**

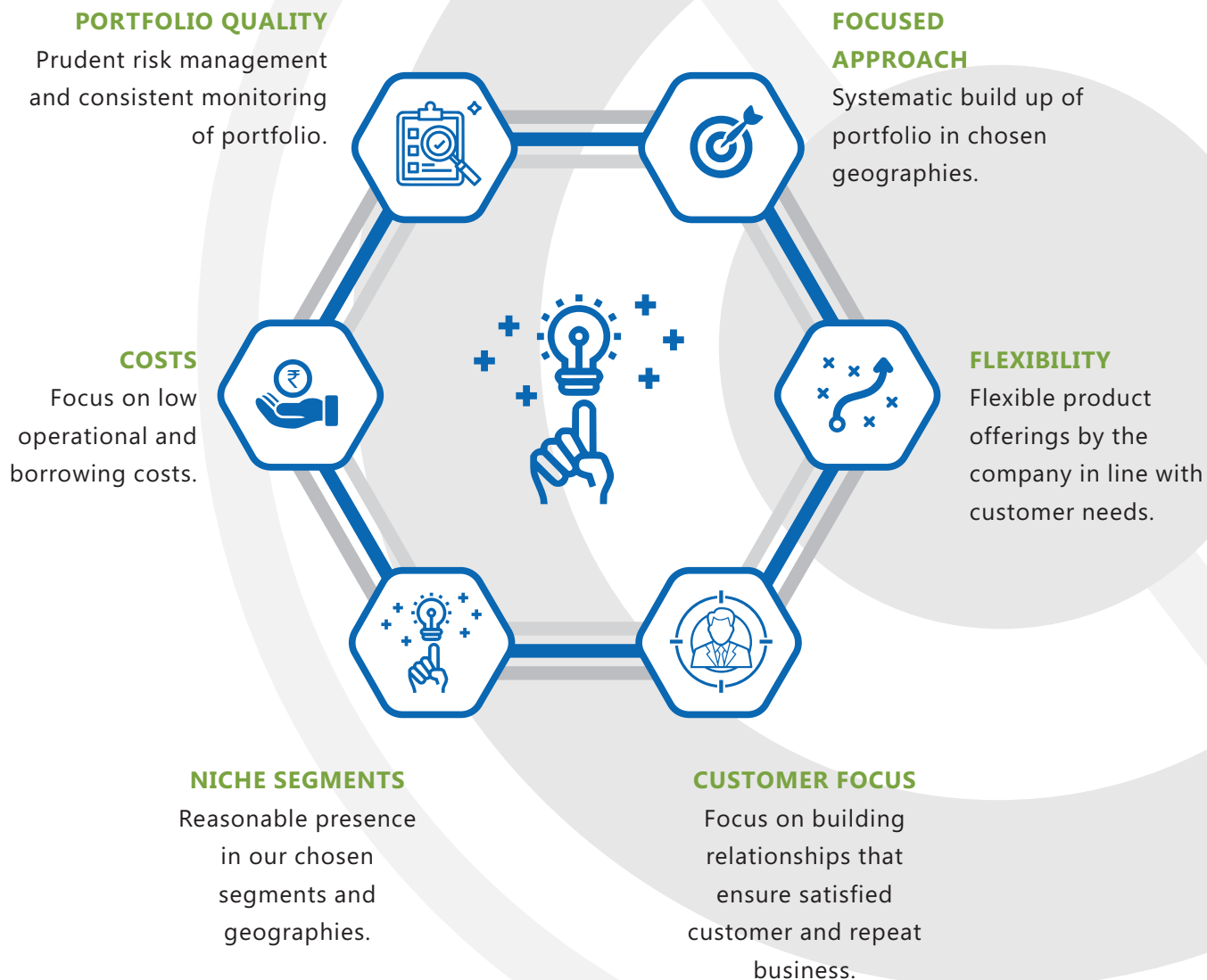
Raised from
Marquee Investors

Low Cost
of
Operations



COMPANY STRATEGY

CSL Finance Limited has always followed a focused business strategy that has been the hallmark of its operations. The business strategy revolves around the following:



PRODUCT **PORTFOLIO**



Wholesale Financing

Wholesale Mortgage –
Large (Group Housing)

Wholesale Mortgage -
Small (Builder Floor Financing)

Wholesale Mortgage -
LAP (Corporates and Education Sector)



Retail Financing

Secured Business Loans

Unsecured Business Loans

COMPANY MILESTONES

MILESTONES



NBFC Registration from
Reserve Bank of India

2003



Controlling stake in
Asian Oilfield Services Ltd.
(a BSE listed Company)

2006

2007

2008

2009



Exited Asian Oilfield
for a return of 7X



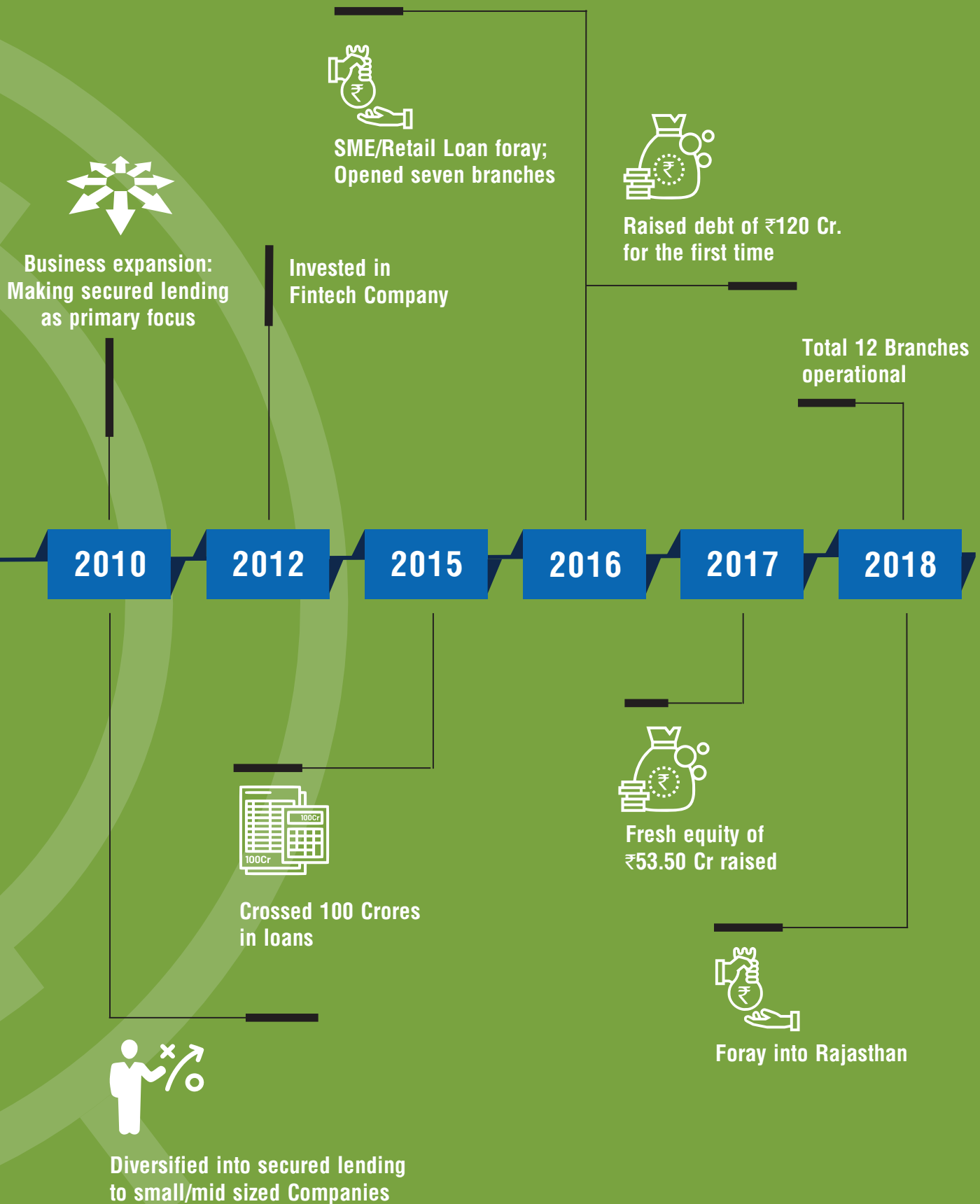
Significant minority
investments in:

- ANG Auto
- APL Apollo
- PG Foils



Investment in risk
arbitrage strategies like

- Open offers
- Public Issues
- Special situations



OUR PRESENCE





BOARD OF DIRECTORS

ROHIT GUPTA (MANAGING DIRECTOR)

Rohit is a Chartered Accountant with over 25 years of diverse experience in the fields of merchant banking, corporate finance, financial restructuring, project finance, capital markets and structured lending. He has advised several small/mid-size organizations develop and execute turnaround and growth strategy and helped them raise equity and debt through various instruments to fuel their growth. He is passionate about innovative and structured lending models and is the prime driving force behind the structured lending model of CSL Finance. He has steered the company to certain NICHE market segments and has visioned Company's foray into SME lending.

“

Prime driving force;
passionate about
innovative and structured
lending models





ASHOK KUMAR KATHURIA
(DIRECTOR)

Mr. Kathuria has been associated with the Company since its inception. He has served the Company as Director since 2005 and holds experience in managing back-end operations, liasoning and Administration across various projects and assignments. He has been loyal throughout his association and has been associated with Mr. Rohit Gupta since almost 25 years.



MANOJ GUPTA
(INDEPENDENT DIRECTOR)

Manoj Gupta is a Chartered Accountant in practice since 1988. He is Senior Partner in a Chartered Accountant Firm M/s.Ramesh Gupta & Co., having a standing of more than 50 years. He has wide knowledge of finance and industry mainly related to engineering and International business. He has been associated with various companies in small and medium sector doing business in diverse fields.



MS. ANJNA
(INDEPENDENT DIRECTOR)

Ms. Anjna is a commerce graduate and a Member of Institute of Chartered Accountants of India. She has a diverse experience in the field of corporate finance, accounting and taxation.



MANAGEMENT TEAM



RAJEEV MEHRA (Chief Operating officer)

Rajeev has over 20 years of diverse experience in working capital finance, transaction banking and retail lending. At CSL he has been spearheading our foray into Retail Assets with focus on technology and human resource development. Prior to joining CSL, he was heading SME loans vertical at Satin Creditcare Network Ltd. He spent 14 years with HSBC Bank where he set up SME liabilities, lending and transaction banking models and worked in various leadership roles including Head SME- East India, Head Intermediary Channel Development-India and Head SME Factoring-West India. Rajeev also worked with Magma Fincorp Ltd as Zonal Head SME- North & East India. Rajeev has done PGDBM from Birla Institute of Management Technology and CAIIB from Indian Institute of Banking.



NARESH VARSHNEY
(CHIEF FINANCIAL OFFICER)

Naresh is a Chartered Accountant with more than 25 years of diverse experience in the field of financial services, corporate strategy, accounting and taxation. Before joining CSL, Naresh has worked with RR Finance consultants, Centrum Capital & Unicon as country head-marketing for retail HNI and corporate investment products. He currently serves as the chief financial officer and marketing head for structured lending at CSL.



RAKESH KAPOOR (ZONAL BUSINESS HEAD- SME NORTH INDIA)

Rakesh has over 14 years of rich experience in developing and managing various channels for SME and retail loans. He has developed and managed retail and SME loan portfolio across various markets in north for NBFCs like Indiabulls, Magma and Religare. In his last assignment with Satin Creditcare as Regional Business Head, he was instrumental in launching the SME business in various cities in Haryana and Punjab. Rakesh holds a diploma in automobile engineering and a MBA in marketing from NIM, Panchkula.



AJEET SHARMA (ZONAL BUSINESS HEAD- SME WEST INDIA)

Ajeet has around 15 years of rich experience in setting-up business, designing and executing business strategy, sales, distribution, marketing and managing retail lending products targeted to MSME segment in diversified markets across different geographies. His earlier stints were with IndusInd Bank Ltd., Intec Capital Ltd., HDFC Bank, Fullerton, Shriram City Union Finance & he was instrumental in setting up Shriram City's SME franchisee across Rajasthan State. On academic side he has done MBA e-com from IMS, Devi Ahilya University, Indore and Bachelor of Business Management (BBM) from M.L. Sukhadia University, Udaipur.



AKASH GUPTA
(COMPANY SECRETARY & LEGAL HEAD)

.....

Akash has over 9 years of extensive experience in corporate law, regulatory compliance and legal documentation. Along with heading the secretarial and legal function at CSL, he also manages a team responsible for drafting of contractual agreements, documentation and collateral management for secured lending. Akash is a commerce graduate and a member of the Institute of Company Secretaries of India.



VINEETA KAUR (AVP - TREASURY)

.....

Vineeta takes care of the treasury at CSL Finance. She brings more than 15 years of experience in the field of project finance, trade finance, corporate finance, and debt syndication, including Fund Based (Term Loan & Working Capital) & Non-Fund based (ILC/FLC, BG & BP/BD) deals etc.. Her Earlier stints were with Pinnacle Financial consultancy & Investment Services Ltd; Portfolio Financial Services Ltd; Centrum Capital Ltd and Strategic Capital Corporation.

**SB TIWARI**

(CHIEF MANAGER - ACCOUNTS)

Sher Bahadur takes care of the finance and accounts matters at CSL Finance and has over 20 years of valuable experience in the fields of finance and accounts. He heads the back-end operations and is responsible for managing the team for finance and accounts for the company.

**ANKIT JAIN**

(SENIOR MANAGER - CREDIT SME)

Ankit is a Chartered Accountant and Company Secretary having rich Credit Underwriting experience in mortgage for PAN India with seasoning more than 7 years. Having vast knowledge of MSME & SME lending in terms of credit, legal, portfolio & Team handling. His earlier stitnts were with ICICI , HDFC, AU and IMGC.

LETTER FROM MANAGING DIRECTOR

Dear Shareholders

I am happy to connect with you through this letter and share some of my thoughts on the year that just went by. Last year has been a year of a "New Beginning" for the company and has been the first year of working as a pure lending NBFC. The government has done lot of structural reforms during last two years which had lot of impact on the way businesses were done especially in the SME Sector. Demonetisation, GST implementation and formalisation of the economy has far reaching impact on our economy. This has created both unforeseen challenges and opportunities for the NBFC's. NBFC's are gaining market share both in retail and corporate lending. FY 2017-18 was good year for NBFC's. The stress on the banking sector balance sheet due to higher NPAs continues to hinder lending at the PSU's Banks. This has created



FY 2017-18 has been remarkable year for our company, it was our first year as pure play NBFC after we discontinued our non-core operations last year.

new opportunities for the NBFCs to grow. On the flip side NBFCs faced challenges in terms of borrowing from banks, with increased caution in the sector and their limited ability to fund additional loans. Overall business scenario remained encouraging for the industry.

It gives me great pleasure to share that year FY 2017-18 has been remarkable year for our company. We achieved several milestones. It was our first year as pure play NBFC after we discontinued our non-core operations last year. Our performance during the year was quite encouraging. Our foray into Retail SME lending is scaling up well and the progress till now is quite encouraging. Some of the other major milestones achieved are

- AUM of our company has increased substantially by 108.37% from ₹135.46 Crores as on 31st March, 2017 to ₹281.31 Crores on 31st March, 2018
- Revenue from our lending operations increased from ₹23.55 Crores in FY 2016-17 to ₹41.36 Crores in FY 2017-18
- PBT increased by 50.67% from ₹17.11 Crores (only from lending operations) in FY2016-17 to ₹25.78 Crores in FY2017-18

We are continuously adding talent to our company and our employee strength has increased from 22 in FY2016-17 to 82 in FY2017-18. Human resource is the most critical part of any organization and especially for a small company like ours. It is



important to have a motivated team, whose goals are aligned towards the long term success of the company. We have taken a lot of HR initiatives to provide encouraging environment for individuals to learn and grow. A formal HR department has been built and we are working towards achieving these goals by implementing a human resources management solution.

On behalf of the company, I would like to thank Mr. Sandeep Kumar Lohani for his contribution to the growth of the company. He had joined us as the CEO heading our foray into MFI. Post demonitisation we chose not to venture into microfinance, and he moved on to become our Chief Strategy Officer. He has recently resigned and moved on to pursue other growth opportunities.

I am delighted to share that our SME segment is performing well. In first year of our operations, AUM in SME segment has reached to ₹16Cr in FY2017-18.

Currently we are present in 4 states - Haryana, Punjab, Rajasthan and Uttarakhand with 12 operational branches. We are focusing on secured loans to traders and small businesses. Another focus area is school loans in Tier 2 and Tier 3 cities. We have carefully setup offices across the cities in such a way that we cater not just those specific towns and cities but also the sub-urban villages in the immediate vicinity of these cities. We are further expanding our presence to Gujarat, and expect to open more branches in next financial year.

Our wholesale credit business remained robust and grew substantially. AUM grew by 109.71% from ₹126.45 Cr in FY 2016-17 to ₹265.19Cr in FY 2017-18. Due to our robust domain knowledge and risk management by operating in known geographies

our portfolio has performed well and we expect to continue on our growth path in this segment.

During this year, we ran down of our lending exposure in loans originated by 2 fintech companies namely Finomena and Happy Rupee. One of the company faced abrupt closure and the other decided to voluntarily discontinue its operations. We started a collections operation with 8 member team based out in Bangalore. Our collections team did remarkably well inspite of difficult circumstances and we were able to run down our 8 Crore loan exposure with total write off ₹41.34 Lakhs. There were a lot of experience gained from this effort and gave us more comfort around scaling up our retail loan portfolio over time.

Another lesson that we took was that we have stopped unsecured lending in our SME loan book. Our total unsecured loan book is now ₹2 Crores, which is less than 1% of our loan portfolio.

I am also very happy to share that the company has raised ₹53.50 Crores from some marquee investors by way of preferential allotment in September 2017. Our Capital Adequacy Ratio (CAR) stands at a healthy 65% as on 31st March, 2018. The high CAR gives us ability to grow our balance sheet substantially in the coming years. This year we were able to raise debt of ₹60 Crores from SBI, AU Small Finance Bank at competitive rates.

Post Mehul Choksi scam at PNB bank, PSU banks have effectively stopped lending. This has added to our challenges in raising debt. The tightening liquidity has effectively increased the interest rates and that has negatively impacted our spreads. We feel that this is a temporary phenomena which will get sorted out as the banks get recapitalised and the NPAs issues get resolved over time. We are working on starting

new lines of credits with various financial institutions and private sector banks at competitive rates. We are actively looking to diversify our borrowing and build a credible track record for sustaining our growth in the future.

We are rated BBB by CARE Ratings. We expect that with improved financial performance our rating will further improve and help us in reducing our interest cost.

The banking sector is facing serious problems of bad assets and high NPAs. We are acutely aware of the risks in the system and we are building our lending book with a focused approach of reducing our risks and serving our customers by reducing our turnaround times. We are building a centralised credit team and taking a consistent approach to credit analysis. In our wholesale lending book, we visit our borrower's site on a monthly basis to check the project progress and to see if the milestones are being met. We look for early warning signals that help us initiate appropriate actions. As a company, CSL Finance shall continue its endeavour to keep its credit costs low by choosing customers selectively, close monitoring of customers financials and high standards in underwriting.

We are very optimistic about the growth in NBFC sector in the coming years. Going ahead our focus would be on building our Retail SME loan book by expanding geographically in North & Western India. We plan to foray in Gujarat in the coming year. We are building a new product line in the school loans business and expect this to grow substantially over time. Our aim is to build a quality loan book with a focus on low delinquency rates. We also aim to keep our operating costs low and use technology to streamline our operations.

This year we were able to raise debt of ₹60 Crores from SBI, AU Small Finance Bank at competitive rates.

We continuously aim to keep improving our products offering and streamlining processes to maximize the utility of services for our customers.

We are working on multiple fronts to improve our systems and processes. As part of that exercise we are-

1. Implementing a new loan origination platform - Finnone Neo. This is a leading loan origination platform which is being used in number of banks and larger NBFCs. This is state of art lending solution which will bring lot of benefits right from reducing our turnaround time to providing us with significant Analytics. This implementation has come at a significant cost, but we are confident on leveraging its benefits over time.
2. We are Implementing HRMS 1 Solution for managing our human resource functions which will help us with managing our growth better.

I would like to thank our employees for their relentless efforts in growth of the company. I also express my gratitude towards our shareholders and lenders who have shown faith in CSL Finance and supported us in this journey.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN ECONOMY

FY 2017-2018 has been an important year for the Indian economy. After a negative impact of demonetization in November 2016, and implementation of GST in July 2017, the economy has gradually recovered, and seems back on growth track. Government took number of key structural initiatives to build strength across macro-economic parameters for sustainable future growth. Introduction of some of the major policy reforms like GST, Bankruptcy Rules, RBI Mandate for Inflation Targetting, Direct Benefit Transfers and Ease of Doing Business has had a salutary effect and is structurally changing the way the economy functions.

First half of the FY2017-18 suffered due to lingering effect of demonetization and implementation of GST regime, despite of global tailwinds. The growth of Indian economy remained down at 5.6% and 6.3% in Q1, Q2 respectively. In Q3 and Q4 the growth recovered GDP grew by 7.00% and 7.7% in and Q3FY18, Q4FY18 respectively.

Despite all the inherent challenges, India is the fastest growing major economy in the world. India also is one the most attractive business places in the world, as per the recent report of World Bank, and has greatly

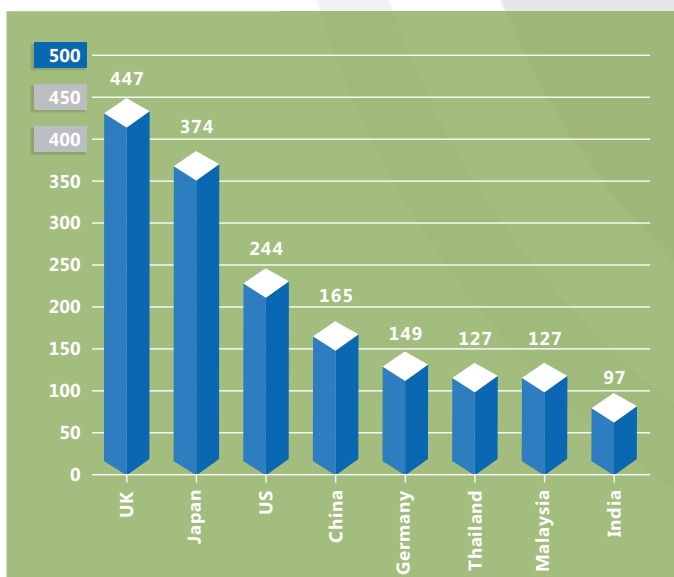
improved its rank in Ease of Doing Business by 30 points to 103rd. With one of the youngest population in the world, India has huge untapped potential. Increasing urbanization and rising disposable income will be the key factors driving economic growth.

A point of worry is the recent protectionist movements across the world and the increasing intensity of the trade war between USA and China. The growing uncertainty is impacting the global currency markets and global liquidity runs the risk of tightening. These potential headwinds can impact India's growth in the coming year.

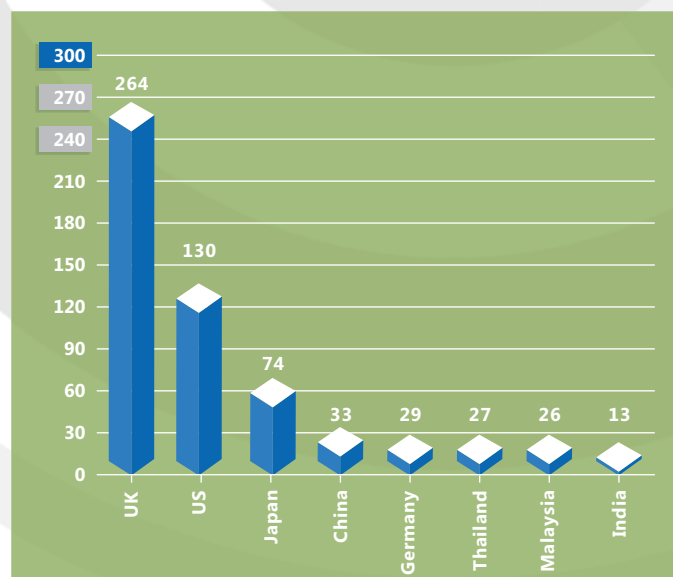
NBFC SECTOR

NBFCs are emerging as an important player in Indian economy. NBFCs due to their sharp focus on product lines, better cost control, bad debt control and better customer service are gaining market share. RBI in its latest Annual Report has acknowledged the importance of NBFC's in the growth of the economy. NBFCs share in total credit has increased from 13% in FY15 to 16% in FY17 and is expected to reach 19% by FY2020 according to CRISIL.

TOTAL CREDIT AS % OF GDP



NBFC'S CREDIT AS % OF GDP



Source - CRISIL REPORT



The overall credit in India is much lower as compared to other countries. This under penetration has largely been due to limited level of loan products available to the informal segments of the economy. The retail credit is in the initial stages of taking off with limited banking history for a large part of the population it was difficult for the Banks and NBFCs to lend. The government of India has recently taken number of initiatives to strengthen financial service sector. Financial inclusion was Government's one of the top most agenda. In order to bring the under serviced sections in the informal economy it started "Jan Dhan Yojna" scheme to open new bank accounts. It is the biggest financial inclusion program in the world. Under this Scheme, Government has opened 315 million new bank accounts in India. It has also strengthened the banking network in India by granting licences to Small finance banks. To drive the

financial inclusion into the remote areas, Government has granted payment bank licenses. It has also allowed the large NBFCs to diversify their product profile and tap into new sources for raising debt.

In FY2017-18, NBFCs performed well with loans and advances growing by 21.2% against a growth of 14.6% in FY2016-17. NBFCs outperformed the scheduled commercial banks (SCBs) in terms of growth, the SCBs credit growth was 10.4% YoY. The operating efficiencies of the NBFCs have also improved during the year.

The competitive advantage NBFCs have created for themselves is a focused business model designed around a product or customer segment. NBFCs have focus on a particular segment which has enabled them to operate with better response times and much better

service levels. NBFCs have dominant shares in products like Used Commercial Vehicle Loans, Loan Against Property (LAP) and Consumer Durable Loans and substantial market share in New commercial vehicle Loans, Tractor Loans, 2 wheeler Loans, SME Loans, Mortgages and New Car Loans. NBFCs have created a niche market for themselves where banks find it difficult to enter due to their higher cost structures and organizational complexities in loan processing.

Over the last decade, it has been proven that Risk management in NBFCs is comparable if not better than banks. This has resulted in lower NPAs and credit costs than many banks. NBFCs have higher costs of funds than banks and in order to be competitive in the market they focus on lower cost of operations through use of technology and leaner organisations. They focus on better customer service and faster response time to build their edge. It is their nimbleness and flexibility that has allowed them to grow faster than the banks in the last decade.

WHOLESALE CREDIT MARKETS

Wholesale credit covers a wide variety of funding requirements of mid-sized corporates, which were historically funded by banks. Over the last few years, the Indian banking system has been struggling with ballooning NPAs and that has allowed NBFCs to step in and fill the gap. NBFCs market share in the overall lending business has continued to grow over the last decade and is expected to further grow in the coming years. Going forward, credit demand is expected to grow due to an improving macro environment and Government focus on housing and infrastructure sectors.

During the year, RERA and GST were two big changes in the Real estate sector which further slowed down the sales in sector. While they are disruptive in the short term, these changes are expected to bring structural reform in the sector, resulting in consolidation, increased transparency and sustained growth in the coming years. All the uncertainty with the new regulations in place has



reduced the pace of new launches and made the customer hesitant about making big ticket decisions. The stagnation of the real estate prices over the past few years, coupled with increased household income has made real estate more affordable and the sector is expected to see better days once things settle down.

There has been a consolidation in the sector and banks and NBFC's dealing with high quality developers have handled the downturn well and expect to grow, as the real estate sector rebounds from the multi year low sales.

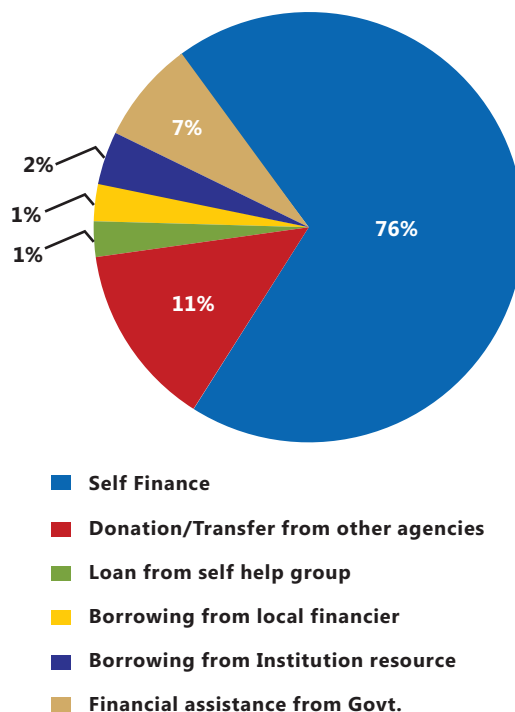
MSME CREDIT MARKETS

The Micro, Small & Medium enterprises (MSMEs) have emerged as a highly vibrant and dynamic sector of the Indian economy. MSMEs make significant contribution to India's GDP, manufacturing output, exports and employment generation. It contributes significantly in the economic and social development of the country by fostering entrepreneurship. As per latest Annual Report of MSME Department of Government of India the MSMEs share of India's GDP was 28.77%.

Historically debt financing in MSMEs has been limited, due to inadequate means of assessing their loan repaying capacity. The MSMEs require timely and adequate capital infusion through Term Loans, Working Capital Loans and non fund based lines of credit. MSMEs are largely dependent on the promoter's resources, borrowing from friends and relatives and secured loans from banks/financial institutions for meeting their financial requirements. Financial institutions often demand collaterals against loans which many of these businesses lack at the early inception stage.

NBFCs have an edge over financing businesses which requires low value loans and intensive customer servicing with repeated interactions. It also is better than banks in monitoring and need for flexibility in appraisal norms and loan repayment terms. They follow flexible models for credit underwriting and follow more detailed credit underwriting models to sanction the loan faster. The untapped addressable demand for financing in the MSME segment presents a huge opportunity for NBFCs.

Addressable Opportunity - MSME



The outlook for NBFCs looks promising in the coming years. With stressed balance sheet of PSU Banks the opportunities for private banks and NBFCs have increased. As per Uday Kotak, MD & Executive Vice Chairman of Kotak Mahindra Bank, rapid adoption of technology will help private sector banks and NBFCs increase their market share from the current 30 per cent to 50 percent by 2023.

Additionally latent credit demand in untapped sector and areas where traditional banks are reluctant to extend credit will remain growth areas for the sector.

CSL FINANCE OVERVIEW

CSL Finance Ltd is a non-deposit taking NBFC headquartered in Delhi. Over the last year, the company has transformed and started a new journey to build a SME Retail lending franchise. To understand the journey of the company lets delve a bit into the history of the company.

The current promoters acquired CSL Finance Ltd in 2004, by buying out the stake of previous promoters and giving an Open Offer under the SEBI Guidelines. At that time the company had a small equity base of ₹4.00 Crores and negative reserves of ₹1.04 Crores. Most of the assets were stuck as non performing loans and advances and investments. Over time the management team slowly revived this company and started doing private deals in listed companies. The Company mainly invested in small cap companies and did quite well. The Company's Networth increased to ₹45.31 Crores by 31st March, 2009.

The global financial crisis of 2008 made the

management rethink its strategy of investing exclusively in the capital markets and the company changed its focus from taking proprietary long term positions to strategies where investment returns were more predictable and regular. They started by taking risk arbitrage positions in stock markets such as participation in special situations like open offers, mergers, demergers, buybacks, rights issues etc. The company generated good returns in this and as the investment pool grew it became clear that it is difficult to deploy money on a regular basis in such strategies. That is the first time when the focus towards lending came and the company started lending in a small way to Corporates



in real estate sector and education sector in 2011.

From FY 2010-11 to FY 2014-15 the company was deploying its capital in both the activities and were running a proprietary investment book and secured lending book. As the loan book performed well, the management's focus towards secured lending increased.

In the year 2016 the management decided that going forward the company only will focus on the lending business. A decision was taken to add Retail loans as a product line in order to diversify and grow the lending book. The company took decisive steps to kickstart the journey by initiating

- a) Sale of non-core assets
- b) Reverse merger of the holding company to simplify its shareholding structure
- c) Hiring of senior people to lead the retail lending foray

In FY2016-17 we finalised senior management team for our retail foray. We planned to start 2 segments - Microfinance and Retail SME lending. As we were planning our rollout, demonetisation happened in Nov 2016 and that made the management cautious and went into a wait and watch mode. The team was concerned about the impact on the existing loan book and given the shock that came for the Microfinance industry the management decided not to foray into that space.

Over the last 12 months a lot of changes have happened in the company, which really is a "New Beginning". The company has

- Opened 12 branches in 4 states.
- Employee strength increased from 17 to 85
- Got a credit Rating from CARE Ratings at BBB
- Raised ₹53.5 Crores in equity by preferential issue (₹47.65 Crores by way of equity shares and ₹5.85 Crores by way of Convertibles warrants.)
- Implemented a loan origination system to handle the retail loans

The company now is focusing on 2 Product Lines

- Wholesale Finance
- Retail Finance

WHOLESALE FINANCE

Wholesale finance segment is primary segment of the company. Within this segment company offers loans for

- Wholesale Mortgage - Large : Construction finance loans for Group housing projects
- Wholesale Mortgage - Small : Construction finance & Working Capital Loans for Builder floors in South Delhi and Gurgaon
- Wholesale Mortgage - LAP : Loan Against Property to corporates against commercial properties and schools in Delhi NCR region



Wholesale Lending is a fully secured product with ticket size in the range of ₹2-20 Crores, and collaterals being 2-2.5 times the loan amount. Company has been giving such loans since 2011 in the NCR region, and it has created a niche market for itself with flexibility in structuring the loans and better domain knowledge. Till date no loan in Wholesale lending has turned into NPA for the company, despite the challenges seen in the real estate sector. The company goes into a detailed legal & financial due diligence and closely monitors the portfolio to see if there are any early signs of trouble.

For group housing projects, the company offers loans when project is near completion which reduces the execution and regulatory risk. It extends loans only in those micro markets where end user demand exists, or popular colonies of Delhi where user demand is driving redevelopment and JV projects.

CSL is very optimistic about growth in this segment. The informal channels of funding have dried up post demonetisation and the company has created a niche for itself in this product line. It is a well known brand in its chosen micromarkets. It is known for its quick turnaround time and honoring its word. The company aims to build innovative product lines as per market requirements. It has also built dedicated team for sourcing and credit underwriting in this segment.

RETAIL FINANCE

Over the years, SME has emerged as an important segment, driving the growth of Indian economy. SME segment is highly underserved in terms of its funding requirements and the company sees huge opportunities for growth in this space.

The company seeded the initial team in 2016 and since then has gradually built its retail presence in Northern India. In this segment the company initially launched 2 products.

- SME Secured Business Loans : Loans in the range of ₹5-30 Lakhs, secured by adequate collateral given to small traders and business owners. Tenure is 3-7 years
- SME Unsecured Business Loans : Loans in the range of ₹2-5 Lakhs, given to meet the working capital

requirements of the businesses. Tenure of these loans is 1-3 years

This year was the first full year of operations for our SME Retail division. During the year company opened 9 new branches and has 12 branches operational as on 31st March, 2018.

CSL started its SME Lending by focusing on selected markets like Delhi NCR, Punjab and Haryana and subsequently expanded operations in Rajasthan and Uttarakhand. Currently it has branches at

BRANCHES
New Delhi
Panipat
Ambala
Yamunanagar
Patiala
Ludhiana
Jalandhar
Dehradun
Kota
Jaipur
Jodhpur
Ajmer

The company has further plans to expand into Gujarat in the coming year.

FINANCIAL PERFORMANCE HIGHLIGHTS

The financial performance of the company was robust during the year.

- Revenue from lending operations grew by 75.63% from ₹23.55 Crores in FY 2016-17 to ₹41.36 Crores in FY2017-18.
- AUM grew by 108.37% to ₹281.22Crores in FY 2017-18 from ₹134.96Crores in FY2016-17.
- NII grew by 70.23% to ₹39.51 Crores in FY2017-18 from ₹23.21 Crores in FY2016-17.

- PBT of the company grew by 8.41% from ₹23.78 Crores in FY2016-17 to ₹25.78 Crores in FY2017-18.
- PAT of the company grew by 10.11% from ₹16.42 Crores in FY2016-17 to ₹18.08 Crores in FY2017-18.

The performance was led by growth in our wholesale lending segment where AUM grew by 109.72% to ₹265.19 Crores in FY2017-18 from ₹126.45 Crores in FY2016-17. Our SME segment also did well in its first year of operation. AUM of SME segment has grown to ₹16.03 Crores in FY2017-18.

HUMAN RESOURCES

Till last year, CSL Finance did not have a formal Human Resource department as we had a small team, and most of the employees were associated with the company for over a decade. Now with the Retail lending rollout, the business started growing and we felt a need for dedicated hiring and employee retention team. We created a formal HR Department, which has streamlined our recruitment process and has also taken several initiatives like a employee friendly Human Resources Management System, Rewards and Recognition Program and a formal Employee Connect program. We have also worked to streamline the HR processes to ensure employee engagement from Joining to Exit. All these efforts have resulted in greater employee satisfaction, and better employee retention. Our aim is to be a employee friendly organization and we are working steadily towards becoming one. As on 31st March, 2018 our total employee base is 85.

THREATS

While we are quite optimistic about the opportunities that lie ahead there could be certain threats that may impact the growth of financial services in India

- Impending Lok Sabha elections in 2019 may give up a divided mandate which may result in a unstable government which may not take decisive steps required for growth
- The trade dispute between USA and China may escalate and create financial turmoil across global financial markets
- The high NPAs of the PSU Banks, may continue to

“RERA & GST are expected to bring structural reform in the sector, resulting in consolidation, increased transparency and sustained growth in the coming years.

hamper their balance sheet and that can trigger a credit squeeze, resulting in high interest rates and slowdown in the economy

- Oil prices continue to rise higher, delivering a macro shock to Indian economy and further delaying the revival of the Capex cycle.

OUTLOOK AND STRATEGY

The Indian economy is expected to double from USD 2.5 Trillion in 2018 to USD 5.0 Trillion by 2025 as per government estimates. The structural changes driven by the GST implementation, Insolvency Norms and opening of Jan Dhan accounts will result increasing financial intermediation in the economy. The formalisation of the economy will drive increasing demand for credit which will largely be captured by Private sector banks and NBFCs.

CSL Finance is gearing up to take advantage of this unfolding opportunity, by developing new product lines and expanding into new geographies. Our wholesale finance business is well established and we are establishing the foundation of our retail finance business which is expected to drive our growth in the coming years. It has hired some of the best talent in the industry and is striving to use technology to cut down its operational costs and turnaround times.

With the successful implementation of its diversification strategy, the company aims to scale up its balance sheet and create a niche for its lending products. The company aspires to be among the best in terms of cost structure and customer orientation and work towards meeting the expectations of all its stakeholders.

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of CSL Finance Limited will be held on Saturday, 29th day of September 2018 at 10:30 a.m. at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074, to transact the following business:-

ORDINARY BUSINESS

Item No.1 – Adoption of Financial Statements

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the Financial Year ended 31st March, 2018 together with the Director’s Report and Independent Auditor’s Report thereon as circulated to the members and laid before the meeting be and are hereby received, considered, approved and adopted.”

CSL Finance Limited

Regd. Office:

8/19, Ground Floor, W.E.A.,
Pusa Lane, Karol Bagh,
New Delhi-110005
(CIN: L74899DL1992PLC051462)

Place: New Delhi

Date: 27th August 2018

Item No.2 – Declaration of Dividend

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the dividend of ₹1.50 per equity share as recommended by the Board of Directors of the Company at their meeting held on 29th May, 2017, be and is hereby approved and declared for the year ended 31st March, 2018.”

Item No.3 – To appoint a director in place of Mr. Ashok Kumar Kathuria (DIN: 01010305), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Ashok Kumar Kathuria (DIN: 01010305), who retire by rotation and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

By order of the Board of Directors

**Sd/-
Akash Gupta
Company Secretary & Legal Head**

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED AND MUST BE DEPOSITED AT THE OFFICE OF THE REGISTRAR AND SHARE TRANSFER AGENTS OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.** The proxy holder shall prove his identity at the time of attending the meeting. The Proxy form is attached herewith. Proxy/Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/authority, as applicable. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. When a member appoints a proxy and both the member and proxy attend the meeting, the proxy stands automatically revoked.
3. Requisition for inspection of proxies shall have to be made in writing by members entitled to vote on any resolution three days before the commencement of the meeting.
4. Proxies shall be made available for inspection during 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.
5. Only registered members of the Company or any proxy appointed by such registered member may attend and vote at the meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/she can participate in the meeting but not vote.
6. Corporate members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013/Power of Attorney authorizing their representative(s) to

attend and vote on their behalf at the meeting.

7. In terms of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, dividends which remain unpaid/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company for the year ended 31st March, 2017 have to be transferred to the said fund by 12th October, 2024. Shareholders are requested to encash the dividend before the due date of transfer i.e. 12th October, 2024. Shareholders are also advised to encash the unpaid Dividend Warrants for the year ended 31st March, 2017, before transfer to the above referred fund by writing a request to the Company Secretary, CSL Finance Limited at its registered office. No claim will be entertained thereafter by the Company. The details of the dates on which dividend should be transferred to the aforesaid fund is given below:-

Financial Year	Date of Declaration	Due for transfer
2017-18	5 th September, 2017	12 th Oct., 2024

The Company has uploaded the information in respect of the unpaid/ unclaimed dividend amounts lying with the Company, as on the date of the last meeting held on 5th September, 2017, on the website of the Company viz., www.csloffinance.in.

8. Shareholders may note that the Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of shareholders.
9. Pursuant to SEBI Circular, the Company has sent letter on 16th July, 2018 to all the concerned shareholders who hold Equity Shares in physical mode and whose ledger folios do not have/have incomplete details with regard to their PAN and Bank Account details to intimate complete bank particulars and PAN to the Company's RTA. Members are requested to kindly adhere to the same.

10. SEBI vide its circular dated 8th June, 2018 amended the provisions of SEBI (LODR) Regulations, 2015, pursuant to which the transfer of shares shall be possible only when such shares are held in dematerialised form. The circular shall be effective within 180 days from the date of publication on the official gazette i.e. 6th December, 2018. In view of the said mandate, Members holding shares in physical form are requested to get their shares dematerialized at the earliest.
11. Members holding shares in physical form and wishing to make/ change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination) to the Company.
12. Members desirous of any information/clarification on the accounts are requested to write to the Company at least 10 days in advance so as to enable the management to keep the same ready at the Annual General Meeting.
13. The Notice is being sent to the shareholders, whose names appear in the Register of Members/List of Beneficial owners as at the end of business hours on 24th August, 2018.
14. The Register of Members and Share Transfer Books of the Company shall remain closed from 23rd September, 2018 to Thursday, 29th September, 2018 (both days inclusive) for determining the name of members eligible for dividend on equity shares, if declared at the meeting.
15. Dividend on Equity Shares, if declared at the meeting, payment of such dividend shall be made on or before 29th October, 2018 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on 22nd September, 2018 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on 22nd September, 2018 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').
16. The Members holding shares in demat mode are requested to update with their respective Depository Participants, their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company/Registrar and Share Transfer Agents viz. MAS Services Limited, at the address – T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 before Saturday, 22nd September, 2018 by quoting the reference number and attaching a photocopy of the cancelled cheque leaf of their bank account and a self-attested copy of their PAN card.
17. Members/Proxies are requested to bring the attendance slip (annexed to this notice) duly filled in for attending the meeting.
18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
19. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
20. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar & Transfer Agents, MAS Services Limited.
21. As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are requested to bring their copies of the Annual Report to the meeting.
22. The route map and prominent landmark of the venue of the meeting is provided in this Notice.
23. **VOTING THROUGH ELECTRONIC MEANS**
 - a) In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules and as per Regulation 44 of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, the Company is pleased to provide the facility of voting through electronic means in respect of business to be transacted at the meeting and the business may be transacted through e-voting services provided by NSDL.

- b) The facility of voting through ballot or polling paper shall also be made available for the members at the meeting who have not been able to vote electronically and who are attending the meeting. The members who have cast their vote electronically would be entitled to attend the meeting but would not be permitted to cast their vote again at the meeting. The facility to vote by electronic voting system will not be provided at the meeting.
- c) The remote e-voting period commences on Wednesday, 26th September, 2018 (9.00 A.M. IST) and ends on Friday, 28th September, 2018 (5.00 P.M. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on 22nd September, 2018 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Friday, 28th September, 2018 after 5.00 P.M. IST. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently. At the end of the remote e-voting period, the said facility shall forthwith be blocked.
- d) The results of the remote e-voting and poll in the AGM shall be declared within 48 hours of conclusion of the AGM on the website of the Company and also will be intimated to the Stock Exchanges.
- e) Members who are not members as on the cut-off date shall treat this notice for information purposes only.
- f) Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon up to the date of the Meeting. This notice and the Annual Report will also be available on the Company's website <https://www.csfinfance.in> for download.

Process and Manner for Members Opting for Remote E-Voting

The instructions for remote e-voting are as follows:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL's e-voting system.

Step 1 : How to log-in to NSDL e-voting website

1. Visit the e-voting website of NSDL by opening your web browser and typing the following URL: <https://www.evoting.nsdl.com/> either on a desktop computer/laptop or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can login at <https://e-services.nsdl.com/> with your existing IDEAS log-in details. Once you login to NSDL e-services after using your log-in credentials, click on 'e-voting' and you can proceed to step 2 i.e. cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 106956 then user ID is 106956001***

5. Your password details are given below:
 - a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and change your password, as prompted by the system.
 - c. How to retrieve your 'initial password'?
 - i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment (it will be a .pdf file). Open the file. The password to open the file is your 8-digit client ID for NSDL account or the last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
 - a. Click on "Forgot User Details/Password?" (for those holding shares in demat accounts with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. A 'Physical User Reset Password?' (for those holding shares in physical mode) option is also available on www.evoting.nsdl.com.
 - c. If you are still unable to get the password following the aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, click on "Login" button
9. After you click on the "Login" button, the home page of e-voting will open.

Step 2

How to cast your vote electronically on NSDL e-Voting system.

1. After successful logging in following Step 1, you will be able to see the home page of e-voting. Click on e-Voting. Then, click on 'Active Voting Cycles'.
2. Upon clicking on 'Active Voting Cycles', you will be able to see "EVEN" of all the companies in which you hold shares and whose voting cycles are in 'active' status.
3. Select "EVEN" of Company for which you wish to cast your vote.
4. Now you are ready for e-voting as the voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Please remember that once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Instructions:

- i. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to skcs74@yahoo.com and investor@cslfinance.in with a copy marked to evoting@nsdl.co.in.

- ii. It is strongly recommended that you do not share your password with any other person and take almost care to keep your password confidential. Log in to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event you will need to go through the 'Forgot User Details/Password?' or the 'Physical User Reset Password?' Option available on www.evoting.nsdl.com, to reset the password.
- iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting user manual for shareholders available at the "Downloads" section of www.evoting.nsdl.com, or call on the toll-free no.: 1800-222-990, or contact Pallavi Mhatre, Assistant Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, at the designated email address: pallavid@nsdl.co.in /evoting@nsdl.co.in or at telephone no. +91 22 2499 4545 who will also address grievances connected with voting by electronic means.
- iv. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd September, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA. A person who is not a member as on the cut-off date should treat this notice for information purposes only. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on Cut-off Date. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the closing working hours of Cut-off Date and not casting their vote electronically, may cast their vote at the meeting.
- v. Mr. Sanjay Kumar, Practicing Company Secretary (CP No.5177), who has consented to act as the scrutinizer and is available for the purpose of ascertaining the requisite majority, has been appointed as the scrutinizer to scrutinize the remote e-voting process and poll in a fair and transparent manner.
- vi. The Chairman shall at the meeting, at the end of discussion on the resolutions on which voting is to be done, allow voting with the assistance of scrutinizer, by use of ballot or polling paper for all those members who are present at the meeting but have not cast their votes by availing the remote e-voting facility.
- vii. Scrutinizer shall immediately after the conclusion of the meeting will first count the votes cast at the meeting and thereafter unblock the votes in the presence of at least two witnesses not in the employment of the Company and within a period not exceeding 48 hours from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.
- viii. The results declared along with the Scrutinizer's Report will be posted on the Company's website www.csifinance.in and shall also be displayed on the Notice Board of the Company at its Registered Office. The result shall be communicated to BSE Limited and also to NSDL.
- ix. The Company has designated an exclusive email id viz investor@csifinance.in to enable the investors to post their queries/suggestions/grievances and monitor its redressal.

By Order of the Board of Directors

**Sd/-
Akash Gupta
Company Secretary & Legal Head**

Place: New Delhi

Date: 27th August, 2018

ANNEXURE TO THE NOTICE

Details of Mr. Ashok Kumar Kathuria, seeking re-appointment at the Annual General Meeting

Name of Director	Mr. Ashok Kumar Kathuria
DIN	01010305
Age	59 years
Nationality	Indian
Date of first appointment on Board	29 th October, 2005
Qualification	Bachelor of Arts
Brief resume and expertise in specific functional area	Mr. Kathuria has over 28 years of rich experience in managing back-end operations, liasoning and Administration across various projects and assignments. He is an arts graduate.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Shareholding in the Company	Nil
List of outside Directorships held	Nil
Chairmanship/member of the committee of the Board of Directors of other companies in which he/she is a director	Nil
No. of Meetings of the Board attended during the year	No. of meetings held: 10 No. of meetings attended: 10



DIRECTOR'S REPORT

DIRECTOR'S REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 26th Annual Report along with the Audited financial statements of the Company for the financial year ended 31st March, 2018

1. FINANCIAL PERFORMANCE

(₹ in Crores)			
Sl. No.	Particulars	Current Year 31-03-2018	Previous Year 31-03-2017
1.	Total Revenue	41.46	40.66
2.	Profit before Tax	25.78	23.78
3.	Tax	7.70	7.35
4.	Profit After taxes	18.08	16.42

2. DIVIDEND

The directors recommend for consideration of the members at the ensuing annual general meeting payment of dividend of ₹1.50 per equity share of the face value of ₹10/- each for the financial year 2017-18. The amount of dividend and tax thereon aggregate to ₹106.59 Lakhs.

3. TRANSFER TO RESERVES

The company transferred ₹3.62 Crores to Statutory Reserves in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

4. CAPITAL ADEQUACY

Capital Adequacy as at 31st March, 2018 stood at healthy 65.35% which is well above the Minimum regulatory norms for non-deposit accepting NBFCs.

5. CREDIT RATING

The Credit Rating enjoyed by the Company from Care Ratings Limited as on 31st March, 2018, is as given below:

Credit Rating Agency	Instrument	Rating as on 31-03-2018	Migration during the FY 2017-18
CARE	Fund Based – LT – Cash Credit	CARE BBB; Stable	No Change*

*Earlier, the credit rating issued was for working capital limit of ₹60 crores. During the year 2017-18, the rating was revised for working capital limits of ₹120 crores.

6. BORROWING

During the year under review, your company raised a total of ₹60 crores from banks and financial institutions. As on 31st March, 2018, the borrowings of the company stand at ₹120 crores. No interest payment or principal repayment of the loan facilities availed by your company from banks/financial institutions was due and unpaid as on 31st March, 2018. The assets of the company which are available by way of security are sufficient to discharge the claims of the banks and Financial Institutions as and when they become due.

7. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review as stipulated in Regulation 34 of the Listing Regulations, 2015 is annexed to this Report.

8. CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed to this Report. The certificate received from the Auditors of the Company confirming compliance to the conditions of Corporate Governance as stipulated in Regulation 34 and Schedule V to the Listing Regulations, 2015, is annexed to Report on Corporate Governance.

9. DEPOSITS

Being a non-deposit taking Company, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and provisions of Companies Act, 2013.

10. RBI GUIDELINES

The Company continues to comply with all the regulations prescribed by the Reserve Bank of India, from time to time.

11. SUBSIDIARIES COMPANIES, JOINT VENTURES AND ASSOCIATES

The Company has no subsidiary Company. The Company has not entered into any joint venture. The company has two Associate companies; Catalyst Financial Services Private Limited and CSL Capital Private Limited.

12. NUMBER OF MEETINGS OF THE BOARD

The Board met 10 times in the Financial Year 2017-18 viz., 16th May, 2017, 23rd May, 2017, 10th August, 2017, 14th August, 2017, 30th August, 2017, 18th September, 2017, 13th November, 2017, 28th November, 2017, 1st January, 2018 and 25th January, 2018. The maximum time interval between any two meetings did not exceed 120 days.

13. COMMITTEES OF THE BOARD

The details of all the Committees of the Board along with their charters, composition and meetings held during the year, are provided in the Report on Corporate Governance which forms part of this Annual Report. The Board has accepted all the recommendations of the Audit Committee.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March, 2018, the Board of your Company consists of four Directors and two Key Managerial Personnel as follows:

Name	Category
Mr. Rohit Gupta	Managing Director (Executive Promoter Director)
Mr. Ashok Kumar Kathuria	Non-executive Promoter Director
Mr. Manoj Gupta	Non-executive Independent Director
Ms. Anjna	Non-executive Independent Director (Woman Director)
Mr. Naresh Chandra Varshney	Chief Financial Officer
Mr. Akash Gupta	Company Secretary and Legal Head

The composition of the Board is as per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Directors are having vast knowledge and experience in their relevant fields and the Company has benefited immensely by their presence in the Board.

a) Directors

APPOINTMENT

During the financial year, your directors vide a resolution passed by them in their board meeting held on 16th May, 2017 and regularized

by the shareholders in their meeting on 5th September, 2017 had appointed Mr. Manoj Gupta (DIN: 01160953) as the Independent Director in the capacity of Non-Executive Director with effect from 16th May, 2017.

RETIREMENT BY ROTATION

In accordance with the provisions of the Companies Act, 2013 and Regulation 36 of the Listing Regulations, Mr. Ashok Kumar Kathuria (DIN: 01010305), retires at the ensuing AGM, and being eligible offers himself for re-appointment. The brief resume/details relating to Director who is to be re-appointed is furnished in the Notice of the ensuing AGM.

The Board of Directors of your Company recommends the reappointment of the Director liable to retire by rotation at the ensuing AGM.

RESIGNATION

During the financial year, Mr. Kapil Aggarwal (DIN: 00032225) who was the Non-Executive Director of the Company had resigned from the Board of Directors with effect from 23rd May, 2017.

The Board of Directors placed on record their deep appreciation for the assistance and guidance provided by Mr. Kapil Aggarwal during his tenure as Director of the Company. The Company benefited immensely from his rich management experience.

INDEPENDENT DIRECTORS

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013 from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and in terms of Regulation 16 of Listing Regulations.

b) Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, and Regulation 17 (1) (a) of the SEBI (LODR) Regulations, 2015, the Company shall have at least one Woman Director on the Board. Your Company has Ms. Anjna, as the Woman Director on the Board of the Company.

c) Key Managerial Personnel

In accordance to the provisions of Companies Act, 2013, the following persons are the KMPs of the Company, as recorded by the Board as on 31st March, 2018:

Mr. Rohit Gupta : Managing Director
 Mr. Naresh Chandra : Chief Financial Officer
 Varshney
 Mr. Akash Gupta : Company Secretary &
 Legal Head

d) Changes in Key Managerial Personnel (KMP) during the FY 2017 - 18

During the year under review, Mr. Sandeep Kumar Lohani who had joined the company as 'Chief Executive Officer' was redesignated as Chief Strategy Officer w.e.f 27.01.2018, to help the company explore new growth avenue. He has recently resigned to pursue other growth opportunity.

15. PERFORMANCE EVALUATION

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013 and in accordance to Regulation 17(10) of the Listing Regulations, 2015, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the Directors. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of functioning mechanism of the Board and Committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report annexed to this Report.

16. RELATED PARTY TRANSACTIONS

During FY 2017-2018, the Company entered into transactions with related parties pursuant to approval of the Audit Committee. The details of such transactions were placed before the Committee for noting/review. All related party transactions entered into during FY2018 were on an arm's length basis and in the ordinary course of business under the Companies Act, 2013 and not material under

Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the Listing Regulations) and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations. During FY2017-18, there were no related party transactions requiring disclosure under section 134 of the Companies Act, 2013. A policy on materiality of related party transactions and dealing with related party transactions is placed on the Company's website <https://www.cslfinance.in>.

17. FRAUD REPORTING

During the year under review, neither the Statutory Auditors nor the Secretarial Auditors has reported to the Audit Committee under Section 143(12) of Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which needs to be mentioned in the Board's Report.

18. BOARD'S INDEPENDENCE

The definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013. Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Listing Regulations, 2015 and Section 149(6) of the Companies Act, 2013 :-

- i. Ms. Anjna (DIN: 07143461)
- ii. Mr. Manoj Gupta (DIN: 01160953)

19. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act 2013 that the Independent Directors of the company meet with the criteria of their independence laid down in Section 149 (6) of the Companies Act, 2013.

20. FAMILIARISATION PROGRAMME

In compliance with the requirement of Regulation 25 of Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarise them about the Company and their roles, rights, responsibilities in the Company. The details of the familiarisation programme are explained in the Corporate

Governance Report. The same is also available on the website of the Company i.e. www.csfinance.in.

21. DIRECTOR'S RESPONSIBILITY STATEMENT

- a. Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that, to the best of their knowledge and belief that in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable Accounting Standards have been followed
- b. that the Directors have selected such Accounting Policies and applied them consistently and made judgment 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 profits or loss of the company for the year under review.
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities
- d. that the Directors had prepared the annual accounts for the financial year ending 31st March, 2018 on a going concern basis.
- e. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

No significant or material order was passed by the Regulators or Court or Tribunal which impact the going concern status operations of your Company in future.

23. NOMINATION AND REMUNERATION POLICY

The Board has on the recommendation of Nomination and Remuneration/Compensation Committee framed a policy on directors' appointment and remuneration of Directors including criteria for determining qualification,

positive attributes, independence of directors and remuneration for Directors, Key Managerial Personnel and other employees.

24. SECRETARIAL STANDARDS OF ICSI

The company is compliant with all the secretarial standards in place.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments are given in the notes to the Financial Statements.

26. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188

During and subsequent to the year under review, the contracts or arrangements with related parties have been on arm's length and in ordinary course of business and they were not material in nature. Accordingly, the particulars of the transactions as prescribed in Form AOC-2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013 are not required to be disclosed as they are not applicable.

27. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment of women at the workplace. The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committee was carried out as per letter and spirit contained in the provisions of the Act. During the FY 2017-2018, the Company has not received any complaint of sexual harassment and hence there were no complaints pending for redressal as on 31st March, 2018. The Company had conducted 4 workshops/awareness programs regarding women empowerment during the year under review.

28. FAIR PRACTICE CODE (FPC)

The Company has in place, a Fair Practice Code approved by the Board in compliance with the guidelines issued by the RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is posted on the website of the Company. The FPC is also reviewed by the Board at frequent intervals to ensure its level of adequacy and appropriateness.

29. STATUTORY AUDITORS & THEIR REPORT

M/s. Aggarwal & Rampal, Chartered Accountants were appointed as Statutory Auditors of your Company at the Twenty Fifth Annual General Meeting (AGM) held on 5th September, 2017, from the conclusion of the said AGM till conclusion of Thirtieth Annual General Meeting. As per the provisions of Companies Act, 2013 read with rules made thereunder.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

30. SECRETARIAL AUDITORS & THEIR REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed Mr. Sanjay Kumar, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report for Financial Year 2017-18 has been appended as Annexure-I to this Report.

31. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed to this Director's Report.

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors of the company had constituted the Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of Companies Act, 2013 read with rules formulated therein. The CSR Policy of the Company has been annexed to this Report.

33. THE STATE OF THE COMPANY'S AFFAIRS

During the year under review the performance of

the company has been good, even despite the challenges in the operating environment. The company continues to run a loan book with an excellent portfolio quality. Though credit growth is yet to pick up, going ahead the company sees ample opportunities in the secured lending segment and is looking to scale up its loan book in the years to come.

34. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there has been no change in the nature of business of the company. In order to expand, the company has forayed into Retail SME lending and has opened branches in Delhi, Ambala, Panipat, Yamunanagar, Ludhiana, Jalandhar, Patiala, Dehradun, Jaipur, Kota, Ajmer, Jodhpur and Ahmedabad. The branches have commenced operations and are expected to contribute to the Company's growth in the coming years.

35. MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent directors in their meeting held on 24th March, 2018 reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the company; and also assessed the quality, quantity and timelines of flow of information between the company management and the Board in line with the requirement of Listing Regulations, 2015 read with applicable provisions of Schedule IV of the Companies Act, 2013.

36. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company has established a 'Whistle Blower Policy and Vigil Mechanism' for directors and employees to report to the appropriate authorities concerns about unethical behavior, actual or suspected, fraud or violation of the Company's code of Conduct. The said policy has been uploaded on the website of the Company at www.csfinance.in. The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

37. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

- Capital: During the year, your company issued:

Sl. No.	No. of fully paid up equity shares	Date of Allotment	Purpose
1	1222000	18.09.2017	Shares were issued on preferential basis to the non-promoter category.

- Transfer of shares pursuant to Scheme of Amalgamation passed by the Hon'ble NCLT:
During the year under review, Hon'ble NCLT passed the Scheme of Amalgamation between CSL Holdings Private Limited and CSL Finance Limited vide its order 31.05.2017 and on 20.06.2018 the Ministry of Corporate affairs approved the amalgamation of CSL Holdings Private Limited into CSL Finance Limited. Pursuant to Scheme of Amalgamation the 34,33,363 (73.33%) equity shares of CSL Finance Limited which were held by CSL Holdings Pvt Ltd were transferred the shareholders of CSL Holdings Pvt. Ltd. (pursuant to the Scheme). The details with respect to the shares transferred pursuant to Scheme of Amalgamation are available in the MGT-9 below.

38. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE INFLOW/OUTFLOW, ETC.

The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are not applicable to the Company since it doesn't own any manufacturing facility.

39. RISK MANAGEMENT POLICY AND INTERNAL CONTROL

The Company has adopted a Risk Management Policy to identify, assess, monitor and mitigate various risks to its key business objectives. Major risks, if any identified, are systematically addressed

through corrective measures on a continuing basis. The Company's internal control systems are commensurate with the nature of its business and the size and complexity.

40. CSL EMPLOYEE STOCK OPTION SCHEME, 2016

Your company had formulated and implemented Employee Stock Option Scheme, 2016 in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 including any amendments thereto. The Nomination and Remuneration Committee of the Board of Directors of the company, inter alia, administers and monitors the CSL ESOS, 2016 in accordance with the applicable SEBI regulations.

The details of the options granted and outstanding as on 31st March, 2018 alongwith other particulars as required by Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014) is available on the website of the Company i.e. www.csllfinance.in and the Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

41. DISCLOSURE PURSUANT TO RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Ratio of Remuneration of each director to the median remuneration of the employees for the financial year:

The remuneration is paid by company to Mr. Rohit Gupta, Managing Director of the company. No other director was paid any remuneration during the year. The ratio of the remuneration of Mr. Rohit Gupta to the median employee's remuneration is as follows:

Median Employee's Remuneration : ₹2,96,000/-
Annual Salary of the Managing Director : ₹84,00,000/-

Ratio (remuneration of MD: remuneration of median employee) : 0.035:1

Percentage increase in remuneration of each director, Chief Financial officer, chief Executive Officer, Company Secretary of Manager, if any, in the Financial year:

Directors/KMP	Designation	%increase in remuneration
Rohit Gupta	Managing Director	Nil
Naresh Chandra Varshney	Chief Financial Officer	59.82
Akash Gupta	Company Secretary	28.34

Percentage increase/decrease in the median remuneration of employees in the financial year:

The percentage decrease in the median remuneration of employees in the financial year 2017-18 is 11.90%

Number of permanent employees on the rolls of company at the end of the year:

82 permanent employees are on the roll of the company at the end of the financial year 2017-18.

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There has been no increase in the managerial remuneration during the financial year under review. Therefore, there were no exceptional circumstances and hence no justification required for the same.

Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company is in compliance with its remuneration policy. The company has in place the Nomination and Remuneration Committee to monitor the same.

42. APPRECIATION

Your Directors would like to record their appreciation for the hard work and commitment of the Company's employees and warmly acknowledge the unstinting support extended by its bankers, alliance partners and other stakeholders in contributing to the results. And last but not the least we put our sincere thanks to the shareholders for the confidence reposed by them in the company and looking forward to have the same support in the coming time.

43. CAUTIONARY STATEMENT

Statements in the Board's Report and Management Discussion and Analysis, describing the Company's objectives, outlook, opportunities and expectations may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied expectations or projections, among others. Several factors make a significant difference to the Company's operations including the government regulations, taxation and economic scenario affecting demand and supply, natural calamity and other such factors over which the Company does not have any direct control.

For on & behalf of the Board

Sd/-
Rohit Gupta
Managing Director
(DIN:00045077)

Sd/-
Ashok Kumar Kathuria
Director
(DIN: 01010305)

Place: New Delhi

Date: 27th August, 2018

Annexure - 1 To Board's Report
Annual Report on Corporate Social Responsibility (CSR) Activities
[Pursuant to clause (o) of sub-section (3) of section 134 of the Act
and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

COMPANY'S CSR POLICY

1. A Brief Outline Of The Company's CSR Policy:

CSL firmly believes that it has a commitment to all its stakeholders, customers, employees and the community in which it operates and it can fulfill this commitment only by sustainable and inclusive growth. The Company aims to improve quality of life through its positive intervention in the community. CSL's key CSR initiatives is undertaken with a long-term view. Initiatives that are sustainable, have long-term benefits to the society at large, but which do not result in business benefits.

Web-link of the CSR Policy:

The CSR Policy adopted by the Company may be referred to, at the web-link <http://www.csfinance.in/codes-and-policies/>

2. Composition Of CSR Committee

- Rohit Gupta, Chairman
- Ashok Kumar Kathuria
- Anjna

3. Average Net Profit of the company for the last three financial years

Average Net Profit of the company for the last three financial years is ₹1,795.43 Lakhs.

4. Prescribed CSR expenditure (2% of the amount as in item no.3 above)

The Company was required to spend ₹35.91 Lakhs based on the average net profit mentioned in Para 3 above.

5. Details of CSR spent during the financial year

- i. Total amount spent for the financial year: ₹36 Lakhs
- ii. Amount unspent, if any : Nil

6. Manner in which the amount spent during the financial year is detailed below

Sl. No.	CSR Project/Activity identified	Sector under which the project is covered	Location of project	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Florence Nightingale Education Society	Education	PS-2, C-3 Block, Ashok Vihar, Phase – II, Delhi- 52	20 Crores	18 Lakhs	10 Crores	Direct
2	Jindal Charitable Society	Education	Sector 16B, Phase II, HAF, Pocket A, Dwarka, New Delhi - 75	38 Crores	18 Lakhs	19 Crores	Direct

Note: Details as provided to the company.

7. CONTACT

For queries related to the CSR Policy, please write to us at: investor@csfinance.in

8. RESPONSIBILITY STATEMENT

The CSR Committee confirms that the implementation and monitoring of CSR activities of the Company are in compliance with the CSR objectives and CSR policy of the Company.

Annexure - 2 to Board's Report**Form No. MR-3****Secretarial Audit Report****For The Financial Year Ended 31 March, 2018****[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The members

CSL Finance Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CSL FINANCE LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I, hereby, report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2018 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- VI. Other specific business/industry related laws that are applicable to the Company, viz.



- NBFC – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Regulations, Guidelines, Circulars, Notifications, etc.

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India;
- The Listing Agreement entered into by the Company with the BSE Limited (BSE) and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that;

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period there were:

Preferential issue of 12,22,000 equity shares having face value of ₹10/- each on issue price of ₹390/- to non-promoter category

- Redemption / buy-back of securities – NIL.
- Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – Nil.
- Merger/ amalgamation/ reconstruction, etc. – The company had received the final order sanctioning the Scheme of Amalgamation between CSL Holdings Private Limited and CSL Finance Limited from the Hon'ble National Company Law Tribunal on 31st May, 2017. The copy of this order was filed with the Registrar of Companies and the same was approved by the Registrar of Companies on June 20, 2017. CSL Holdings Private Limited stands amalgamated as on date. The company has duly completed the process of allotting the shares to the shareholders of CSL Holdings Private Limited pursuant to the Scheme of Amalgamation.
- Foreign technical collaborations – NIL.
- Other Events –
 - Change in designation of Mr. Sandeep Kumar Lohani: Mr. Sandeep Kumar Lohani was designated as Chief Strategy Officer w.e.f. 27th January, 2018 to explore new growth avenues along with focussing on Institution building.

Sd/-

Sanjay Kumar

FCS-5569

CP No: 5177

Place: New Delhi

Date: 27th August, 2018

Annexure - 3 to Board's Report**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Particulars	Details
CIN	L74899DL1992PLC051462
Registration Date	28.12.1992
Name of the Company	CSL Finance Limited
Category/Sub-Category of the Company	Public Company/ Limited by Shares
Address of the Registered office and contact details	8/19, Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi-110005 Tel.: +91-11-42503441-44 Fax: +91-11-42503444 Email: info@cslfinance.in Website: www.cslfinance.in
Whether listed company	Yes, listed on BSE Limited
Name, Address and Contact details of Registrar and Transfer Agent, if any	MAS Services Limited T-34, II nd Floor, Okhla Industrial Area Phase-II, New Delhi-110020 Tel.: +91-11-26387281- 83 Fax: +91-11-26387384 Email: info@masserv.com Website: www.masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

Sl. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	NBFC engaged in lending & allied services	65923	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable section
1.	CSL Capital Private Limited Regd Office: 8/19, Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi- 110005	U65921DL1993PTC219701	Associate	36.16	2(6) of Companies Act, 2013
2.	Catalyst Financial Services Pvt. Ltd. Regd Office: 8/19 Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi - 110005	U65923DL2015PTC283728	Associate	49.00	2(6) of Companies Act, 2013



IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	13,66,931	-	13,66,931	23.15	23.15
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	35,01,968	-	35,01,968	74.79	21,35,037	-	21,35,037	36.16	(38.63)
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	35,01,968	-	35,01,968	74.79	35,01,968	-	35,01,968	59.31	(15.48)
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter= (A)(1) + (A)(2)	35,01,968	-	35,01,968	74.79	35,01,968	-	35,01,968	59.31	(15.48)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	50	-	50	0	0
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Portfolio Investors)	-	-	-	-	12,941	-	12,941	0.22	0.22
Sub Total (B)(1)	-	-	-	-	12,991	-	12,991	0.22	0.22
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,64,449	35,100	2,99,549	6.40	9,33,987	35,100	9,69,087	16.41	10.01
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual Shareholders holding nominal share capital upto ₹2 Lakh	4,75,980	1,18,425	5,94,405	12.69	7,22,608	1,07,825	8,30,433	14.07	1.38
ii) Individual shareholders Holding nominal share capital in excess of ₹2 Lakh	1,55,975	-	1,55,975	3.33	4,19,272	-	4,19,272	7.10	3.77
c) NBFCs Registered with RBI	-	-	-	-	700	-	700	0.01	0.01
d) (Non Resident Indian non-repeat/ Non Resident Indian repeat/OCB)	14,289	79,800	94,089	2.01	82,907	68,800	1,51,707	2.56	0.55
e) Others (Clearing Member)	36,221	-	36,221	0.77	18,049	-	18,049	0.31	(0.46)
Sub Total (B)(2)	9,46,914	2,33,325	11,80,239	25.21	21,77,523	2,11,725	23,89,248	40.47	15.26
Total public shareholding (B)=(B)(1)+(B)(2)	9,46,914	2,33,325	11,80,239	25.21	21,90,514	2,11,725	24,02,239	40.69	15.48
C. Shares held by Custodian for ADRs & GDRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	44,48,882	2,33,325	46,82,207	100	56,92,482	211,725	59,04,207	100	26.10

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	CSL Capital Private Limited	68,605	1.47	-	21,35,037	36.16	-	34.69
2.	Rohit Gupta	Nil	-	-	12,54,799	21.25	-	21.25
3.	Deepak Gupta	Nil	-	-	26,814	0.45	-	0.45
4.	Sat Paul Gupta	Nil	-	-	21,939	0.37	-	0.37
5.	Ridhima Gupta	Nil	-	-	24,377	0.41	-	0.41
6.	Rachita Gupta	Nil	-	-	19,501	0.33	-	0.33
7.	Kanta Rani	Nil	-	-	19,501	0.33	-	0.33

(iii) Change in Promoters' Shareholding:

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	CSL Holdings Private Limited	34,33,363*	73.33	34,33,363	73.33
	At the end of the year	Nil	-	Nil	-

*Pursuant to Scheme of Amalgamation between CSL Holdings Private Limited and CSL Finance Limited, the 34,33,363 shares were transferred to the Shareholders of CSL Holdings Private Limited on 30th August, 2017.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Share holding	Reasons	Cumulative Shareholding during the year (01.04.2017 - 31.03.2018)	
		No. of Shares at the beginning of the year (01.04.2017)/ end of the year (31.03.2018)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Aadi Financial Advisors LLP	Nil 3,85,000	6.52	01.04.2017 31.03.2018	3,85,000	Purchase	3,85,000	6.52
2.	Kothari Ventures LLP	Nil 3,85,000	6.52	01.04.2017 31.03.2018	3,85,000	Purchase	3,85,000	6.52
3.	Ajay Relan	38,921 141,242	0.83 2.39	01.04.2017 31.03.2018	1,02,321	Purchase	1,41,242	2.39
4.	Radhika Sharma	Nil 80,000	1.35	01.04.2017 31.03.2018	80,000	Purchase	80,000	1.35
5.	Madhuri Kela	30,800 80,000	0.66 1.35	01.04.2017 31.03.2018	49,200	Purchase	80,000	1.35
6.	Sachet Singh	48,275 57,000	1.03 0.97	01.04.2017 31.03.2018	571	Purchase	57,000	0.97
7.	Enpro Exports Private Limited	37,133 37,133	0.79 0.63	01.04.2017 31.03.2018	Nil	-	37,133	0.63
8.	Geecee Investments Ltd.	Nil 35,000	0.59	01.04.2017 31.03.2018	35,000	Purchase	35,000	0.59
9.	Sangeetha S	50,000 31,030	1.07 0.53	01.04.2017 31.03.2018	18,970	Sale	31,030	0.53
10.	Lloyds Finance Ltd.	Nil 30,800	0.52	01.04.2017 31.03.2018	30,800	Purchase	30,800	0.52

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		For Each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	Rohit Gupta Naresh Chandra Varshney (CFO)	Nil 1,906	0 0.04	12,54,799 1,906	21.25 0.04
	Date wise increase/ decrease in promoter's shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)		Nil			
	At the end of the year	Rohit Gupta Naresh Chandra Varshney (CFO)	12,54,799 55	21.25 0	12,54,799 55	21.25 0

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director:**

[₹]

Sl. No.	Particulars of Remuneration	Rohit Gupta			Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,00,000			84,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil			Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil			Nil
2.	Stock Option	-			
3.	Sweat Equity	-			
4.	Commission				
	- as % of profit				
	- others, specify	-			
5.	Others, please specify				
	Total(A)	84,00,000			84,00,000
	Ceiling as per the Act	90,00,000			90,00,000

B. Remuneration to other Directors: Nil

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors • Fee for attending board/ committee meetings • Commission • Others, please specify					
	Total (I)					
2.	Other Non-Executive Directors • Fee for attending board/ committee meetings • Commission • Others, please specify					
	Total (2)					
	Total (B) = (1+2)					
	Total Managerial Remuneration					
	Overall ceiling as per the Act					

C. Remuneration to Company Secretary:

Sl. No.	Particulars of Remuneration	Mr. Akash Gupta	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	13,53,000 Nil Nil	
2.	Stock Option	40,000	
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify		
5.	Others, please specify		
	Total (A)	13,53,000	
	Total	13,53,000	

VI) Penalties/Punishments/Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalties/ Punishment/ compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any (Give details)
Company		Nil			
Penalty		Nil			
Punishment		Nil			
Compounding		Nil			
Directors		Nil			
Penalty		Nil			
Punishment		Nil			
Compounding		Nil			
A. OTHER OFFICERS IN DEFAULT		Nil			
Penalty		Nil			
Punishment		Nil			
Compounding		Nil			

Annexure - 4 to Board's Report

Continuation Certificate on NBFC Business

To
The Board of Directors
CSL Finance Limited
8/19, Ground Floor, W.E.A., Pusa Lane,
Karol Bagh, New Delhi-110005

Dear Sir,

On the basis of books of accounts and other records for the year ended 31st March, 2018 produced to us by the management of CSL Finance Limited.

We certify that

The Company had applied for registration as provided in Section 45-IA of the Reserve Bank of India Act, 1934 and has been granted certificate of registration by Reserve Bank of India on 03rd March, 2003 having Registration No. B-14.00652

1. We certify that the Asset/Income Pattern of the company as on 31st March, 2018 makes it entitled to continue to hold certificate of registration. The company continue to undertake the business of NBFI during the year ended 31st March, 2018 requiring holding of certificate of registration issued to it by Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934.
2. The Company has passed a resolution for non-acceptance of public deposits as on 29.05.2017.
3. The Company has not accepted any public deposits during the year 2017-18.
4. The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and for provisioning of bad and doubtful assets as applicable to it in terms of Non-Banking Financial Company Non systemically Important Non-Deposit taking Company (Reserve Bank) Directions 2016.

For Aggarwal & Rampal
Chartered Accountants
FRN No: 003072N

Sd/-
Aditya Aggarwal
(Partner)
Membership No.: 515644

Place: New Delhi
Date: 04th June, 2018

Annexure - 5 to Board's Report Declaration on Code of Conduct

To,
The Board of Directors
CSL Finance Limited

I, Rohit Gupta, Managing Director of the Company, declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of the company laid down for them for the year ended 31st March, 2018.

**Sd/-
Rohit Gupta
Managing Director**

Place: New Delhi

Date: 27th August, 2018



A large, stylized gear or circular arrow graphic in a lighter shade of green, positioned on the left side of the cover, partially overlapping the text.

CORPORATE GOVERNANCE REPORT

BOARD'S REPORT ON CORPORATE GOVERNANCE

[As per regulation 34(3) read alongwith Schedule V(c) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 ("Listing Regulations, 2015")]

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company strongly believes that sound corporate governance in all its practices is critical not only for the creation of wealth for its stakeholders but for the better interest of the company in the long run. The company adheres to all the applicable laws and regulations. The company will keep on striving for further higher standards of corporate governance. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

Prevention of Insider Trading

The company has duly complied with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and has instituted a comprehensive code of conduct for prevention of Insider Trading in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013 which is available on <http://www.cslfinance.in>.

Whistle Blower Policy & Vigil Mechanism

The Company has adopted a Whistle Blower & Vigil Mechanism Policy pursuant to which employees of the company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the company available at www.cslfinance.in. The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

2. BOARD OF DIRECTORS

A. Composition of Board

The Company has a judicious mix of Executive, Non Executive and Independent Non-Executive Directors on its Board.

As on 31st March, 2018, there are four (4) directors on the Board of the company, out of which one (1)

director is a woman director, three (3) directors are Non-executive and two (2) amongst those are Independent directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations')

None of the directors of the Company are related inter-se to each other.

Name	Category
Mr. Rohit Gupta	Executive Promoter Director
Mr. Ashok Kumar Kathuria	Non-executive Promoter Director
Ms. Anjna	Non-executive Independent Director
Mr. Manoj Gupta	Non-executive Independent Director

B. Board Meetings

The Board met 10 times in financial year 2017-18 viz., 16th May, 2017, 23rd May, 2017, 10th August, 2017, 14th August, 2017, 30th August, 2017, 18th September, 2017, 13th November, 2017, 28th November, 2017, 1st January, 2018 and 25th January, 2018. The attendance at the Board Meetings during the financial year and the last Annual General Meeting as also the number of other Directorships and Committee Memberships are given below:

Name of Director	Category of Director	Attendance	
		Board Meeting	Last AGM
Mr. Rohit Gupta (DIN: 00045077)	Executive Promoter Managing Director	10	Yes
Mr. Ashok Kumar Kathuria (DIN: 01010305)	Non-Executive Promoter Director	10	Yes
Mr. Manoj Gupta (DIN: 00032225)	Non-Executive Independent Director	10	Yes
Ms. Anjna (DIN: 07143461)	Non-Executive Independent Director	10	Yes

No. of other directorships and committee memberships as on 31st March, 2018 are as follows:

Name of Director	No. of other Directorship	No. of other Committee Memberships/ Chairmanships**
Mr. Rohit Gupta	3	Nil
Mr. Ashok Kumar Kathuria	Nil	Nil
Mr. Manoj Gupta	4	Nil
Ms. Anjna	Nil	Nil

**represents Memberships/ Chairmanships of Audit Committee and Investor Grievance Committee.

No shares or convertible instruments are held by the non-executive directors of the Company

C. Familiarisation Programme

In compliance with the requirement of Regulation 25 of Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarise them about the Company and their roles, rights, responsibilities in the Company. The details of the familiarisation programme are explained in the Corporate Governance Report. The same is also available on the website of the Company at www.csfinance.in.

D. Code of Conduct

The Board of Directors has laid down a code of conduct for all the board members directors and senior executive of the Company under the Listing Regulations, 2015. The Code of conduct is also updated at the website of the Company www.csfinance.in.

The Code has been circulated to all the board members and senior executives of the company who have affirmed compliance with this Code for the year ended 31st March, 2018.

3. COMMITTEES

As on 31st March, 2018, CSL Finance Limited has six Committees of the Board: -

1. Audit Committee
2. Nomination & Remuneration Committee
3. Investor Relation & Share Transfer Committee
4. Stakeholders Relationship Committee

5. CSR Committee

6. Internal Complaints Committee

The terms of reference of the aforesaid Committees is decided by the Board. Signed minutes of the Committee meetings are placed before the Board for noting. The role and composition including the number of meetings and related attendance are given below.

3.1 Audit Committee

Terms of Reference

The terms of reference of the Audit Committee is in accordance with the provisions of Section 177 of the Act, RBI Guidelines and Listing Regulations. Some of the important terms of reference of the Committee are as follows:

Your company has a qualified and independent Audit Committee, which act as a link between the management, the statutory and internal auditors and the board. The composition, powers role and scope are in accordance with the applicable provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing and disclosure Requirements) Regulation, 2015. All the members of the Audit Committee are financially literate and bring expertise in the fields of Finance, taxation, Economics, and Risk.

a) Financial Matters:

- i. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the Financial Statements are correct, sufficient and credible;
- ii. Reviewing with the management, the quarterly Unaudited Financial Statements and Annual Audited Financial Statements along with Limited Review Report/ Auditors Report thereon before submission to the Board for the approval. Reviewing of Annual Financial Statements inter alia including reviewing changes in Accounting Policies if any, major accounting entries involving estimates, significant adjustments made in Financial Statements, qualifications in draft Audit Report, if any etc.
- iii. Reviewing Management Discussion and Analysis of financial condition and results of operations; and
- iv. Scrutinising the inter-corporate loans and investments

b) Internal Controls, Audit and Auditors:

- i. Recommending the terms of appointment/re-appointment, remuneration and any other terms and conditions pertaining to the appointment/re-appointment, if required, replacement or removal of auditors, fixation of statutory audit fees and approval of payment for any other services rendered by the Statutory Auditors, as permitted under applicable laws;
- ii. Reviewing/monitoring the Auditor's independence and performance and
- iii. Effectiveness of audit process
- iv. Reviewing the adequacy of internal audit function and internal control systems including internal financial controls;
- v. Discussing the significant findings of the Internal Auditors with them and follow-up thereon; and
- vi. Reviewing significant audit findings, if any, from the statutory and internal audits

c) Other Matters:

- i. Approving all Related Party Transactions;
- ii. Evaluation of Internal Financial Controls, Risk Management Systems of the Company;
- iii. Appointment of Chief Financial Officer of the Company; and
- iv. Reviewing the functioning of Vigil/ Whistle Blower Mechanism.

The Audit Committee also has all the powers as specified in Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Composition of Audit Committee and Attendance during the year:

The Audit Committee comprises of 3 (three) non-executive directors as its members out of which, 2 (two) are non-executive independent directors and 1 (one) is non-executive promoter director. The Chairman of the Audit Committee is Non-Executive Independent Director.

The Chairman of the Audit Committee was present in

the last Annual General Meeting to answer shareholders query. During the year under review, the Audit Committee met 4 (four) times to deliberate on various matters and the gap between any two meetings was not more than 120 (one hundred and twenty) days. The required quorum was present in all such meetings.

Attendance of the members at the Audit Committee Meetings held during the year under review is as follows:

Members	Meeting Held During the year and Attendance			
	23.05.2017	14.08.2017	13.11.2017	25.01.2018
Ms. Anjna (Chairman)	Yes	Yes	Yes	Yes
Mr. Manoj Gupta (Member)	Yes	Yes	Yes	Yes
Mr. Ashok Kumar Kathuria (Member)	Yes	Yes	Yes	Yes
Mr. Akash Gupta (Secretary)	Yes	Yes	Yes	Yes

4. NOMINATION & REMUNERATION COMMITTEE**Terms of Reference**

The Board of Directors has adopted a Charter of Nomination and Remuneration Committee. Some of the important clauses of the Charter of the Committee are as follows:-

Review of matters by the Committee

1. Carry out evaluation of performance of all the directors of the Company;
2. Review overall compensation philosophy and framework of the Company;
3. Review outcome of the annual performance appraisal of the employees of the Company;
4. Conduct annual review of the Committee's performance and effectiveness at the Board level;
5. Examine and ensure 'fit and proper' status of the directors of the Company.

Approval of matters by the Committee

1. Formulate criteria for:
 - a. determining qualifications, positive attributes and independence of a director;
 - b. evaluation of independent directors and the Board;

2. Based on the Remuneration Policy of the Company, determine remuneration packages for the following:
 - a. Approve remuneration packages and service contract terms of Senior Management including the structure, design and target setting for short and long term incentives / bonus;
 - b. Approve framework and broad policy in respect of all employees for increments.
3. ESOPs and ESOSs: approve grant and allotment of shares to the eligible employees of the Company under the shareholders approved ESOS Scheme(s) and authorize any official of the Company to offer ESOSs to the new joiners in the Company in accordance with the authority matrix approved by the Committee from time to time;
4. Review and approve succession plans for Senior Management;
5. Approval of the annual compensation revision cycle of the employees of the Company.

Review of items by the Committee for recommendation to the Board for approval

1. Devising a policy on Board diversity and recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company.
2. Identifying, evaluating and recommending to the Board:
 - a. Persons who are qualified for appointment as Independent and Non-Executive Directors/ Executive Directors/ Whole time Directors/ Managing Directors in accordance with the criteria laid down;
 - b. Appointment of Senior Management Personnel in accordance with the criteria laid down;
 - c. Removal of Directors and Senior Management Personnel.
3. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
4. Recommending Budget for Board related expenses;
5. To devise a Policy on remuneration including any compensation related payments of the

directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company;

6. Based on the Policy as aforesaid, determine remuneration packages for the following:
 - a. Recommend remuneration package of the Directors of the Company, including Commission, Sitting Fees and other expenses payable to Non- Executive Directors of the Company.
 - b. Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Whole-time Director/Executive Director.
7. Recommend & review succession plans for Managing Directors;

Composition of the Nomination and Remuneration Committee and Attendance during the year:

The NRC comprises of 3 (Three) Non-Executive Directors as its members, out of which 2 (Two) are independent directors and a Company Secretary acting as Secretary of the Committee

Meeting and Attendance during the year:

Members	Meeting Held During the year and Attendance	
	16.05.2017	23.05.2017
Ms. Anjna (Chairman)	Yes	Yes
Mr. Manoj Gupta (Member)	Yes	Yes
Mr. Ashok Kumar Kathuria (Member)	Yes	Yes
Mr. Akash Gupta (Secretary)	Yes	Yes

Performance evaluation criteria for Independent Directors:

The Directors other than Independent Directors of your Company evaluate the performance of Independent Directors on following criteria as to how an Independent Director:

- i. Invests time in understanding the company and its unique requirements;
- ii. Brings in external knowledge and perspective to the table for discussions at the meetings;

- iii. Expresses his/her views on the issues discussed at the Board; and
- iv. Keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

5. INVESTOR RELATIONS & SHARE TRANSFER COMMITTEE

The Committee consists of 3 (three) Members i.e. Mr. Ashok Kumar Kathuria, Mr. Rohit Gupta and Mr. Akash Gupta. Mr. Ashok Kumar Kathuria, a Non-Executive Director, is acting as the Chairman of the Committee. Mr. Rohit Gupta, Managing Director is a member of the Committee. Mr. Akash Gupta- Company Secretary & Legal Head acts as its Secretary.

The Committee deals with the following:

- Noting transfer/transmission of shares
- Review of demat/remat of shares
- Other matters related to shares

During the year under review, no investor complaints were received. As on 31st March, 2018, no investor complaint was pending.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 20(1) of the SEBI (Listing obligation and disclosure requirements) Regulations, 2015 your Company was required to constitute a "Stakeholders relationship Committee" for considering and resolving the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, Non-receipt of declared dividends, if any. Accordingly, the Board constituted a committee known as "Stakeholders Relationship Committee" ("SRC").

a) Composition:

The Committee consists of two members i.e. Mr. Ashok Kumar Kathuria and Mr. Akash Gupta. Mr. Ashok Kumar Kathuria, a Non-Executive Director, is acting as the Chairman of the Committee.

- b) Compliance Officer: Mr. Akash Gupta, Company Secretary of the Company is the Compliance Officer in this respect.
- c) During the year under review, no investor complaints were received. As on 31st March, 2018
- d) No investor complaint was pending. The

Committee deals with resolving the grievances of security holders of the Company.

7. CSR COMMITTEE

Pursuant to the provisions of Section 135 of the Act, the Board in its meeting held on 25th October, 2013, has constituted a separate Committee named as "Corporate Social Responsibility ("CSR") Committee" for monitoring and implementation of the CSR projects/programmes/activities of Your Company and also for approving the annual CSR Budget, implementation of CSR projects and other such related activities.

Composition:

The CSR Committee comprises of 3 (three) directors as members out of which 1 (one) is Non-Executive Independent Director and 1 (one) is Non-executive non-independent director. The composition of the committee is as follows:

Name of Director	Designation	Category
Mr. Rohit Gupta	Chairman	Executive Director
Mr. Ashok Kumar Kathuria	Member	Non-Executive Director
Ms. Anjna	Member	Non-Executive Independent Director

Meeting and attendance during the year:

During the year under review, the CSR met once on 14th March, 2018, to deliberate on various matters and all the Members of the Committee were present for the meeting.

Brief description of terms of reference:

The CSR Committee satisfies the requirement of the Companies Act, 2013 and Listing Regulations, 2015. The terms of reference, role and scope are in line with those prescribed by Listing Regulations, 2015

8. REMUNERATION OF DIRECTORS:

Criteria of Making Payments to Non-Executive Directors:

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and

strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company. The criteria of making payments to non-executive directors have been put on the Company's website (www.cslfinance.in).

Sitting Fee:

Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board;

Commission:

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other. Further, the section also states that where the company has Managing Director or Whole-Time Director or Manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company. The Company is however not obligated to remunerate its NEDs.

Refund of excess remuneration paid:

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

Reimbursement of actual expenses incurred:

Non-Executive Directors (NEDs) may also be paid/reimbursed such sums either as fixed allowance and/or actual as fair compensation for travel, boarding and lodging and incidental and/or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings. The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

Payment to Independent Directors:

An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for

participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

Disclosures with respect to remuneration:

Remuneration to Executive Directors, KMPs, Senior Management Personnel and other Employees of the company.

The Executive Directors, KMPs and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., medical expenses, LTA and other expenses shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

The Managing Director of the Company may decide the remuneration of KMP (other than Managing/Whole time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director/KMPs in accordance with the provisions of Schedule V to the Companies Act, 2013 or prior approval of the Central Government as the case may be. The Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.

The incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

Remuneration is paid by the Company only to the Managing Director of the company, the elements of which are summarised below:

Name of Director	Salary	Bonuses	Stock options	Pension	Other Benefits
Rohit Gupta	84,00,000	-	-	-	-

9. GENERAL BODY MEETINGS

The last three annual general meetings were held as under:

AGM	Year	Date	Venue	Time	Special resolution(s) passed
25 th	2016-17	05.09.2017	Hotel Oodles, 759-762, Main Road, Chattarpur, New Delhi-110074	11:30 a.m.	4
24 th	2015-16	30.09.2016	Hotel Jivitesh, 11, Pusa Road, New Delhi-110005	11:00 a.m.	3
23 rd	2014-15	30.09.2015	Hotel Swati Deluxe Banquet Hall, 17A/32, Gurudwara Road, W.E.A., Karol Bagh, New Delhi-110005	11: 00 a.m.	4

Postal Ballot

No postal ballots were used for voting at these meetings in respect of the resolutions passed thereat.

Extra-Ordinary General Meeting (EOGM)

During the year under review, no extra-ordinary General meeting was held by the Company.

10. DISCLOSURES

- During the year 2017-18, other than the transactions entered in the normal course of the company, the Company has not entered any materially significant related party transaction with its Promoters/ Directors/ Senior Employees or relatives etc., which could have a potential conflict with the interest of the Company at large. The details of the related party transactions have been reported in the notes to accounts in compliance with AS 18.
- During the year under review, the Company has duly complied with the requirements of the regulatory authorities on capital markets. No penalties have been imposed on the Company by the stock exchanges, SEBI or other statutory authorities during the year.
- The Company promotes a favorable environment for employees and employees can report to the management their concern about any unethical behavior, actual or suspected fraud or violation of company's code of conduct. No Personnel has

been denied access to audit committee, so as to ensure ethical and fair conduct of the business of the company.

- In preparation of financial statements, the company has followed the Accounting Standards laid by the Institute of Chartered Accountants of India to the extent applicable and the significant accounting policies have been set out in the Notes to the Accounts.
- The Company is complying with all mandatory requirements on Corporate Governance as specified in the Listing Regulations, 2015.

11. MEANS OF COMMUNICATION

Quarterly/ Annual results

The quarterly/ annual financial results are usually published in 'The Financial Express'/'Business Standard' (English) and in 'Jansatta'/'Amritvarsha'/'BPN Times'(Hindi).

Further, the Company disseminates to the Stock Exchange (i.e. BSE Limited), wherein its equity shares are listed, all mandatory information and price sensitive/ such other information, which in its opinion, are material and/or have a bearing on its performance/operations, for the information of the public at large. Further the information about the company and its financials are available at its website also "www.cslfinance.in".

12. GENERAL INFORMATION FOR SHAREHOLDERS

12.1 : Forthcoming Annual General Meeting

Date, Day & Time : 29th September, 2018
(Saturday, 10:30 a.m.)

Place : Oodles Hotel, 759-762,
Main Road, Chattarpur,
New Delhi-110074

12.2 : Financial Calendar 2018-19 (tentative)

Approval of quarterly/Annual Results

For the quarter ending June, 2018 :

July/August, 2018

For the quarter ending September, 2018 :

October/ November, 2018

For the quarter ending December, 2018 :

January/ February, 2019

For the quarter/year ended March, 2019 :

April/ May, 2019

12.3 Book Closure dates

Sunday, 23rd September, 2018 to Saturday, 29th September, 2018 (both days inclusive)

12.4 Dividend Payment Date

Dividend on Equity Shares, if declared at the meeting, payment of such dividend shall be made on or before 29th October, 2018 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on 22nd September, 2018 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on 22nd September, 2018 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').

12.5 Meeting of Independent Directors

During the year under review, the Independent directors in their meeting held on March 24, 2018 reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the company; and also assessed the quality, quantity and timelines of flow of information between the company management and the Board in line with the requirement of Listing Regulations, 2015 read with applicable provisions of Schedule IV of the Companies Act, 2013.

12.6 The Company is listed at the following stock exchange:

BSE Limited
25th Floor, P. J. Towers, Dalal Street
Mumbai-400001

Annual Listing Fees for the Financial Year 2018-19 has been duly paid to BSE.

12.7 Stock Code

The Bombay Stock Exchange Limited : 530067
CIN (allotted by Ministry of Corporate Affairs):
L74899DL1992PLC051462

12.8 Stock Market Data

BSE Scrip Code: 530067

For the period: April 2017-March 2018

Month	Year	Open Price	High Price	Low Price	Close Price	No. of Shares
April	2017	273.95	350.10	273.95	327.95	1,62,695
May	2017	325.00	358.00	302.00	315.00	53,322
June	2017	310.45	321.95	295.00	317.90	26,948
July	2017	315.00	402.45	304.15	372.65	31,735
August	2017	388.00	626.50	366.00	579.55	2,15,819
September	2017	584.50	645.00	550.60	577.90	1,38,622
October	2017	585.00	624.00	532.35	560.55	79,888
November	2017	570.00	785.00	560.10	730.90	1,35,144
December	2017	725.00	750.00	636.80	651.25	51,243
January	2018	645.00	720.00	630.00	640.40	84,926
February	2018	634.00	656.00	554.80	581.15	39,932
March	2018	573.00	605.00	543.00	585.20	44,594

12.9 Performance in comparison with BSE

Month	Sensex Closing	CSL Close Price
Apr-17	29,918.40	327.95
May-17	31,145.80	315.00
Jun-17	30,921.61	317.90
Jul-17	32,514.94	372.65
Aug-17	31,730.49	579.55
Sep-17	31,283.72	577.90
Oct-17	33,213.13	560.55
Nov-17	33,149.35	730.90
Dec-17	34,056.83	651.25
Jan-18	35,965.02	640.40
Feb-18	34,184.04	581.15
Mar-18	32,968.68	585.20

12.10 SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (SEBI) administers a centralised web based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website www.scores.gov.in. It also enables the market intermediaries and listed

companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES.

12.11 Registrar and Share Transfer Agents

M/s MAS Services Limited
T-34, 2nd Floor,
Okhla Industrial Area Phase-2,
New Delhi-110 020
Tel: 011-26387281, 82, 83
Fax: 011-26787384
Email: info@masserv.com

12.12 Share Transfer System

Share transfer and other related operations for the Company-CSL Finance Limited, is conducted by M/s. MAS Services Ltd., Registrar and Share Transfer Agent. Share transfer are processed and share certificates are returned within stipulated time period subject to the documents being valid and complete in all respects.

12.13 Distribution of shareholding

Distribution of shareholding as on 31st March, 2018 is as under:-

Shareholding of Nominal Value of ₹	No. of Shareholders		Number of Shares	Amount	
	Number	%		₹	%
Upto – 5,000	1,923	83.572	2,37,553	23,75,530	4.023
5001-10,000	174	7.562	1,34,853	13,48,530	2.284
10,001-20,000	81	3.520	1,18,612	11,86,120	2.009
20,001-30,000	35	1.521	88,479	8,84,790	1.499
30,001-40,000	21	0.913	74,187	7,41,870	1.257
40,001-50,000	10	0.435	45,645	4,56,450	0.773
50,001-1,00,000	22	0.956	1,64,987	16,49,870	2.794
1,00,001 & above	35	1.521	50,39,891	5,03,98,910	85.361
Total	2,301	100	59,04,207	5,90,42,070	100

Shareholding pattern of the Company as on 31st March 2018 was as under:

Category	No. of shares held	% of Equity Capital
Promoters	35,01,968	59.31
Mutual Funds	Nil	Nil
Bodies Corporate	9,69,087	16.41
Non-Resident Indians/OCB	1,51,707	2.57
Others	12,81,445	21.71
Total	59,04,207	100

12.14 Dematerialization of shares

As on 31st March, 2018, 96.41% of the Share Capital stands dematerialized. The break-up of equity shares held in demat and physical form as on 31st March, 2018 is as follows:

Particulars	No. of shares	% of shares
Held in dematerialized form in NSDL	52,84,030	89.50
Held in dematerialized form in CDSL	4,08,452	6.92
Physical	2,11,725	3.58
TOTAL	59,04,207	100

The Company's shares are traded at BSE.

The promoters' hold their entire shareholding in dematerialized form.

12.15 Address for Investor's Correspondence

For share transfer/transmission/Dematerialization or other query relating to the securities of the Company:

M/s MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area Phase-2,
New Delhi-110 020
Tel: 011-26387281, 82, 83
Fax: 011-26787384
Email: info@masserv.com

For General Correspondence:

Secretarial Department
CSL Finance Limited
8/19, Ground Floor, Pusa Lane, W.E.A.,
Karol Bagh, New Delhi-110005

Tel: 011-42503441-44

Fax: 011-42503444

Email id for investor grievance:

investor@cslfinance.in

Compliance Officer

Mr. Akash Gupta,

Company Secretary & Legal Head

ELECTRONIC SERVICE OF DOCUMENTS TO REGISTERED EMAIL ADDRESS

In view of the Green Initiatives announced by the Ministry of Corporate Affairs, the Company shall send all documents to Shareholders like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those shareholders, whose email address is registered with Depository Participant (DP)/Registrars & Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which has been deemed to be the shareholder's registered email address for serving documents including those

covered under the applicable provisions of the Companies Act as amended upto date and other applicable provisions of the Listing Agreement, if any, executed with the Stock Exchange.

To enable the servicing of documents electronically to the registered email address, we request the shareholders to keep their email addresses validated/updated from time to time. We wish to reiterate that Shareholders holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and Shareholders holding shares in physical form have to write to our RTA, M/s. MAS Services Limited at their address specified below, so as to update their registered email address from time to time M/s MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area Phase-2, New Delhi-110020, Tel: 011-26387281, 82, 83, Fax: 011-26787384, Email: info@masserv.com

Please note that the Annual Report of the Company will also be available on the Company's website www.cslfinance.in for ready reference. Shareholders are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the shareholder, any time, as a member of the Company.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of CSL Finance Limited

We have examined the compliance of conditions of Corporate Governance by CSL Finance Ltd., for the year ended 31st March, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015). The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, 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 on 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 SEBI Listing Regulations, 2015. 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.

Sd/-

Vinay Aggarwal

(Authorized)

Partner

M. No. 082045

For AGGARWAL & RAMPAL

CHARTERED ACCOUNTANTS

FRN 003072N

Place: New Delhi

Date: 27th August, 2018

CFO CERTIFICATE

I, Naresh Chandra Varshney, Chief Financial Officer of CSL Finance Limited ("the Company") do hereby certify to the Board that:

- A. I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. I have indicated to the auditors and the Audit committee
 - 1. Significant changes in internal control over financial reporting during the year;
 - 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-

Naresh Chandra Varshney
(Chief Financial Officer)





FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS' OF

CSL FINANCE LIMITED

We have audited the accompanying financial statements of **CSL FINANCE LIMITED ("The Company")**, which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT RESPONSIBILITY:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY:

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

Subject to the above we report that the accounts represent true and fair view

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;

- b) In the case of the Statement of Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") as required by Companies Act, 2013 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement (Annexure – A) on the matters specified in said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our report in "Annexure-B" and
 - g) With respect to the other matters included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 22(a)(A)(iii)(a) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

For Aggarwal & Rampal
Chartered Accountants
FRN: 003072N

Sd/-
Vinay Aggarwal
Partner
M.No.- 082045

Place: New Delhi
Date: 29th May, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE-A REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE OF CSL FINANCE LIMITED, PURSUANT TO THE COMPANIES (AUDITORS' REPORT) ORDER 2016 ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2018

- i. (a) The Company has updated its records of fixed assets showing full particulars including quantitative details and situation of Fixed Assets.
(b) According to information and explanations given to us, the fixed assets are physically verified by the management on annual basis which is our opinion is reasonable, having regard to the size of the company and nature of its assets. As per information and explanations given to us, no material discrepancies were noticed on such verification.
(c) According to information and explanations given to us on the basis of the company does not have any immovable property as its fixed assets, hence clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
- ii. According to information and explanations given to us, during the financial year there is no inventory of shares held as stock-in-trade. Accordingly, paragraph 3(ii) of the Order is not applicable.
- iii. The Company has granted unsecured loan to one company covered in the Register maintained under section 189 of the Companies Act, 2013.
 - a) In our opinion the rate of interest and other terms and conditions on which loan has been granted to the body corporate covered in the register maintained under section 189 of the Companies, Act 2013 were not prima facie, prejudicial to the interest of the Company.
 - b) In the case of loans granted to body corporate covered in the register maintained under section 189 of the Companies Act, 2013 the borrower has been regular in the payment of interest. The terms of arrangement does not stipulate any repayment schedule and the loans were repayable on demand.
 - c) The principal and interest has been received in full and no amount is outstanding.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits, hence provisions of section 73 to 76 or any other relevant provisions of the Company Act, 2013 and the rules made thereunder.
- vi. The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013, for any of the activities of the company.
- vii (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise-duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of income tax/Sales tax/Wealth tax/Service tax/Custom duty/Excise duty/Cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of dues	Assessment Year	Deposit (₹)	Forum where appeal is pending
Income Tax Act, 1961	Income Tax	2006-07	5.95 (Deposited under Protest)	Commissioner of Income Tax – Delhi (Appeals)
Income Tax Act, 1961	Income Tax	2009-10	1.26 (Deposited under Protest)	Commissioner of Income Tax – Delhi (Appeals)
Income Tax Act, 1961	Income Tax	2011-12	12.82 (Deposited under Protest)	Income Tax Appellate Tribunal- Delhi
Income Tax Act, 1961	Income Tax	2014-15	17.64 (Deposited under Protest)	Commissioner of Income Tax – Delhi (Appeals)

- viii. According to the information and explanations given to us the company has not defaulted in repayment of loan or borrowing from any financial institution or bank or dues to debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). And term loans raised during the year were applied for the purpose for which those are raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment of 12,22,000 shares during the year. Refer Note 2 to the financial statements. The Company had also made an allotment of warrants in the year. The warrants are to be converted to equity shares on payment of balance consideration. The amounts raised have been used for the purpose for which funds were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is Non Banking Finance Company and is already registered under section 45-IA of the Reserve Bank of India Act 1934.

For Aggarwal & Rampal
Chartered Accountants
F.R.No. 003072N

Place: New Delhi
Date: 29th May, 2018

Sd/-
Vinay Aggarwal
Partner
M.No. 082045

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **CSL Finance Limited ("the Company")** as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over financial Reporting issued by the Institute of Chartered Accountants of India.

For Aggarwal & Rampal
Chartered Accountants
F.R.No. 003072N

Sd/-
Vinay Aggarwal
Partner
M.No. 082045

Place: New Delhi
Date: 29th May, 2018

BALANCE SHEET as at 31st March, 2018

(Amount in ₹)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	02	5,90,42,070	4,68,22,070
(b) Reserves And Surplus	03	1,76,46,88,501	1,09,54,15,786
(c) Money Received Against Share Warrants		1,46,25,000	-
(2) Non Current Liabilities			
(a) Long Term Borrowings	04	37,03,52,004	17,82,234
(b) Deferred Tax Liabilities(net)		3,170	44,236
(c) Long-term Provisions	05	34,78,446	6,576
(3) Current Liabilities			
(a) Short Term Borrowings	06	51,21,53,812	30,58,74,360
(b) Other Current Liabilities	07	14,72,39,044	63,65,940
(c) Short-term Provisions	08	61,55,024	2,95,08,637
Total		2,87,77,37,070	1,48,58,19,839
II. ASSETS			
(1) Non Current Assets			
(a) Property, Plant & Equipment	09	74,69,347	64,66,928
(b) Intangible Assets	09	4,24,678	
(c) Non Current Investment	10	56,81,372	20,65,032
(d) Long Term Loans And Advances	11	1,16,06,27,624	35,54,100
(2) Current Assets			
(a) Cash And Bank Balances	12	2,67,66,282	10,47,79,924
(b) Short Term Loans And Advances	13	1,66,83,21,187	1,35,94,32,070
(c) Other Current Assets	14	84,46,580	95,21,785
Total		2,87,77,37,070	1,48,58,19,839
Significant Accounting Policies	01		
Other Additional Information	22		
The note nos 1 to 22 are integrated part of these financial statements			

In terms of our report of even date attached herewith

FOR & ON BEHALF OF THE BOARD

For: Aggarwal & Rampal
Chartered Accountants
F.R. No 003072N

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 29th May, 2018

Sd/-
(Rohit Gupta)
Managing Director
DIN-00045077

Sd/-
(Akash Gupta)
Company Secretary & Head Legal
M. No. FCS 8439

Sd/-
(Ashok Kumar Kathuria)
Director
DIN- 01010305

Sd/-
(Naresh C. Varshney)
Chief Financial Officer

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2018

(Amount in ₹)

S. No.	Particulars	Notes	Year Ended 31.03.2018	Year Ended 31.03.2017
I.	Revenue From Operations	15	41,36,13,239	40,41,57,779
Ii.	Other Income	16	10,04,889	24,80,200
Iii.	Total Revenue		41,46,18,128	40,66,37,980
Iv.	Expenses:			
	Purchase Of Stock-in-trade		-	10,10,94,091
	Changes In Inventories	17	-	14,25,000
	Employee Benefit Expenses	18	4,23,03,834	1,79,46,025
	Finance Costs	19	6,32,66,377	3,30,26,570
	Depreciation & Amortisation	20	15,24,142	11,89,471
	Other Expenses	21	4,96,96,230	1,41,64,155
	Total Expenses		15,67,90,583	16,88,45,312
V.	Profit Before Tax		25,78,27,545	23,77,92,667
Vi.	Tax Expense:			
	(1) Current Tax		7,69,73,955	7,35,01,887
	(2) Deferred Tax		41,066	15,348
	(3) For Earlier Years		1,17,681	87,744
	Profit (loss) For The Period(v-vi)		18,07,76,975	16,41,87,689
	Basic Earnings Per Share Of ₹10/- Each		33.88	35.07
	Diluted Earnings Per Share Of ₹10/- Each		32.02	35.07
	Significant Accounting Policies	01		
	Other Additional Information	22		
	The Note Nos. 1 To 22 Are Integrated Part Of These Financial Statements			

In terms of our report of even date attached herewith

FOR & ON BEHALF OF THE BOARD

For: Aggarwal & Rampal
Chartered Accountants
F.R. No 003072N

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 29th May, 2018

Sd/-
(Rohit Gupta)
Managing Director
DIN-00045077

Sd/-
(Akash Gupta)
Company Secretary & Head Legal
M. No. FCS 8439

Sd/-
(Ashok Kumar Kathuria)
Director
DIN- 01010305

Sd/-
(Naresh C. Varshney)
Chief Financial Officer

NOTES TO THE ACCOUNTS

NOTE - 1

SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting :

- i) The books of accounts are maintained on mercantile basis except where otherwise stated.
- ii) The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and as per the relevant representational requirements of the Companies Act, 2013 and the relevant provisions of RBI as applicable NBFC.
- iii) Accounting policies not specifically referred to are in consistent with generally accepted accounting practices, except where otherwise stated.
- iv) All assets and liabilities have been classified as current or non current as per the companies normal operating cycle as 12 months for the above purpose.

b) Revenue Recognition:

- i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can reliably measured.
- ii) Interest income is recognized on time proportion basis. But in some cases interest rebate is granted after completion of tenure of the loan for timely repayment of loan and interest.
- iii) Processing fees on processing of loans are recognized upfront as income
- iv) Dividend income is recognized when right to receive is established.

c) Investment Valuation

Investments are classified into non current investments and current investments.

Non current investments are stated at cost and provision wherever required, made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at lower of cost and fair value.

In case bonus shares are received against existing holding, bonus shares are valued at Nil cost.

d) Property, Plant & Equipment :

All Property, Plant & Equipment are stated in books at historical cost inclusive of all incidental expenses. Cost comprises the purchase price and any attributable cost of bringing the assets to working condition for its intended use.

e) Depreciation & Amortization:

Depreciation on the assets has been provided to the extent of depreciable amount on SLM basis. Depreciation has been provided based on useful life of the assets as prescribed in the Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during the year is proportionately charged.

Intangible assets are amortized on SLM Basis over their respective individual estimated useful lives. The amortization period and amortization method are reviewed at every reporting period. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

f) Intangible Assets :

Intangible assets are recorded at the consideration paid for acquisition of such assets.

g) Retirement Benefits:

- i) Leave encashment benefits are charged to Profit & Loss Account in each year on the basis of actual payment made to employee. There are no rules for carried forward leave.
- ii) No provision has been made for the retirement benefits payable to the employees since no employee has yet put in the qualifying period of service & the liability for the same will be provided when it becomes due.
- iii) The employee and company make monthly fixed contribution to Government of India employee's provident fund equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.

h) Inventories

Inventories are valued at cost (using FIFO method) or net realizable value, whichever is lower.

i) Impairment of Assets:

The carrying amounts of assets are reviewed at the balance sheet date to determine whether there are any indications of impairment. If the carrying amount of the assets exceeds the recoverable amount at the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use, the value in use determined by the present value estimated future cash flows. Here carrying amounts of assets are equal to recoverable amounts.

j) Earning Per Share

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

k) Provisions, Contingent Liabilities And Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made.

Contingent liability is disclosed for:

- i) Possible obligations which will be confirmed by future events not wholly within the control of the company, or
- ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

l) Accounting for Taxes on Income

- i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- ii) Deferred tax is recognized subject to the consideration of prudence on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

m) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

n) Employee Stock Option Scheme

The company has formulated Employee Stock Option Scheme (ESOS) in accordance with the Security and Exchange Board of India (Share based Employee Benefit Scheme) Regulations, 2014. The scheme provides for grant of options to employees of the company to acquire equity shares of the company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Regulations, the excess, if any, of the closing market price on the day of the grant of the options under ESOS over the exercise price is amortised on a straight line basis over the vesting period.

- o) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE-2		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
94,00,000 Equity Shares of Par Value ₹10/- each (Pr. Yr 70,00,000 Equity Shares of Par Value ₹10/- each) (24,00,000 Equity shares of the CSL Holding Private Limited was included in the Authorised Share Capital of the Company during the year by order dated 31-05-2017 of Hon'ble National Company Law Tribunal Principal Bench New Delhi against the approval of the Scheme of Amalgamation [refer to point (r) of Note-1])	9,40,00,000	7,00,00,000
ISSUED SUBSCRIBED AND PAID UP		
59,04,207 Equity Shares of ₹10/- each fully paid up (Pr. Yr 46,82,207 Equity Shares of ₹10/- each fully paid up)	5,90,42,070	4,68,22,070
	5,90,42,070	4,68,22,070
SHARE RECONCILIATION STATEMENT		
PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
	EQUITY	EQUITY
Shares outstanding at the beginning of the year	46,82,207	46,82,207
Shares Issued during the year	12,22,000	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	59,04,207	46,82,207

DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF PAID UP EQUITY SHARE CAPITAL

SHAREHOLDER	As at 31.03.2018 No. of shares	As at 31.03.2017 No. of shares	As at 31.03.2018 Percentage	As at 31.03.2017 Percentage
CSL Holdings Pvt. Ltd.	-	34,33,363		73.32%
CSL Capital Pvt Ltd	21,35,037		36.16%	
Rohit Gupta	12,54,799		21.25%	
Kothari Ventures LLP	3,85,000		6.52%	
AADI Financial Advisors LLP	3,85,000		6.52%	

Year (Aggregate No. of Shares)					
Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

The company has only one class of shares having face value of ₹10/- each. The company has issued 12,22,000 equity shares of ₹10/- each during the year ended 31st March 2018 and they rank parri passu with the existing shares.

The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2018, the Board of Directors have recommended a dividend of ₹1.50/- per equity share of ₹10/- each subject to approval of members at the ensuing Annual General Meeting. The total outflow on dividend for ended 31st March 2018 amounted ₹1,06,59,279/- including corporate dividend tax of ₹18,02,968/-

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE-3		
RESERVE & SURPLUS		
General Reserve		
As per last Balance Sheet	4,00,000	4,00,000
	<u>4,00,000</u>	<u>4,00,000</u>
Statutory Reserve U/S 45 IC of Reserve Bank of India Act,1934		
As per last Balance Sheet	17,32,58,619	14,04,21,081
Add : Transferred from Profit & Loss account	3,61,55,395	3,28,37,538
	<u>20,94,14,014</u>	<u>17,32,58,619</u>
Capital Redemption Reserve		
As per last Balance Sheet	62,15,930	62,15,930
	<u>62,15,930</u>	<u>62,15,930</u>
Capital Reserve		
As per last Balance Sheet	-	-
Add : During the year	1,57,74,165	-
	<u>1,57,74,165</u>	<u>-</u>
Share Premium		
As per last Balance Sheet	4,55,00,000	4,55,00,000
Add : On issue of shares	46,43,60,000	-
	<u>50,98,60,000</u>	<u>4,55,00,000</u>
Share Option Outstanding Account		
As per last Balance Sheet		
Add : Employee Compensation Expenses	83,61,575	
Balance at the end of the year	<u>83,61,575</u>	<u></u>
Profit & Loss account:		
As per Last Balance sheet	87,00,41,237	74,43,26,498
Add : Profit of Current Year	18,07,76,975	16,41,87,689
Less : Appropriations		
Statutory Reserve U/S 45 IC of Reserve Bank of India Act,1934	3,61,55,395	3,28,37,538
Proposed Dividend	-	46,82,207
Tax on Dividend	-	9,53,204
	<u>1,01,46,62,817</u>	<u>87,00,41,237</u>
Total	<u><u>1,76,46,88,501</u></u>	<u><u>1,09,54,15,786</u></u>

Statutory Reserve U/S 45 IC of Reserve Bank of India Act,1934

This Reserve is created out of profit in accordance with RBI Act, 1934

General Reserve

The reserve is created out of Profit

Share Premium

Share Premium during the year of ₹46,43,60,000/- is on allotment of 1222000 equity shares of ₹10/- each allotted at a Premium of ₹380/- each

Capital Reserve

Capital Reserve of ₹1,57,74,165/- is created on transfer of assets and liabilities of M/s CSL Holdings Pvt Ltd at the time of amalgamation with the company during the financial year 2017-18

Particulars	Sanctioned amount	Rate of Interest	As at 31.03.2018	As at 31.03.2017
NOTE-4				
<u>LONG TERM BORROWINGS</u>				
<u>SECURED</u>				
<u>Term Loan</u>				
State Bank of India (Ag. Book Debts, Equitable mortgage of Properties of Managing Director and relatives and also the Personal guarantee of Managing Director also the Corporate guarantee of group company)	18,00,00,000	9.50%	18,14,54,038	-
AU Small Finance Bank Ltd (Ag. Book Debts and also personal guarantee of Managing Director)	10,00,00,000	12.40%	7,77,77,776	-
Tourism Finance Corporation of India (Ag. Book Debts and also personal guarantee of Managing Director and corporate guarantee of the group company)	25,00,00,000	11.25%	25,00,00,000	-
<u>Car Loan</u>				
Toyota Finance Services (I) Ltd (Ag. Hypothecation of Car)			12,33,306	15,27,695
ICICI Bank Ltd (Ag. Hypothecation of Car)			5,35,933	6,78,952
Less : Amount disclosed under head other current liabilities (Note -7)			14,06,49,049	4,24,413
			37,03,52,004	17,82,234
NOTE - 5				
<u>LONG TERM PROVISIONS</u>				
Contingent Provisions against Standard Assets			84,39,290	33,86,420
Less : Amount disclosed under head short term provisions (Note -8)			49,60,844	33,79,844
			34,78,446	6,576
NOTE-6				
	Limit	Rate of Interest		
<u>SHORT TERM BORROWINGS SECURED</u>				
Cash Credit from AU Small Finance Bank Ltd (Ag. Book Debts and also personal guarantee of Managing Director)	10,00,00,000	12.50%	1,20,07,684	-



Particulars	Limit	Rate of Interest	As at 31.03.2018	As at 31.03.2017
Cash Credit Limit from State Bank of India (Ag. Book Debts, Equitable mortgage of Properties of Managing Director and relatives and also the Personal guarantee of Managing Director also the Corporate guarantee of group company)	20,00,00,000	10.50%	12,72,86,743	18,93,10,811
Working Capital Demand Loan from State Bank of India (Ag. Book Debts, Equitable mortgage of Properties of Managing Director and relatives and also the Personal guarantee of Managing Director also the Corporate guarantee of group company)	37,00,00,000	9.25%	37,28,59,385	5,00,00,000
AU Financiers India Ltd (Ag. Book Debts)	10,00,00,000	13.75%	-	1,28,29,209
SHORT TERM BORROWINGS UNSECURED				
Loan from Related Parties				
Bodies Corporate			-	5,30,96,000
Loan from Bodies Corporate			-	6,38,340
			51,21,53,812	30,58,74,360
NOTE-7				
OTHER CURRENT LIABILITIES				
Current Maturities of Long Term Borrowings (Note -4)			14,06,49,049	4,24,413
Interest Accrued But not due			13,72,743	
Salary Payable			29,42,927	15,92,586
Other Liabilities			22,74,325	43,48,941
			14,72,39,044	63,65,940
NOTE - 8				
SHORT TERM PROVISIONS				
Contingent Provisions against Standard Assets (Note 5)			49,60,844	33,79,844
Proposed Dividend			-	46,82,207
Tax on Dividend			-	9,53,204
Provision for Income Tax (Net of Advance Tax & TDS)			11,94,180	2,04,93,382
			61,55,024	2,95,08,637

NOTE-9**Property, Plant & Equipment**

(Amount in ₹)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Balance as on 01.04.2017	Additions	Sale/ Transfer	Total as on 31.03.2018	As on 01.04.2017	During the year	Sale/ Adjustment	Total as on 31.03.2018	As on 31.03.2017
Tangible Assets									
Fur. & Fixture	5,83,799	4,79,270	1,22,385	9,40,684	1,72,021	64,558	1,02,912	1,33,667	8,07,017
Car	87,29,366	8,56,938	4,96,802	90,89,502	33,95,687	10,76,690	3,42,134	41,30,243	49,59,259
Scooter	2,18,042	1,18,612	52,125	2,84,529	67,677	24,939	28,867	63,749	2,20,780
Mobile	1,21,770	26,500	77,270	71,000	86,798	11,433	73,410	24,821	46,179
Office Equipment	2,21,795	1,14,863	71,941	2,64,717	99,822	40,495	68,344	71,973	1,92,744
LCD Television	1,39,500	0	1,39,500	0	1,31,525	1,000	1,32,525	0	0
Airconditioner	2,05,741	1,76,260	1,87,491	1,94,510	1,81,771	23,627	1,78,116	27,282	1,67,228
Computer	6,16,284	8,53,162	1,77,344	12,92,102	2,72,201	244,682	1,68,468	3,48,415	9,43,687
Printer	17,500	95,023		1,12,523	1,863	6,874		8,737	1,03,786
Cycle	20,999			20,999	1,660	1,992		3,652	17,347
Photocopy Machine	40,740		40,740	0	38,703	0	38,703	0	0
Invertor	22,400	13,450	22,400	13,450	21,280	2,130	21,280	2,130	11,320
TOTAL A	1,09,37,936	27,34,078	13,87,998	1,22,84,016	44,71,008	14,98,420	11,54,759	48,14,669	74,69,347
Pr. Year A	84,97,302	24,40,634	0	1,09,37,936	32,81,537	11,89,471	0	44,71,008	64,66,928
Intangible									
Software		4,50,400		450,400	0	25,722		25,722	4,24,678
Total B	0	4,50,400	0	450,400	0	25,722	0	25,722	4,24,678
Pr. Year B	0	0	0	0	0	0	0	0	0
Total A+B	1,09,37,936	31,84,478	13,87,998	1,27,34,416	44,71,008	15,24,142	11,54,759	48,40,391	78,94,025
Pr. Year A+B	84,97,302	24,40,634	0	1,09,37,936	32,81,537	11,89,471	0	44,71,008	64,66,928
									52,15,765

Particulars	No. of shares as on 31.03.2018	No. of shares as on 31.03.2017
-------------	-----------------------------------	-----------------------------------

NOTE - 10**NON CURRENT INVESTMENTS****OTHER INVESTMENTS****INVESTMENT IN EQUITY SHARES****UNQUOTED****Investment in Associate Company**

CATALYST FINANCIAL SERVICES PVT LTD (F. Value ₹10 each)	24,500	24,500	2,45,000	2,45,000
CSL CAPITAL PVT LTD * (F. Value ₹10 each)	1,03,325	0	36,16,340	-

INVESTMENT IN PROPERTY**Investment in Property**

18,20,032 18,20,032

56,81,372**20,65,032**

*These equity shares received from M/s CSL Holdings Pvt Ltd. at the time of amalgamation with the company during the financial year 2017-18

Aggregate value of Quoted Investment in Equity Shares	-	-
Aggregate market value of Quoted Investment in Equity Shares	-	-
Aggregate value of Unquoted Investment	38,61,340	2,45,000

Particulars	As at 31.03.2018	As at 31.03.2017
-------------	---------------------	---------------------

NOTE-11**LONG TERM LOAN AND ADVANCES**

Wholesale & LAP (Secured)	1,02,49,15,850	26,30,100
SME Loans (Secured)	12,52,49,548	-
SME Loans (Unsecured considered good)	93,16,726	-
Security Deposit (Rent)	11,45,500	9,24,000
	1,16,06,27,624	35,54,100

NOTE - 12**CASH & BANK BALANCES****CASH & CASH EQUIVALENTS**

Cash in Hand	92,528	5,12,531
Balance with Banks	3,37,393	69,67,393
	4,29,922	74,79,924

Particulars	As at 31.03.2018	As at 31.03.2017
OTHER BANK BALANCES		
Fixed deposits with banks	2,63,36,361	9,73,00,000
	<u>2,63,36,361</u>	<u>9,73,00,000</u>
	<u>2,67,66,282</u>	<u>10,47,79,924</u>
NOTE-13		
SHORT TERM LOANS & ADVANCES		
Wholesale & LAP (Secured)	1,62,70,04,421	1,26,18,73,750
Retail Loans (Unsecured considered good)	9,28,730	8,34,89,037
SME Loans (Secured)	1,79,41,962	40,50,000
SME Loans (Unsecured considered good)	77,39,504	25,25,000
Interest Accrued	1,46,50,120	74,29,833
Staff Advance	56,450	64,450
	<u>1,66,83,21,187</u>	<u>1,35,94,32,070</u>
NOTE-14		
OTHER CURRENT ASSETS		
Prepaid Expenses	74,914	70,438
Advance with Parties	1,69,778	18,39,217
Amount Receivable (on a/c of Sale of Shares)	44,10,427	44,10,427
Income Tax Deposit (Against Appeal)	37,68,815	32,01,703
Income Tax refund	22,646	-
	<u>84,46,580</u>	<u>95,21,785</u>
NOTE-15		
REVENUE FROM OPERATIONS		
Sale of Shares	-	13,03,27,361.92
Interest	39,50,95,694.23	23,24,37,289.72
Profit on sale of Investment	-	3,82,96,596.22
Processing Fees Retail	6,02,394.04	28,97,657.46
Processing Fees SME	48,77,601.20	1,48,874.00
Processing Fees Wholesale	1,30,37,549.16	50,000.00
	<u>41,36,13,239</u>	<u>40,41,57,779</u>
NOTE-16		
OTHER INCOMES		
Bad debts recovered	-	10,00,000

Particulars	As at 31.03.2018	As at 31.03.2017
Dividend Income	-	1,01,975
Income From Mutual Fund	2,87,951	9,19,055
Interest On FDR	5,12,564	-
Profit On Sale of assets	20,074	-
Misc. Income	1,84,300	4,59,170
	10,04,889	24,80,200
NOTE-17		
CHANGE IN INVENTORIES		
Opening Stock	-	14,25,000
Less: Closing Stock	-	-
	-	14,25,000
NOTE-18		
EMPLOYEE BENEFIT EXPENSES		
Salary & Bonus	3,21,76,517	1,75,21,916
PF Contribution	10,96,469	2,46,461
ESIC Contribution	2,20,833	14,143
Employees Compensation Expenses	83,61,575	-
Staff Welfare	4,48,440	1,63,505
	4,23,03,834	1,79,46,025
NOTE-19		
FINANCE COSTS		
Bank Charges	77,017	43,152
Interest on Car Loan	1,89,261	1,37,791
Interest paid on Cash Credit	1,29,76,271	62,62,514
Processing Fees	27,55,750	29,69,300
Interest On Term Loan	1,61,21,875	-
Interest on Working Capital Demand Loan	2,86,83,597	-
Other Interest	24,62,606	2,36,13,812
	6,32,66,377	3,30,26,570
NOTE-20		
DEPRECIATION & AMORTISATION		
Depreciation of Property, Plant & Equipment	14,98,420.00	11,89,471.00
Amortisation of Intangible assets	25,722.00	-
	15,24,142.00	11,89,471.00

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE-21		
OTHER EXPENSES		
Annual Custody Charges	24,945	27,480
Annual Listing Fees	5,16,734	2,29,000
Audit Fees	1,75,000	2,01,250
Bad Debts written off*	41,34,196	-
Books & Periodicals	28,482	9,300
Business Promotion	3,44,350	5,60,334
CSR Expenses	36,00,000	26,00,000
Demat Expenses	3,456	4,275
SMS Charges	54,425	-
EDP Expenses	2,23,250	1,72,719
Electricity Expenses	5,49,644	3,56,575
Festival Expenses	2,23,395	-
Filing Fees	60,406	60,150
Generator Repair & Maintenance	28,394	3,880
Insurance Expenses	1,23,173	85,481
Legal & Professional Charges	2,57,74,612	50,56,687
Internal Audit Fees	1,96,200	-
Assets Written Off	55,313	-
Prior Period Expenses	82,890	-
Meeting & Conference Exp.	78,000	57,066
Misc. Expenses	2,44,513	41,911
Short & Excess	9,840	-
Office Expenses	7,38,109	5,32,894
Postage & Courier Expenses	2,05,426	83,209
Printing & Stationery	3,29,768	1,26,413
Provision for Standard Assets	50,41,074	7,24,750
Publishing Expenses	85,341	3,04,134
Rent	25,61,036	16,36,200
Rebate On Interest	13,02,357	-
Repair & Maintenance (Others)	71,783	30,202
Security Transaction Tax	-	1,74,301
Telephone Expenses	2,43,772	2,32,176
Travelling & Conveyance	22,16,853	5,91,019
Vehicle Running Expenses	3,69,493	2,62,749
	4,96,96,230	1,41,64,155

* These bad debts originated from two Fintech JV's namely Happy Advisory Services & Consulting Pvt Ltd and 8finatics Mobile Pvt Ltd As being unsecured we have written off all our loans outstanding for more than 120 days after adjusting the margin received from these JV's

NOTE-22 OTHER ADDITIONAL INFORMATION**a). A) Contingent Liabilities:**

- i) Claims against the company not acknowledged as debts- Nil; Previous Year- Nil
- ii) Guarantees to Banks and Financial institutions against credit facilities extended to third parties- Nil; Previous Year- Nil
- iii) Other money for which the company is contingently liable

a) Income tax

Assessment Year	Demand (₹)	Deposit under protest (₹)	Status/Forum where appeal is pending
2006-07	5,95,782	5,95,782	Commissioner of Income Tax –Delhi (Appeals)
2009-10	9,07,413	1,26,112	Commissioner of Income Tax –Delhi (Appeals)
2011-12	12,82,942	12,82,942	Income Tax Appellate Tribunal- Delhi
2014-15	88,19,863	17,63,979	Commissioner of Income Tax –Delhi (Appeals)

₹37,68,815 deposited under protest is being shown as Income Tax deposit against appeal in Note no.14 i.e. Other Current assets.

- b) The company has entered into loan agreement with various parties as per the terms of the agreement grants interest subject to condition precedent in the agreement. The liability, if any, in this account is known only on the completion of agreement.

B) Commitments:

- i) Uncalled liability on partly paid up shares- Nil; Previous Year - (Nil)
- ii) Estimated amount of contracts remaining to be executed on capital accounts- NIL; Previous Year- (Nil)
- iii) Other Commitments- Nil; Previous Year- Nil

- b). In the opinion of Board of Directors & best of their knowledge & belief the provisions of all known liabilities are adequate.

- c). In the opinion of Board of directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

- d). CIF value of Imports- NIL; Previous Year- (Nil)

- e). Earning & Expenditure in Foreign Currency- NIL; Previous Year- (Nil)

- f). The activities of the company do not involve conservation of energy or absorption of technology.

- g). Payments to Auditor's includes:

Particulars	2017-18	2016-17
Audit Fee	1,35,000*	1,35,000
Tax audit fees	40,000*	40,000
Other Certification fees	-	25,000
Service Tax/ GST	-	30,000
Total	1,75,000*	2,30,000

*Excluding taxes as applicable

- | | | |
|------------------------------|---------------------|--------------|
| | 2017-18 | 2016-17 |
| h). Director's remuneration: | 84,00,000.00 | 84,00,000.00 |

- i). Deferred Tax Liabilities/Assets have been provided in accordance with AS-22. The break up of the deferred tax assets & liabilities are as under :

Nature of Timing Difference	Deferred Tax Assets / (Liabilities) as at 01.04.2017	Adjustment for the current year	Deferred Tax Assets / (Liabilities) as at 01.04.2018
Depreciation	(44,236)	41,066	(3,170)
Business Loss	Nil	Nil	Nil
Total	(44,236)	41,066	(3,170)

- j). AS per Accounting Standard (AS-20) on Earning per share (EPS) issued by the ICAI, the particulars of EPS for the equity shareholders are as below:

S. No.	Particulars	Current Year 2018	Previous Year 2017
1	Net Profit (loss) as per P/L A/c	18,07,76,975	16,41,87,689
2	Average No. of equity shares used as denominator for calculating EPS (Basic)	53,35,056	46,82,207
3	EPS (Basic) (₹)	33.88	35.07
4	Average No. of equity shares used as denominator for calculating EPS (Diluted)	56,46,131	46,82,207
5	EPS (Diluted) (₹)	32.02	35.07
6	Face value of each equity share (₹)	10	10

- k). Related Party Disclosure:

As per Accounting Standard-18 issued by the Institute of Chartered Accountants of India, the

Company's related parties and transactions are disclosed below:

- (A) Name of related parties and description of relationship:

- (1) Related parties where the Directors / Relatives have significant influence

- a) CSL Capital Pvt. Ltd.
b) Catalyst Financial Services Pvt. Ltd.

- (2) Key Management Personal:

- a) Mr. Rohit Gupta
b) Mr. Akash Gupta, Company Secretary & Legal Head
c) Mr. Naresh C. Varshney, Chief Financial Officer
d) Mr. Sandeep Kumar Lohani, Chief Executive Officer

- (3) Relatives of Key Management Personnel.

- a) Mrs. Ridhima Gupta
b) Mr. Piyush Gupta
c) Ms. Rachita Gupta

- (B) Transaction during the year and balances outstanding at the year end in respect of transactions entered into during the year with the related parties.

Nature of transactions	Refer to (A) (1) (a)	Refer to (A) (1) (b)	Refer to (A) (2) (a)	Refer to (A) (2) (b)	Refer to (A) (2) (c)	Refer to (A) (2) (d)	Refer to (A) (3) (a)	Refer to (A) (3) (b)	Refer to (A) (3) (c)
Unsecured Loan Taken	6,37,00,000 (41,17,99,857)		Nil (25,00,000)						
Unsecured Loan Given	1,35,83,926 (6,73,05,138)								
Investment in Shares									
Sale of Shares	46,93,600 (Nil)								
Purchase of Shares									
Rent			Nil (1,50,000)				Nil (1,50,000)	12,00,000 (10,35,000)	
Director's Remuneration			84,00,000 (84,00,000)						
Salary Paid				13,53,000 (10,54,214)	9,15,761 (5,73,000)	23,31,200 (15,72,952)			2,00,000 (Nil)
Interest Received	63,912 (2,08,587)								
Interest Paid	19,57,290 (31,38,072)								
Balances as on 31 st March, 2018	Nil (5,30,96,000) Crore								

() Indicates figures of previous year.



- l) As per information available with the company, no amount is due to any Undertaking/Enterprise covered under the Micro, Small and Medium Enterprise Development Act, 2006.
- m) Since the Company is dealing in one segment, No separate Segment reporting is given.
- n) Balances are subject to confirmation.
- o) Borrowing costs attributable to the acquisition or construction of qualifying assets amounting to ₹Nil (P. Year Nil).
- p) The company has not purchased/sold non performing financial assets in the current and previous year.
- q) The board of director at their meeting held on 29.05.2018 have recommended a final dividend of ₹1.50 per equity share (on face value of ₹10 per equity share), subject to approval of the members at the ensuing Annual General Meeting. In terms of Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' the company has not appropriated for the recommended final dividend (including tax) from the statement of Profit & Loss for the year ended 31st March 2018.
- r) As Per the AS-14 "Accounting for Amalgamation" issued by the institute of Chartered Accountant Of India the Following Disclosures is being made as:
 - a) Name Of The Transferee Company : CSL Finance Ltd.
 - b) Name Of The Transferor Company: CSL Holdings Pvt Ltd.
 - c) The appointed date of amalgamation is 01-04-2015.
 - d) Nature Of amalgamation as per AS-14 is : Pooling Of Interest Method"
 - e) The scheme of amalgamation of the company is approved by Hon'ble National Company Law Tribunal, Principal Bench New Delhi on dated 31st May, 2017.
 - f) General Nature of the business: The Transferor companies was engaged in the business of "investment in Shares & securities"
 - g) Change in Shares Capital Structure "
 - I) Authorised Share Capital :
As per the scheme of Amalgamation as

approved by the Hon'ble National Company Law Tribunal, Principal Bench New Delhi on dated 31st May, 2017. The authorized share capital of the transferor company CSL Holdings Private Limited. amounting ₹2,40,00,000 has been merged with the Authorised Share Capital of the company during the year.

II) Paid Up Share Capital

As per the Scheme of amalgamation as approved by the Hon'ble National Company Law Tribunal, Principal Bench New Delhi on dated 31st May, 2017 which is effective from 01-04-2015. No fresh equity shares were allotted. Only the equity shares of the transferee company held by transferor company were transferred to the share holders of the transferor company in the share holding ratio of them in the transferor company.

s) Employee Stock option Scheme

The ESOS Scheme titled "CSL Employee Stock options Scheme 2016" (CSL ESOS 2016) was approved by the shareholders on 30.09.2016. 7,00,000 options are covered under the CSL ESOS, 2016.

During the financial year 2016-17, the Compensation Committee in its meeting held on 03.02.2016 and 11.02.2016 has granted 4,50,000 options (aggregate) under ESOS to eligible employees of the company. Each option comprises one underlying equity share. The terms regarding vesting and exercise of options are governed by the grant letters issued to the eligible employees to whom options are granted. The Exercise price has been determined at ₹226 per share for the grant of aforesaid 4,50,000 options.

During the financial year 2017-18, the Compensation Committee in its meeting held on 12.05.2017 and 07.07.2017 has granted 1,15,000 options (aggregate) under ESOS to eligible employees of the company. Each option comprises one underlying equity share. The terms regarding vesting and exercise of options are governed by the grant letters issued to the eligible employees to whom options are granted. The Exercise price has been determined at ₹240 per share for the grant of aforesaid 1,15,000 options.

Employee Stock options details as on the Balance Sheet date are as follows:

S. No.	Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
		Options (In Numbers)	Weighted Average exercise price per option (in ₹)	Options (In Numbers)	Weighted Average exercise price per option (in ₹)
1.	Options outstanding at beginning of the year	3,22,500	226		
	Granted during the year	1,15,000	240	4,50,000	226
	Vested during the year	75,000	226	-	-
	Exercised during the year	-	-	-	-
	Lapsed during the year	-	-	1,27,500	226
2.	Options outstanding at the end of the year	4,37,500	229.68	3,22,500	226
	Options available for grant	2,62,500	-	3,77,500	-
	The Weighted Average share price of the date of exercise for stock options exercised during the year	-	-	-	-
	Range of the exercise price for options outstanding at the end of the Financial year	-	229.68	-	226

t) During the year 2015-16 the company had sold 11,07,600 shares of M/s Samrat Forgings Limited to Mr. Rakesh Mohan Kumar ("Purchaser"), vide agreement dated March 30, 2016. The company received ₹2.60 crore towards principle repayment till date and as per agreement, the full consideration along with interest @ 18% at balance outstanding from April 1, 2016 was to be paid by the purchaser. However till 31.03.2018 a part interest of ₹3.21 Lakh has been received and balance principle ₹44.14 Lakh is to be received. The company has given legal notice to the purchaser to clear the dues along with interest or otherwise the company shall enforce the agreement of forfeiture of money received till date and all the 11,07,600 shares will be in name of the company. Accordingly no provision has been made in books.

u) Prior Period Expenses

Particulars	2017-18	2016-17
Margin for retail Hyderabad delinquency	82,890	Nil

v). During the current financial year i.e 2017-18 the company has made preferential allotment of 12,22,000 equity shares of ₹10 each at a premium of ₹380 for each equity share. The company has also allotted 1,50,000 warrants at the price of ₹390 each. Each warrant is to be convertible to equity shares of ₹10 each at premium of ₹380 each within 18 months from the date of allotment of warrants.

w) The company was creating provision for standard assets @0.25 percent of standard assets until financial year 2016-17 as per the provisioning requirements as per guidelines issued by Reserve Bank of India. During the current financial year i.e 2017-18 the company has changed provisioning for standard assets to 0.30 percent which will be increased to 0.35 percent in financial year 2018-19 and further to 0.40 percent in financial year 2019-20. This is in line so as to make the company compliant in terms of provisions relating to Systematic Important Companies of the RBI.

x) The figures of the previous years have been regrouped and rearranged wherever it is considered necessary.

In terms of our report of even date attached herewith

For: Aggarwal & Rampal
Chartered Accountants
F.R. No 003072N

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 29th May, 2018

Sd/-
(Rohit Gupta)
Managing Director
DIN-00045077

Sd/-
(Akash Gupta)
Company Secretary & Head Legal
M. No. FCS 8439

FOR & ON BEHALF OF THE BOARD

Sd/-
(Ashok Kumar Kathuria)
Director
DIN- 01010305

Sd/-
(Naresh C. Varshney)
Chief Financial Officer

CASH FLOW STATEMENT for the year ended 31st March, 2018

Particulars	As at 31.03.2018	As at 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax & Extraordinary items	25,78,27,545	23,77,92,668
Adjustment for :		
Depreciation	15,24,142	11,89,471
Provision for Standard Assets	50,52,870	7,24,750
Loss on sale of assets	35,239	-
Employee compensation exp	83,61,575	
Interest Received on Investment	(5,12,564)	(2,96,562)
Interest Paid	6,04,33,610	3,00,14,118
Profit / Loss on sale of investment	-	(3,82,96,596)
Operating Profit before Working Capital changes	33,27,22,417	23,11,27,849
Adjustment for Current Assets & Loans & Advances		
1) Trade Receivables	-	-
2) Loans & Advances	(1,46,59,62,640)	(29,82,49,716)
3) Stock In Hand	-	14,25,000
4) Other Current Assets	10,75,205	40,37,680
5) Current Liabilities	14,08,73,104	37,47,902
Cash generated from operations	(99,12,91,914)	(5,79,11,285)
Direct Taxes Paid	9,63,90,838	7,55,57,176
		(1,08,76,82,752) (13,34,68,461)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(36,16,340)	-
Sale of investments	-	4,43,92,268
Sales of Fixed Assets	1,98,000	-
Interest Income	5,12,564	2,96,562
Purchase of Fixed Assets	(31,84,478)	(24,40,634)
	(60,90,254)	4,22,48,196
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Borrowings	20,62,79,452	21,32,49,999
Long Term Borrowings	36,85,69,770	11,03,283
Interest Paid	(6,04,33,610)	(3,00,14,118)
Capital Reserve due to merger	1,57,74,165	
Dividend Paid	(56,35,411)	
Issue of equity shares	49,12,05,000	-
		1,01,57,59,365 18,43,39,164
Net Increase/ (Decrease) in cash & cash equivalents		(7,80,13,642) 9,31,18,899
Cash & cash equivalents at the beginning of period		
Cash In Hand	5,12,531	40,056
Balance with Bank	10,42,67,393	1,16,20,970 1,16,61,026
Cash & cash equivalents at the end of period		
Cash In Hand	92,528	5,12,531
Balance with Bank	2,66,73,754	2,67,66,282 10,42,67,393 10,47,79,924
Net (Outflow)/Inflow of Cash		(7,80,13,642) 9,31,18,898

In terms of our report of even date attached herewith

FOR & ON BEHALF OF THE BOARD

For: Aggarwal & Rampal
Chartered Accountants
F.R. No 003072N

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 29th May, 2018

Sd/-
(Rohit Gupta)
Managing Director
DIN-00045077

Sd/-
(Akash Gupta)
Company Secretary & Head Legal
M. No. FCS 8439

Sd/-
(Ashok Kumar Kathuria)
Director
DIN- 01010305

Sd/-
(Naresh C. Varshney)
Chief Financial Officer

SCHEDULE TO THE BALANCE SHEET OF A NON DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY

(as Required In Terms Of Paragraph 13 Of Non - Banking Financial (non Deposit Accepting Or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in Lakhs)

Particulars	Amount Outstanding	Amount Overdue
LIABILITIES SIDE		
1. Loan and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:	Nil	Nil
(a) Debentures : Secured	Nil	Nil
: Unsecured	Nil	Nil
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	Nil	Nil
(c) Terms Loans	5,110.01	Nil
(d) Inter-Corporate Loans and Borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposit*	Nil	Nil
(g) Others (Cash Credit & Working Capital Demand Loan)	5,121.54	Nil
* 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	Nil	Nil
(b) In the form of partly secured debentures i.e debentures where there is shortfall in the value of security	Nil	Nil
(c) Other Public Deposits	Nil	Nil
ASSETS SIDE		
3. Break-up of Loans and advances including bills receivables [other than those including in (4) below] :		
(a) Secured	27,951.12	
(b) Unsecured	179.85	
4. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	Nil	
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire		

(₹ in Lakhs)

Particulars	Amount Outstanding	Amount Overdue
(b) Repossessed Assets	Nil	
(iii) Others loans counting towards AFC activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above	Nil	
5. Break-up of Investments:		
<u>Current Investments</u>		
1. Quoted		
(i) Shares: (a) Equity	Nil	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others (please specify)	Nil	
2. Unquoted		
(i) Shares: (a) Equity	Nil	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others	Nil	
<u>Long Term Investments :</u>		
1. Quoted		
(i) Shares: (a) Equity	Nil	
(b) Preference		
(ii) Debentures and Bonds	Nil	
(iii) Units of Mutual Funds	Nil	
(iv) Government Securities	Nil	
(v) Others	Nil	
2. Unquoted		
(i) Shares: (a) Equity	38.61	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others	Nil	
Property	18.20	

6. Borrower group-wise classification of assets financed as in (3) and (4) above :

Please see note 2 below

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	27,867.27	179.31	28,046.58
Total	27,867.27	179.31	28,046.58

7. Investor Group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	38.61	38.61
2. Other than related parties	Nil	Nil
Total	38.61	38.61

** As per Accounting Standard of ICAI (Please see Note 3)

8. Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related Parties	
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	
(a) Related Parties	
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

- a) As defined in paragraph 3 of chapter 2 of these directions.
- b) Provisioning norms shall be applicable as prescribed in these directions.
- c) All Accounting Standards and guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets required in satisfaction of debt.
- d) 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 (5) above.

In terms of our report of even date attached herewith

FOR & ON BEHALF OF THE BOARD

For: Aggarwal & Rampal
Chartered Accountants
F.R. No 003072N

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 29th May, 2018

Sd/-
(Rohit Gupta)
Managing Director
DIN-00045077

Sd/-
(Akash Gupta)
Company Secretary & Head Legal
M. No. FCS 8439

Sd/-
(Ashok Kumar Kathuria)
Director
DIN- 01010305

Sd/-
(Naresh C. Varshney)
Chief Financial Officer



CSL Finance
Limited

CIN: L74899DL1992PLC051462

Registered Office : 8/19, GF, W.E.A, Pusa Lane, Opp Metro Pillar 87, Karol Bagh, New Delhi -110005

Phone: +91 11 42503441-44 **Website :** www.csfinance.in • **Email :** investor@csfinance.in

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Folio No./DP ID-Client ID No. :

No. of Shares held :

Name of the Member/Proxy :
(IN BLOCK LETTERS)

Address of the Member :

.....

.....

Email ID :

I/We hereby record my/our presence at the 26th Annual General Meeting of CSL FINANCE LIMITED at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074 on Saturday, 29th September, 2018 at 10.30 am.

Signature(s) of the Member or Proxy

NOTES:

- i. No duplicate Attendance Slip will be issued at the Meeting Venue.
- ii. You are requested to bring your copy of the Annual Report to the Meeting



CIN: L74899DL1992PLC051462

Registered Office : 8/19, GF, W.E.A, Pusa Lane, Opp Metro Pillar 87, Karol Bagh, New Delhi -110005

Phone: +91 11 42503441-44 **Website :** www.csloffinance.in • **Email :** investor@csloffinance.in

FORM NO. MGT-11 PROXY FORM

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

CIN	L74899DL1992PLC051462
Name of the Company	CSL FINANCE LIMITED
Registered Office	8/19, GF, W.E.A, Pusa Lane, Karol Bagh, New Delhi -110005

Name of the member(s)	
Registered Address	
E-mail ID	
Folio No./DP & Client ID	

I/We, being the member(s) of shares of the above named company, hereby appoint

Name		Signature
Address		
Email-id		

OR FAILING HIM;

Name		Signature
Address		
Email-id		

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 26th Annual General Meeting of the Company, to be held on Saturday, 29th September, 2018 at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074 at 10:30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	For	Against	Abstain
1.	Adoption of Annual Financial Statements for the Financial Year 2017-18 together with report of Board of Directors and Auditors thereon			
2.	Declaration of Dividend			
3.	Re-appointment of Mr. Ashok Kumar Kathuria (DIN: 01010305), who retires by rotation and being eligible, offers himself for re-appointment			

Signed this.....day of2018.

Affix Re. 1/
Revenue
Stamp

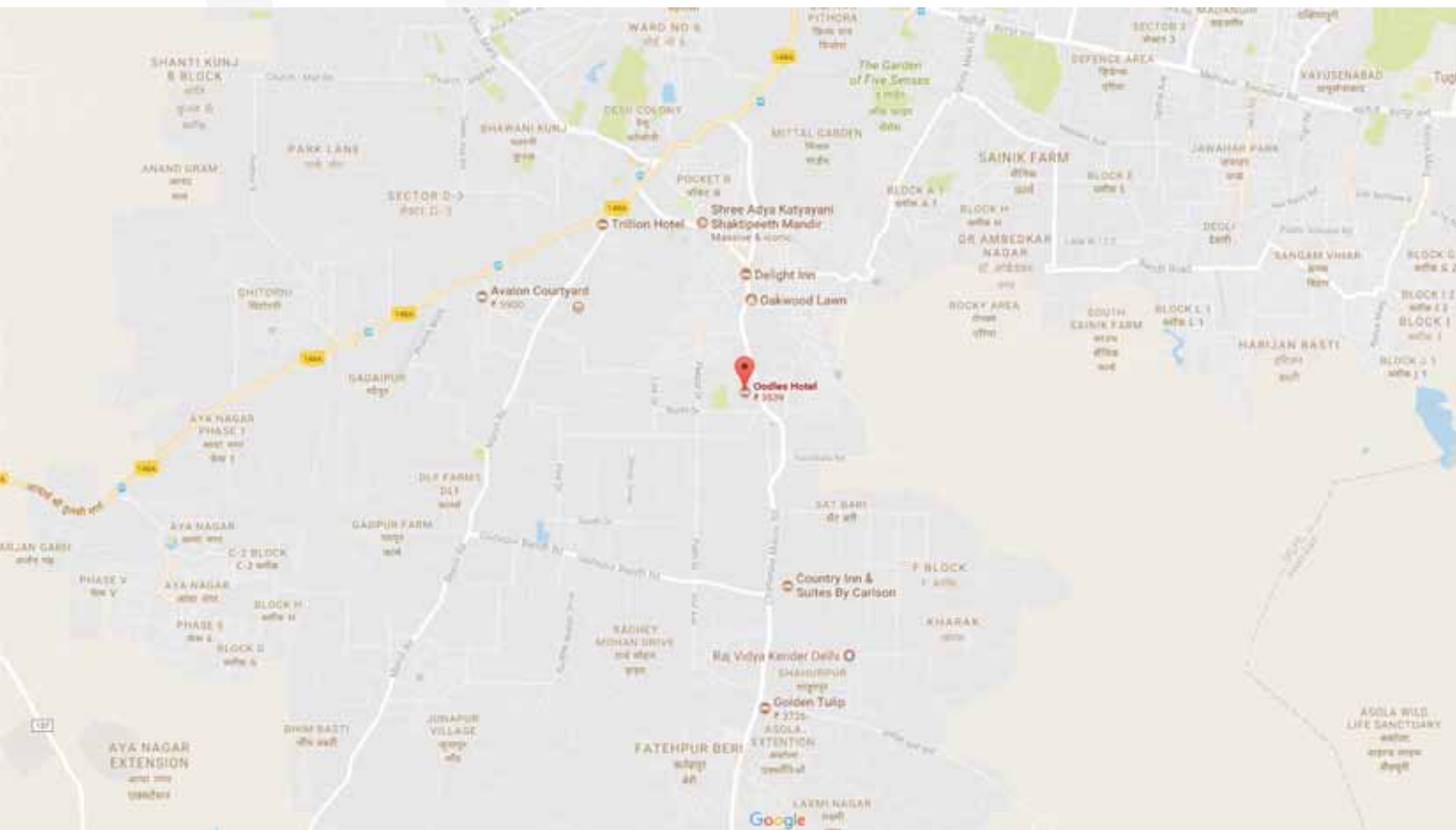
Signature of Shareholder :

Signature of Proxy holder(s):

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.
- The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/ Depository Participant.
- A Proxy need not be a Member.

ROUTE MAP TO THE VENUE OF 26TH ANNUAL GENERAL MEETING OF THE COMPANY



NOTES





Registered & Corporate Office :

8/19, GF, W.E.A, Pusa Lane, Karol Bagh, New Delhi -110005

Phone: +91 11 42503441-44

Email : info@cslfinance.in

Website : www.cslfinance.in