

07.09.2017

To

The Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

**Sub: Results of 25th Annual General Meeting of the Company along with
Scrutinizer's Report**

Dear Sir/ Ma'am,

Also find enclosed herewith the 25th Annual Report of the Company for the financial
year 2016-17

This is for your information and record.

Thanking you,

Yours faithfully,

For CSL Finance Limited

Akash Gupta
Company Secretary

Enc: a/a



25th ANNUAL REPORT

2016-2017

CSL FINANCE LIMITED

CORPORATE INFORMATION**BOARD OF DIRECTORS**

| | |
|----------------------|---------------------|
| Rohit Gupta | Managing Director |
| Ashok Kumar Kathuria | Director |
| Anjna | Director |
| Manoj Gupta | Additional Director |

CHIEF EXECUTIVE OFFICER

Mr.Sandeep Kumar Lohani

CHIEF FINANCIAL OFFICER

Mr.Naresh Chandra Varshney

CHIEF OPERATING OFFICER- SME

Mr. Rajeev Mehra

COMPANY SECRETARY & LEGAL HEAD

Mr. Akash Gupta

BANKERS

State Bank of India

HDFC Bank Limited

Kotak Mahindra Bank Limited

STATUTORY AUDITORS

R. Mahajan & Associates, Chartered Accountants, New Delhi

INTERNAL AUDITOR

H.K. Batra & Associates, Chartered Accountants, New Delhi

SECRETARIAL AUDITOR

Mr. Sanjay Kumar, Practicing Company Secretary

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

BRANCHES**AMBALA BRANCH**

6275/28, IInd Floor,

Akash

Hotel Building, Nicholson

Road, Ambala Cantt.-133001

YAMUNANAGAR BRANCH

1/75, 1st Floor, Rawal Complex,

Thapar Colony, Workshop Road, Yamuna Nagar,
Haryana

PANIPAT BRANCH

101, 1st Floor, Malik Plaza

Building, G.T. Road, Panipat, Haryana

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Letter from Managing Director

Dear Shareholders

The year FY 2016-17 was a mixed year for financial sector. The banking sector remained challenging due to rising NPAs and lower investment by private sector. Further Demonetisation increased problems in the financial sector. Demonetisation slowed down growth of economy, as most of the businesses were impacted due to liquidity crunch. However NBFC sector remained on a growth path, the loan & advances from sector grew by 16.4% YoY. Clearly with the challenges with the NPAs in the PSU banks, NBFCs have captured market share from banks in many product lines.

We feel that NBFCs will continue to grow in the near future while the public sector banks are unable to meet credit demand and struggling with their rising NPAs. NBFCs have created their specialized niches and have also built a deeper reach into the suburban and rural India which is expected to be the growth driver for sector in years to come. Another healthy trend is that inspite of rising NPAs, Net NPAs of NBFC sector declined from 2.7% to 2.3%.

Another key trend that is playing out is shifting of savings from physical assets like gold and real estate to financial assets. This could be a mega trend which has the potential to change the entire face of financial services in India in the long term. Another disrupting force is the increased use of technology by various players in the financial services space with disruptive business models. Mobile Wallets, increasing use of fintech platforms, Online Credit Scoring, Payment Gateways and Digital Currencies will increasingly gain acceptance and change consumer habits. Aadhar is another disruptive force that will make a huge impact in Indian financial Services.

Your management team sees a big opportunity emerging out of all these trends and has decided to scale up its existing operations and pursue new avenues of growth. As a company we are embarking on a new journey to scale up our operations.

FY 2016-17 was a transformational year for our company. We have decided to discontinue our non-core activities and from Q2FY2016-17 onwards our operations are focused on lending operations only. We propose to grow in our core area of lending and are also venturing into smaller ticket SME loans, by building our retail presence. We opened new retail branches in Ambala, Panipat and Yamunanagar and also started retail operations out of our existing office in Delhi. We are aiming to build our retail SME product line by providing loans in the Rs 2-25 lakh ticket size to small traders and businesses in Tier 2 & Tier 3 cities as well as in NCR region. Over the next couple of years we aim to build our presence in Northern India, using a hub and spoke model.

During the year we got a rating of BBB from Care Ratings. Its a good start and highlights the strength of our balance sheet. We successfully raised Rs50Cr from SBI for our working capital needs, and further aim to leverage our balance sheet to scale up our business.

As on 31st March 2017 our total loan book is Rs.135.45 Cr. This is a 28.23% growth over last year. A large part of our current loan book is of short term duration and serves as mezzanine loans to meet the short term requirements of smaller companies and real estate developers. Our company has strong due diligence process, regular client meetings and detailed monitoring Which has helped build a excellent track record with minimal NPAs. Due to all our efforts towards due diligence and tight control we managed to grow our loan book with excellent portfolio quality.

During the year we earned Profit after Tax of Rs 16.42 Cr versus Rs 13.05 Cr in FY2015-16, a growth of 16% YoY. As we start on our new journey we have announced our maiden dividend of Re.1 per share.

We think that there are ample growth opportunities in the country for a NBFC and we are aiming to expand our reach and balance sheet. We have hired a new team for our SME operations with rich experience in lending, which will focus of building the retail SME product line and we will remain focused on building upon our existing strengths. We remain optimistic about the future prospects for the company and thank all our shareholders for their continued support.

Sd/-

Rohit Gupta
Managing Director

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of CSL Finance Limited will be held on Tuesday, 5th day of September 2017 at 11:30 a.m. at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074, to transact the following businesses:-

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 March 31st, 2017 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.”

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 Re.1 per equity share as recommended by the Board of Directors of the Company at their meeting held on May 23, 2017, be and is hereby approved and declared for the year ended March 31, 2017.”

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.”

Item No.4 – Appointment of M/s. Aggarwal & Rampal, Chartered Accountants (FRN: 003072N) as the Statutory Auditors of the Company for a period of five (5) years starting with F.Y. 2017-18, and the fixing of their remuneration

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any amendment thereto or re-enactment thereof for the time being in force) M/s. Aggarwal & Rampal, Chartered Accountants (FRN: 003072N) be and are hereby appointed as Statutory Auditors of the Company and to hold office from the conclusion of this 25th Annual General Meeting until the conclusion of the 30th Annual General Meeting of the Company, subject to the ratification by the Members at every Annual General Meeting, at a remuneration to be decided by the Board of Directors in consultation with the Auditors from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf.”

SPECIAL BUSINESS

Item No.5 – To re-appoint Mr. Rohit Gupta as the Managing Director of the Company for a period of 5 years

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V thereof, the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of Members of the Company be and is hereby accorded to the re-appointment of Mr.Rohit Gupta (DIN: 0045077) as the Managing Director of the Company for the period of five years with effect from 10th August, 2017 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting and as enumerated in the Agreement dated 10th August, 2017, a copy whereof, initialed by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which agreement is also hereby specifically approved.

RESOLVED FURTHER THAT the Managing Director shall not be liable to retire by rotation during his tenure as Managing Director and shall function under the superintendence, direction and control of the Board of Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors and the Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

Item No.6 – To regularize Mr.Manoj Gupta as the Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, Mr.Manoj Gupta (DIN: 01160953), who was appointed as an Additional Director on May 16, 2017, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company upto May 16, 2022, not liable to retire by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors and the Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things, as may be required in connection with the same.”

Item No.7 – To Issue and Allot Convertible Warrants on Preferential Basis to Non-Promoters:

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

“RESOLVED THAT, pursuant to Sections 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the relevant rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and in accordance with the provisions on preferential issue as contained in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended (**“SEBI ICDR Regulations”**), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR Regulations”**), Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeover) Regulations, 2011, as amended from time to time, (**“SEBI Takeover Regulations”**), and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of

any statutory / regulatory authorities, Stock Exchange(s), SEBI, institutions, or bodies, as may be required and subject to such terms and condition(s), alteration(s), correction(s), change(s) and/or modification(s) as may be prescribed by any of them while granting such consent(s), permission(s) or approval(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as '**the Board**' which terms shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its power including the powers conferred by this Resolution), consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranches, 1,50,000 (one lac fifty thousand) convertible warrants on **preferential basis** ("Warrants") convertible into equivalent number of Equity Shares of Rs.10/- each, at any time within and up to 18 months from the date of allotment of warrants, for cash, at an issue price of Rs. 390/- per warrant , on such terms and conditions as may be decided by the Board, to the below-mentioned persons belonging to Non- Promoter category (Warrant Holder(s)):

| S No. | Name of the proposed Warrant Allottee(s) | No. of Warrants proposed to be issued | Category |
|--------------|---|--|-----------------|
| 1 | Gaurav Sud | 1,00,000 | Non-promoter |
| 2. | Sweta R. Kumar | 16,000 | Non-promoter |
| 3. | Seema Kumari | 17,000 | Non-promoter |
| 4. | Sunanda Kumari | 17,000 | Non-promoter |
| | Total | 1,50,000 | |

RESOLVED FURTHER THAT in accordance with the provisions of Chapter VII of the ICDR Regulations, the "Relevant Date" for the purpose of determining the minimum issue price for the issue of warrants/equity shares arising on conversion of warrants is August 4, 2017.

RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Warrants including reduction of the size of the issue, as it may deem expedient, in its discretion.

RESOLVED FURTHER THAT, the aforesaid issue of the Warrants shall be issued on the following terms and conditions:

- The proposed allottee(s) of Warrants shall, on the date of allotment of warrants, pay an amount equivalent to at least 25% of the price fixed per Warrant in terms of the SEBI (ICDR) Regulations, 2009. The balance 75% of the Issue Price shall be payable on or before the conversion of said Warrants into Equity Shares, within a maximum permissible period of 18 months from the allotment thereof;
- The consideration for allotment of warrants and/or Equity Shares arising out of exercise of such Warrants shall be paid to the Company from the Bank account of the respective proposed warrant allottees.
- In the event the Warrant Holder does not exercise the Warrants within 18 (Eighteen) months from the date of allotment of the Warrants, the Warrants shall lapse and the amount paid on such Warrants shall stand forfeited by the Company;
- The Warrant Holder shall be entitled to exercise the option of exercising any or all of the Warrants in one or more tranches by way of a written notice to the Company, specifying the number of Warrants proposed to be exercised along with the aggregate amount thereon, without any further approval from the shareholders of the Company prior to or at the time of conversion. The Warrants and Equity Shares arising on conversion of aforesaid warrants shall be in dematerialized form and shall rank pari – passu with existing equity shares;
- The issue of the Warrants as well as Equity Shares arising from the exercise of the Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof;

- vi. In the event that the Company completes any form of capital restructuring prior to the conversion of the Warrants, then, the number of Equity Shares that each Warrant converts into and the price payable for such Equity Shares, shall be adjusted accordingly in a manner that, to the extent permitted by applicable laws, Warrant holder: (a) receives such number of Equity Shares that Warrant holder would have been entitled to receive; and (b) pays such consideration for such Equity Shares to the Company which Warrant holder would have been required to pay, had the Warrants been exercised immediately prior to the completion of such capital restructuring;
- vii. The Warrants and the Equity Shares allotted pursuant to exercise of such Warrants shall be subject to a lock-in for such period as specified under Chapter VII of ICDR Regulations relating to preferential issues and;
- viii. Warrants so allotted under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI (ICDR) Regulations except to the extent and in the manner permitted there under.
- ix. The Warrants by itself, until exercise of conversion option and Equity Shares allotted, does not give to the Warrant holder thereof any rights with respect to that of a shareholder(s) of the Company.

RESOLVED FURTHER THAT, all or any of the powers conferred on the Company and the Board of Directors vide this resolution may be exercised by the Board (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), comprising of two (2) Independent Directors of the Company or any other Committee of the Board (with power to delegate to any Officer of the Company), for the purpose of giving effect to this resolution, may in its absolute discretion deem necessary, desirable or expedient, including the Listing Application to the Stock Exchange(s), filing of requisite forms with Registrar of Companies, Ministry of Corporate Affairs and to resolve and settle any questions and difficulties that may arise in the proposed offer, issue and allotment of aforesaid securities, utilization of issue proceeds, signing of all deeds and documents as may be required and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all actions taken by the Board or Committee(s) duly constituted for this purpose in connection with any matter(s) referred or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

Item No.8 – To Issue and Allot Equity Shares on Preferential Basis to Non-Promoters:

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

"RESOLVED THAT pursuant to the provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any re-enactment(s) and modification(s) made there under, if any, for the time being in force) (hereinafter referred to as "Companies Act") read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014, as amended and other relevant rules made there under (including any statutory modification(s) thereto or re-enactment thereof for the time being in force), enabling provisions of Memorandum of Association and Articles of Association of the Company, provisions of the uniform listing agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed ("Stock Exchange(s)"), and in accordance with the guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI"), including the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended, the Foreign Exchange Management (Transfer

or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and subject to the approvals, consents, permissions and/ or sanctions, as may be required from the Government of India, Reserve Bank of India, SEBI, Stock Exchange(s) and any other relevant statutory, governmental authorities or departments, institutions or bodies by the Company or the Proposed Allottee (as defined hereinafter) and subject to such terms, conditions, alterations, corrections, changes, variations and/or, modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and/ or sanctions and which may be agreed by the board of directors of the Company (hereinafter referred to as the “Board” which terms shall be deemed to include any committee duly constituted by the Board or any committee, which the Board may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution), the consent of the members be and is hereby accorded to the Board to create, offer, issue and allot upto 12,47,000 (twelve lacs forty seven thousand Only) Equity Shares of face value of Rs. 10/- (Rupees Ten only) each at an issue price of Rs. 390/- (Rupees three hundred ninety only) per Equity Share or such other price as may be determined in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations and on such terms and conditions as may be determined by the Board in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations to the below-mentioned persons belonging to Non- Promoter Category.

| S. No. | Name of the Proposed Allottees | Category | No. of Equity Shares proposed to be allotted |
|---------------|---------------------------------------|------------------|---|
| 1 | Kothari Ventures LLP | 385000 | Non-promoter |
| 2 | Aadi Financial Advisors LLP | 385000 | Non-promoter |
| 3 | Madhuri Kela | 80000 | Non-promoter |
| 4 | Gagan Chaturvedi | 30000 | Non-promoter |
| 5 | Aditya Parekh | 25000 | Non-promoter |
| 6 | Nidhi Shyamsukha | 13000 | Non-promoter |
| 7 | Hina Doshi | 13000 | Non-promoter |
| 8 | Niyati Mehta | 13000 | Non-promoter |
| 9 | Pankaj K mehta Investment Pvt Ltd. | 13000 | Non-promoter |
| 10 | Geecee Investments Limited | 35000 | Non-promoter |
| 11 | Raj Vinay Ajmera | 10000 | Non-promoter |
| 12 | Amar Patel | 10000 | Non-promoter |
| 13 | Sarvadaman Doshi | 10000 | Non-promoter |
| 14 | Mithun Soni | 5000 | Non-promoter |
| 15 | Rajiv Pathak | 3000 | Non-promoter |
| 16 | Ajay Relan | 100000 | Non-promoter |
| 17 | Radhika Sharma | 80000 | Non-promoter |
| 18 | Madhu Jain | 20000 | Non-promoter |
| 19 | Lata Gupta | 12000 | Non-promoter |
| 20 | Subodh Narain Agarwal | 5000 | Non-promoter |
| | Total | 12,47,000 | |

RESOLVED FURTHER THAT the Relevant Date, as per the SEBI ICDR Regulations for the determination of issue price of Equity Shares is Friday, August 4, 2017.

RESOLVED FURTHER THAT aforesaid issue of Equity Shares shall be subject to the following terms and conditions:

- i. The Proposed Allottee of Equity Shares shall be required to bring in 100% of the consideration, for the Equity Shares to be allotted to such Proposed Allottee, on or before the date of allotment thereof.
- ii. The consideration for allotment of Equity Shares shall be paid to the Company from the bank account of the Proposed Allottee;
- iii. The Equity Shares to be allotted to the Proposed Allottee shall be under lock in for such period as may be prescribed under Chapter VII of the SEBI ICDR Regulations;
- iv. The Equity Shares so allotted to the Proposed Allottee under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI ICDR Regulations except to the extent and in the manner permitted there under;
- v. The Equity Shares shall be allotted within a period 15 (fifteen) days from the date of passing this resolution, provided where the allotment of the Equity Shares is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval; and
- vi. Allotment shall only be made in dematerialized form.

RESOLVED FURTHER THAT the Equity Shares proposed to be so allotted shall rank *pari-passu* in all respects including as to dividend, with the existing fully paid up Equity Shares of face value of Rs.10/- (Rupees Ten only) each of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors/Committee(s) of the Board and the Company Secretary be and are hereby authorized severally to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, desirable or expedient including application to Stock Exchanges for obtaining of in-principle approval, listing of shares, filing of requisite documents with the Registrar of Companies, National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and/ or such other authorities as may be necessary for the purpose, to resolve and settle any questions and difficulties that may arise in the proposed issue, offer and allotment of the said Equity Shares, utilization of issue proceeds, signing of all deeds and documents as may be required without being required to seek any further consent or approval of the shareholders.

RESOLVED FURTHER THAT in connection with any of the foregoing resolutions, the members of the Board and such other persons as may be authorized by the Board, on behalf of the Company, be and are hereby severally authorized to execute and deliver any and all other documents, papers and to do or cause to be done any and all acts or things as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the Preferential Issue; and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Company in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Company, as the case may be.

RESOLVED FURTHER THAT all actions taken by the Board or Committee(s) duly constituted for this purpose in connection with any matter(s) referred or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.”

Item No.9 – Investment(s), Loans, Guarantees and security in excess of limits specified under section 186 of Companies Act, 2013:

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

“**RESOLVED THAT** pursuant to Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification thereof for the time being in force and as may be enacted

from time to time), and in terms of Articles of Association of the Company and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) for making investment(s) in excess of limits specified under section 186 of Companies Act, 2013 from time to time in acquisition of securities of any body corporate or for giving loans, guarantees or providing securities to any body corporate or other person/ entity whether in India or outside India, as may be considered appropriate for an amount not exceeding Rs.1000 crore (Rupees one thousand crores only), notwithstanding that such investment and acquisition together with the Company’s existing investments in all other bodies corporate, loans and guarantees given and securities provided shall be in excess of the limits prescribed under section 186(3), of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company be and is hereby authorized to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as they may in their absolute discretion deem fit to give effect to this resolution.”

Item No.10 – To approve increase in the borrowing limits of the company from the existing limit of Rs.500 crores to Rs.750 crores

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

“**RESOLVED THAT** in super session of the earlier resolutions passed in this regard by the company, pursuant to the provisions of Section 180(1)(c) of the Companies Act 2013, rules made thereunder (including any statutory modification or re-enactment thereof) and other applicable provisions, if any, the approval of the members be and is hereby accorded to borrow at any time, any sum or sums of money(ies) which together with monies already borrowed by the company apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business, exceeding the aggregate of paid-up share capital of the company and is free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed Rs.750 crores.

RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to delegate the power to borrow, arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to this resolution, including execution of all such documents, instruments and writings, as may be required.”

CSL Finance Limited Regd. Office:

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

By order of the Board of Directors

Sd/-

Akash Gupta

Company Secretary & Legal Head

Place: New Delhi

Date: 10th August 2017

NOTES

1. The statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the special business(s) as set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE 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.** Pursuant to Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. Members holding more than 10% of the total share capital of the Company carrying voting rights may appoint single person as proxy who shall not act as a proxy for any other person or shareholder. Instrument of proxy, in order to be effective, must be duly filled, signed, stamped and received at the Company's Registered Office, not less than 48 hours before the meeting. Proxies submitted on behalf of Limited Companies, Societies, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization. Corporate Members are requested to send a duly certified copy of the Board Resolution to the Registered Office of the Company, pursuant to applicable provisions of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting. A proxy form (Form MGT-11) is annexed to this notice.
3. 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.
4. 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.
5. 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 04th August, 2017.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 31st August, 2017 to Tuesday, 5th September, 2017 (both days inclusive) for the purpose of payment of dividend.
7. If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before Thursday, October 5, 2017:
 - a) to all the Members in respect of shares held in physical form, whose names appear in the Company's Register of Members as on Tuesday, September 5, 2017 after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Tuesday, August 29, 2017; and
 - b) to all Beneficial Owners in respect of shares held in demat form, whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on Tuesday, August 29, 2017.
8. 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 Tuesday, August 29, 2017 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.

9. Members/Proxies are requested to bring the attendance slip (annexed to this notice) duly filled in for attending the meeting.
10. 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.
11. The Notice of the AGM along with the Annual Report 2016-17 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.
12. 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.
13. 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.
14. The route map and prominent landmark of the venue of the meeting is provided in this Notice.
15.
 - a) Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to members to exercise the right to vote by electronic means. The Company has arranged this facility in the National Securities Depository Limited (NSDL) platform. The Members whose names appear in the Register of Members/List of Beneficiary Owners as on 29th August, 2017 (cut-off date) i.e., a date not earlier than seven days before the date of general meeting shall only be allowed to vote.
 - b) Members who have acquired shares after the dispatch of notice and before book closure may approach the Company for issuance of User ID and Password for exercising their votes by electronic means.
 - c) The remote e-voting period will commence at 9:00 a.m. on 2nd September, 2017 and will end on 5:00 p.m. on 4th September, 2017. At the end of the remote e-voting period, the said facility shall forthwith be blocked. The Company has appointed CS Sanjay Kumar, Practising Company Secretary to conduct the scrutiny of votes cast in the remote e-voting process and poll at the venue of the AGM of the Company.
 - d) Once the vote on a Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
 - e) The facility for voting through ballot paper shall be made available at the meeting and the members attending the meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
 - f) The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to vote again at the meeting.
 - g) 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.
 - h) Members who are not members as on the cut-off date shall treat this notice for information purposes only.
 - i) 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.csfinance.in> for download.

The detailed process, instructions and manner for availing remote e-voting facility is provided herein below:-

A. The E-voting period begins on 2nd September, 2017 at 9:00 a.m. and ends on 4th September, 2017 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 29, 2017 may cast their vote electronically. The e-voting module shall be disabled by NSDL after aforesaid period.

B. The process and manner for remote e-voting is as under:

In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- a) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- c) Click on Shareholder - Login
- d) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- e) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- g) Select "EVEN" of "CSL Finance Limited"
- h) Now you are ready for remote e-voting as Cast Vote page opens.
- i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) 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 with a copy marked to evoting@nsdl.co.in.

In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

- a) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
- b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- d) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

16. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. August 29, 2017 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting,

then, you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800- 222-990.

17. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions.
18. The Results of voting declared along with Scrutinizer’s Report(s) will be published on the website of the Company (www.csfinance.in) and on Service Provider’s website (<https://evoting.nsdl.com>) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited.
19. The Company has designated an exclusive email id viz investor@csfinance.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: 10th August, 2017

ANNEXURE TO THE NOTICE

In accordance to Regulation 36 of the Listing Regulations, 2015, the details of Mr. Ashok Kumar Kathuria, Mr. Manoj Gupta and Mr. Rohit Gupta seeking appointment/ re-appointment at the forthcoming Annual General Meeting is as under:-

| Name of Director | Mr. Ashok Kumar Kathuria | Mr. Manoj Gupta | Mr. Rohit Gupta |
|---|--|--|--|
| DIN | 01010305 | 01160953 | 00045077 |
| Date of Birth | 24.02.1959 | 31.01.1964 | 18.12.1967 |
| Nationality | Indian | Indian | Indian |
| Date of appointment on Board | 29.10.2005 | 16.05.2017 | 29.10.2005 |
| Qualification | B.A. | Chartered Accountant | Chartered Accountant |
| Expertise in specific functional areas | He has about 28 years of rich experience in administration. | He is having a rich experience of more than 20 years in the field of finance and industry mainly related to engineering and International business. | He has over 25 years of diverse experience in the fields of merchant banking, corporate finance, financial restructuring, project finance, capital markets and structured lending. |
| Shareholding in CSL | Nil | Nil | Nil |
| List of outside Directorships | Nil | <ul style="list-style-type: none"> - Hygeia IT Wellness Solution Private Limited - PLG Management Consultants Private Limited - Honeywell Finserv Private Limited | <ul style="list-style-type: none"> - Catalyst Financial Services Private Limited - CSL Capital Private Limited |
| Chairmanship/ membership of the committee of the Board of the Company | Chairman - Investor Relations & Share Transfer Committee Chairman - Stakeholders Relationship Committee Member - Audit Committee Member - Nomination & Remuneration Committee Member - CSR Committee | Member - Audit Committee Member - Nomination & Remuneration Committee | Chairman - CSR Committee Member - Investor Relations & Share Transfer Committee |

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

As per the provisions of Companies Act, 2013 read with rules made thereunder no listed Company shall appoint an audit firm as auditor for more than two consecutive terms of five years and an audit firm which has completed its term shall not be eligible for reappointment as auditor in the same company. Every listed Company existing on or before the commencement of Companies Act, 2013 (i.e 01st April, 2014) shall comply with the provisions of Companies Act, 2013 within three years. Accordingly, the term of the existing Statutory Auditors, R. Mahajan & Associates, Chartered Accountants, is coming to end. The Board of Directors have recommended appointment of M/s. Aggarwal & Rampal, Chartered Accountants (FRN: 003072N), as the Statutory Auditors of the Company in place of R. Mahajan & Associates, Chartered Accountants, existing Statutory Auditors of the Company, to hold Office from the conclusion of the ensuing Twenty Fifth Annual General Meeting till the conclusion of the Thirtieth Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board of Directors recommends the Resolution for approval of the members of the Company.

Item No.5

Mr. Rohit Gupta, is the key personnel of the organization as Managing Director. Mr.Gupta is a commerce graduate and a Member of the Institute of Chartered Accountants of India (ICAI). He has more than 25 years of diverse experience in the field of Merchant Banking, Corporate Finance, Restructuring, Project Finance, Stock Markets & Real Estate. Mr. Rohit Gupta has been associated with the company since 2005 and has played a pivotal & instrumental role in the growth of the company. The following points are important in this regard:

1. The Shareholders in the 15th Annual General Meeting of the Company held on 29th September 2007 appointed Mr. Rohit Gupta as the Managing Director of the Company, at Nil Remuneration,
2. The Board of Directors at its meeting held on 17th June 2011 approved the remuneration of Mr. Rohit Gupta with effect from 1st April 2011 and the shareholders approved such remuneration by way of a postal ballot on 6th September 2011,
3. The Shareholders in the 20th Annual General Meeting of the Company held on 9th August, 2012 re-appointed Mr. Rohit Gupta as Managing Director of the Company for a period of 5 years with effect from 11th August, 2012, with some variation in the terms of his remuneration.

The Board of Directors at its meeting held on August 10, 2017, have recommended to re-appoint Mr.Gupta as Managing Director of the Company on the remuneration as recommended by the Nomination and Remuneration Committee for a further period of five years, commencing from August 10, 2017 and upto August 10, 2022 subject to necessary approvals. An agreement has been entered into by the Company with the Managing Director on August 10, 2017. The Board had further authorised Nomination and Remuneration Committee to approve the revision in the remuneration from time to time within the limit as approved by the Board. The appointment of Mr.Gupta is appropriate and in the best interest of

the Company. Thus, the Board of Directors recommends the resolution set out at Item no.5 of the notice for your approval. The main terms and conditions of his re-appointment as Managing Director, as contained in the said agreement are furnished below:

- (i) Terms of re-appointment: - Five years with effect from 10.08.2017.
- (ii) Salary: Rs.7,00,000/- (Rupees seven lacs only) per month payable monthly. The revision, if any shall be decided by the Board of Directors of the Company.
- (iii) Perquisites: Provision for use of car for official business. Personal use of the car will be billed to him.
- (iv) Gratuity will be payable as per Rules of the Company.

The Board therefore recommends the resolution for your approval.

Except for Mr.Rohit Gupta, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution. The Board of Directors recommend the Resolution for approval of the members of the Company.

Item No.6

The Nomination & Remuneration Committee of the Board of Directors of the Company has recommended appointment of Mr. Manoj Gupta (DIN: 01160953), who was appointed vide resolution passed by the Board on May 16, 2017 as Additional Director and in capacity of Independent Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, holds office only upto the date of this Annual General Meeting and not liable to retire by rotation. The Board of Directors are of the opinion that Mr. Manoj Gupta possesses relevant expertise and experience and is eligible for the position of the Independent Director of the Company and fulfills the conditions specified by the Companies Act, 2013, SEBI regulations and also in terms of applicable guidelines from Reserve Bank of India. The Board considers that his association as Independent Director will be beneficial and in the best interest of the Company.

The nature of expertise of Mr. Manoj Gupta, including his, educational and professional qualifications, working experience, achievements, name(s) of the companies in which he holds directorships (if any), memberships and chairmanships in various Committees, his shareholding (if any) in the Company, relationship between directors inter-se are provided in Corporate Governance Report forming part of the Annual Report and also at Annexure A of the Notice. This statement may also be regarded as a disclosure under SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The Company has received from Mr.Manoj Gupta (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under the sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) declarations to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. The Company has received a written notice as prescribed under Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 from him along with a deposit of Rs. 1,00,000/- proposing his candidature as a Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Manoj Gupta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Manoj Gupta as an Independent Director, for the approval by the shareholders of the Company.

Except for Mr. Manoj Gupta, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution. The Board of Directors recommend the Resolution for approval of the members of the Company.

Item No.7 and 8

The Special Resolutions contained in the Notice, have been proposed pursuant to the provisions of Sections 42, 62 of the Companies Act read with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), to issue and allot upto 1,50,000 Fully Convertible Warrants ("Warrants") and upto 12,47,000 Equity Shares of Rs.10/- each to the persons belonging to Non-Promoter Category. The said proposal has been considered and approved by the Board in their meeting held August 10, 2017. The offer for the proposed allotments shall be made by way of a common offer letter to be issued to the proposed allottees. The proposed transaction with the Proposed Allottee and the Proposed Warrant Allottee is subject to the receipt of customary conditions including receipt of shareholders' approval.

The details of the issue and other particulars as required in terms of Regulation 73 of the SEBI ICDR Regulations and other applicable statutes in relation to the proposed Special Resolution are given hereunder:

A. The Objects of the issue through preferential offer:

The Company requires infusion of funds to augment the funding needs of the Company viz., to support the expansion of business and for general corporate purposes and working capital requirements. Accordingly, in order to finance the said fund requirement, the Company proposes to issue and allot Equity Shares and Warrants on Preferential basis to the non promoters.

B. The proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer:

None of the Promoters/ Directors/ Key Management Personnel of the Company intends to subscribe to the preferential offer.

C. The shareholding pattern of the issuer Company before and after the preferential issue;

The shareholding pattern of the Company given the present position as on August 4, 2017 before and after the proposed preferential issue to non- promoters is likely to be as follows:

| S. No | Category of Shareholder | Pre-Issue Equity Holding (As on) | | No. of Equity shares to be allotted | Post Issue Shareholding Presuming allotment of equity shares)# | | No of Warrants | Post-Issue Shareholding after allotment of Equity and (Presuming the Conversion of Warrants) | |
|----------|-------------------------------------|----------------------------------|--------------|-------------------------------------|--|--------------|----------------|--|--------------|
| | | No. of Shares | % | | No. of Shares | % | | No. of Shares | % |
| A | Promoters and Promoter Group | | | | | | | | |
| | 1 (a) Indian Promoters | 3501968 | 74.79 | 0 | 3501968 | 59.06 | 0 | 3501968 | 57.61 |
| | (b) Foreign Promoters | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| | Sub Total | 3501968 | 74.79 | 0 | 3501968 | 59.06 | 0 | 3501968 | 57.61 |
| B | Non Promoter | | | | 0 | 0.00 | | 0 | 0.00 |
| | 2. Institutional Investors | | | | 0 | 0.00 | | 0 | 0.00 |
| | a) Mutual Funds/UTI | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| | b) Financial Institutions/Banks | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |

| | | | | | | | | |
|--|----------------|---------------|----------------|----------------|---------------|---------------|----------------|---------------|
| c) Insurance Companies/Govt Institutions | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| d) Foreign Institutional Investors | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| e) Qualified Foreign Investors | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| f) Venture Capital Funds | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| Sub Total | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| 3. Others | | | | | | | | |
| a) Bodies Corporate | 287083 | 6.13 | 818000 | 1105083 | 18.64 | 0 | 1105083 | 18.18 |
| b) Individual Holdings | 752398 | 16.07 | 416000 | 1168398 | 19.71 | 150000 | 1318398 | 21.69 |
| c) NBFCs registered with RBI | 401 | 0.01 | 0 | 401 | 0.01 | 0 | 401 | 0.01 |
| d) Foreign Companies | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| e) Non-Resident Individuals | 129599 | 2.77 | 13000 | 142599 | 2.41 | 0 | 142599 | 2.35 |
| f) Clearing Member | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| g) Hindu Undivided Families | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| h) Directors/ Relatives/ PAC | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 |
| i) Trust/Other | 10758 | 0.23 | 0 | 10758 | 0.18 | 0 | 10758 | 0.18 |
| Sub Total | 1180239 | 25.21 | 0 | 2427239 | 40.94 | 0 | 2577239 | 42.39 |
| Total | 4682207 | 100.00 | 1247000 | 5929207 | 100.00 | 150000 | 6079207 | 100.00 |

Post shareholding structure may change depending upon any other corporate action in between or upon changes to the currency exchange rate.

D. Proposed time within which allotment will be completed:

In terms of Regulation 74(1) of the SEBI ICDR Regulations, preferential offer and allotment to Proposed equity and Warrant Allottees pursuant to the special resolution will be completed within a period of 15 (fifteen) days from the date of passing of special resolution at item nos.7 & 8.

Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed within 15 (fifteen) days from the date of such approval or within such further period as may be prescribed or allowed by SEBI, stock exchange(s) or other concerned authorities.

E. Securities to be issued, particulars of the proposed allottees, the identity of the natural persons who are the ultimate beneficial owners of the equity shares proposed to be allotted and / or who ultimately control the proposed allottees and the percentage of post preferential issue capital that may be held by them:

| S. No. | Name of the Proposed Allottee | Category | Present Pre Issue Shareholding | | Proposed No. of Equity Shares Allotted | Proposed No. of Warrants Allotted | Post Issue Shareholding (Presuming allotment of equity shares and full conversion of Warrants)# | | Ultimate Beneficial Owners |
|--------|-------------------------------|--------------|--------------------------------|------------------------|--|-----------------------------------|---|------------------------|---|
| | | | Pre-Issue Holding | % Total Equity Capital | | | Post-Issue Holding | % Total Equity Capital | |
| 1 | Kothari Ventures LLP | Non-Promoter | 0 | 0 | 385000 | 0 | 385000 | 6.33 | Rohit Kothari |
| 2 | Aadi Financial Advisors LLP | Non-Promoter | 0 | 0 | 385000 | 0 | 385000 | 6.33 | Akash Bhansali, Lata Bhansali, Payal Bhansali |
| 3 | Madhuri Kela | Non-Promoter | 0 | 0 | 80000 | 0 | 80000 | 1.32 | Madhuri Kela |
| 4 | Gagan Chaturvedi | Non-Promoter | 0 | 0 | 30000 | 0 | 30000 | 0.49 | Gagan Chaturvedi |

| | | | | | | | | | |
|----|------------------------------------|--------------|-------|------|--------|--------|--------|------|--|
| 5 | Aditya Parekh | Non-Promoter | 0 | 0 | 25000 | 0 | 25000 | 0.41 | Aditya Parekh |
| 6 | Nidhi Shyamsukha | Non-Promoter | 0 | 0 | 13000 | 0 | 13000 | 0.21 | Nidhi Shyamsukha |
| 7 | Heena Doshi | Non-Promoter | 0 | 0 | 13000 | 0 | 13000 | 0.21 | Heena Doshi |
| 8 | Niyati Mehta | Non-Promoter | 0 | 0 | 13000 | 0 | 13000 | 0.21 | Niyati Mehta |
| 9 | Pankaj K mehta Investment Pvt Ltd. | Non-Promoter | 0 | 0 | 13000 | 0 | 13000 | 0.21 | Pankaj K. Mehta, Rajiv P. Mehta, Vishal P. Mehta |
| 10 | Geecee Investments Limited | Non-Promoter | 0 | 0 | 35000 | 0 | 35000 | 0.58 | Ashwin Kothari/Rohit Kothari |
| 11 | Raj Vinay Ajmera | Non-Promoter | 0 | 0 | 10000 | 0 | 10000 | 0.16 | Raj Vinay Ajmera |
| 12 | Amar Patel | Non-Promoter | 0 | 0 | 10000 | 0 | 10000 | 0.16 | Amar Patel |
| 13 | Sarvadaman Doshi | Non-Promoter | 0 | 0 | 10000 | 0 | 10000 | 0.16 | Sarvadaman Doshi |
| 14 | Mithun Soni | Non-Promoter | 0 | 0 | 5000 | 0 | 5000 | 0.08 | Mithun Soni |
| 15 | Rajiv Pathak | Non-Promoter | 0 | 0 | 3000 | 0 | 3000 | 0.05 | Rajiv Pathak |
| 16 | Ajay Relan | Non-Promoter | 43000 | 0.92 | 100000 | 0 | 143000 | 2.35 | Ajay Relan |
| 17 | Radhika Sharma | Non-Promoter | 0 | 0 | 80000 | 0 | 80000 | 1.32 | Radhika Sharma |
| 18 | Madhu Jain | Non-Promoter | 0 | 0 | 20000 | 0 | 20000 | 0.33 | Madhu Jain |
| 19 | Lata Gupta | Non-Promoter | 0 | 0 | 12000 | 0 | 12000 | 0.20 | Lata Gupta |
| 20 | Subodh Narain Agarwal | Non-Promoter | 0 | 0 | 5000 | 0 | 5000 | 0.08 | Subodh Narain Agarwal |
| 21 | Gaurav Sud | Non-Promoter | 0 | 0 | 0 | 100000 | 100000 | 1.64 | Gaurav Sud |
| 22 | Sweta R. Kumar | Non-Promoter | 0 | 0 | 0 | 16000 | 16000 | 0.26 | Sweta R. Kumar |
| 23 | Seema Kumari | Non-Promoter | 0 | 0 | 0 | 17000 | 17000 | 0.28 | Seema Kumari |
| 24 | Sunanda Kumari | Non-Promoter | 0 | 0 | 0 | 17000 | 17000 | 0.28 | Sunanda Kumari |

the post shareholding structure may change depending upon any other corporate action in between.

F. Consequential Changes in the Voting Rights and Change in Management:

As a result of the proposed preferential issue of Equity Shares and Warrants and even upon conversion of the Warrants, there will be no change in the control or management of the Company. However, voting rights will change in tandem with the shareholding pattern.

G. Lock In Requirement:

1. The Equity Shares to be allotted on a preferential basis to the persons belonging to Non- Promoter Group shall be subject to lock-in' for a period of 1 (one) year from the date of trading approval for such Equity Shares in accordance with Regulation 78(2) of the SEBI ICDR Regulations.
2. The Equity Shares to be allotted on a preferential basis to entities belonging to the Non-Promoter Group, pursuant to exercise of options against each Warrant, shall be subject to 'lock-in' for a period of 1 (one) year from the date of trading approval for such Equity Shares in accordance with Regulation 78(1) of the SEBI ICDR Regulations.
3. The entire pre-preferential shareholding, if any, of the proposed allottees, shall be locked-in from the Relevant Date up to a period of 6 (six) months from the date of trading approval as per Regulation 78(6) of the SEBI ICDR Regulations.

H. Issue Price and Relevant Date:

In terms of Regulation 76 of SEBI ICDR Regulations, the Relevant Date has been reckoned as Friday, August 4, 2017 for

the purpose of computation of issue price of the said equity shares and Warrants.

Since, the Equity Shares of the Company are listed on BSE Limited (BSE) and are frequently traded and accordingly, the minimum issue price of Warrants have been calculated on the basis of trading at BSE. Therefore, in terms of Regulation 76(1) of the SEBI ICDR Regulations, the Issue Price has been computed as Rs.390/- per Warrant and per equity share.

I. Re-computation of Issue Price:

Since the equity shares of the Company have been listed on the recognized Stock Exchanges for a period of more than 6 months prior to the Relevant Date, the Company is not required to re-compute the price of the equity shares and therefore, the Company is not required to submit the undertakings specified under Regulations 73(1) (f) and (g) of the SEBI ICDR Regulations.

J. Auditor's Certificate:

The certificate from M/s. R. Mahajan & Associates, Chartered Accountants being the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements of Chapter VII of the SEBI ICDR Regulations shall be available for inspection at the registered office of the Company during 10:00 A. M. to 5:00 P.M. (office hours) up to the date of declaration of results and shall also be placed before the shareholders at the Annual General Meeting.

K. Disclosure with regard to the names of issuer, its promoter or any of its directors not appearing in the list of wilful defaulter as issued by RBI.

The Company, its promoters and its directors are not categorized as wilful defaulter(s) by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by Reserve Bank of India.

L. Report of registered valuer:

No report of registered valuer is required for the offer, issue and allotment of the Equity Shares and Equity Shares arising on exercise of the Warrants under the provisions of second proviso to Rule 13(1) of the Companies (Share Capital and Debenture) Rules, 2014, as amended.

M. Details of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

None of the Directors or key managerial personnel or their relatives is in any way concerned or interested, financially or otherwise, in the above referred

The Board of Directors recommends the resolutions as set out in item no.7 & 8 of this notice except Mr. Sandeep Kumar Lohani, Chief Executive Officer of the Company (KMP), as his relatives (i.e. Sweta R. Kumar, Seema Kumari and Sunanda Kumari) has shown interest in acquiring the Shares of the Company through Proposed Preferential Allotment for the issue of the Warrants and the Equity Shares, on a preferential basis, to the persons belonging to the non-promoter category by way of Special Resolution.

Item No.9

The Company may, from time to time, make investments in securities of bodies corporate which includes Treasury Bills, Call Money Market, Term Deposit, Mutual Funds and Short Term Rated Papers, Treasury Bills, Call Money market, Term Deposit, Mutual Funds and Short Term Rated Papers or for giving loans, guarantees or providing securities to any body

corporate or other person. In order to make investment(s) in excess of limits specified under section 186 of Companies Act, 2013, the Company requires approval from the shareholders in a general meeting.

The Board of Directors recommends the passing of the above resolution as a Special Resolution as set out in the Notice.

None of the Directors, key managerial personnel and their relatives are concerned or interested in the above said resolution except to the extent of their directorship and shareholding in the company.

The Board of Directors recommends the Resolution for approval of the members of the Company.

Item No.10

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising further finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence, it is proposed to increase the maximum borrowing limits from Rs.500 crores to Rs.750 crores (Rupees seven hundred fifty crores only).

The Board recommends this resolution for the approval of the members as Special Resolution. None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the resolution.

By Order of the Board

Sd/-

Akash Gupta

Company Secretary & Legal Head

Date: 10.08.2017

Place: New Delhi

DIRECTOR'S REPORT

Dear Shareholders

Your Directors take pleasure in presenting the 25th Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March, 2017 together with the Auditor's Report thereon.

1. Financial Performance

(Rs. in Crores)

| Particulars | Current year ended 31.03.2017 | Previous year ended 31.03.2016 |
|--------------------|-------------------------------|--------------------------------|
| Total Revenue | 40.66 | 44.67 |
| Profit before Tax | 23.78 | 18.49 |
| Tax | 7.36 | 5.44 |
| Profit After taxes | 16.42 | 13.05 |

2. Dividend

The directors recommend for consideration of the members at the ensuing annual general meeting payment of dividend of Re.1/- per equity share of the face value of Rs.10/- each for the financial year 2016-17. The amount of dividend and tax thereon aggregate to Rs.56.35 lacs.

3. Transfer to reserves

The Bank transferred Rs.3.28 Crores to Statutory Reserves in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

4. Credit Rating

The Credit Rating enjoyed by the Company from Care Ratings Limited as on 31st March, 2017, is as given below:

| Credit Rating Agency | Instrument | Rating as on 31 st March, 2017 | Migration during the FY 2016 - 2017 |
|----------------------|-------------------------------|---|-------------------------------------|
| CARE | Fund Based – LT – Cash Credit | CARE BBB; Stable | No Change* |

**During the year 2016-17, the credit rating was earlier issued for working capital limit of Rs.10 crores and was later increased to working capital limits of Rs.60 crores.*

5. 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.

6. 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.

7. Fixed Deposits

Since your Company is a non-deposit taking Non-Banking Financial Company, it has not accepted any deposits under Chapter V of Companies Act, 2013/applicable guidelines of Reserve Bank of India, during the year under review.

8. RBI Guidelines

As a Non-Deposit accepting Non-Banking Finance Company, your Company always aims to operate in compliance with applicable RBI laws and regulations and employs its best efforts towards achieving the same.

9. Subsidiaries Companies, Joint Ventures And Associates

The Company has no subsidiary Company. The company has one Associate company- Catalyst Financial Services Private Limited, which was incorporated on 06.08.2015.

10. Number of Meetings of The Board

The Board met 10 times in the Financial Year 2016-17 viz., 30th May 2016, 18th July 2016, 13th August 2016, 22nd August 2016, 1st September, 2016, 8th September 2016, 8th October 2016, 3rd November, 2016, 25th January 2017 and 28th March, 2017. The maximum time interval between any two meetings did not exceed 120 days.

11. 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.

12. Directors and Key Managerial Personnel

As on 31st March, 2017, the Board of your Company consists of four Directors as follows:

| Name | Category |
|----------------------|--|
| Kapil Aggarwal* | Non-executive Independent Director |
| Rohit Gupta | Managing Director (Executive Promoter Director) |
| Ashok Kumar Kathuria | Non-executive Promoter Director |
| Anjna | Non-executive Independent Director (Woman Director) |

**Kapil Aggarwal resigned as Director w.e.f. 23.05.2017 and Mr. Manoj Gupta was appointed as Additional Director (Independent Director) w.e.f. 16.05.2017.*

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

a) Directors

- Mr. Kapil Aggarwal resigned from the board of Directors of the Company with effect from 23.05.2017 due to his personal pre-occupation.
- The Board has also appointed Mr. Manoj Gupta as the Additional Independent Director of the Company w.e.f. 16.05.2017 subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.
- Mr. Ashok Kumar Kathuria retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The details of Mr. Ashok Kumar Kathuria are stated in the Corporate Governance Report forming part of this Annual Report and Notice of the Annual General Meeting of the Company.
- The board of directors of the company in their meeting held on 10.08.2017 re-appointed Mr. Rohit Gupta as the Managing Director of the Company for a period of 5 years, subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 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, 2017:

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

d) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2016 - 2017

During the year under review, Sandeep Kumar Lohani was appointed as the Chief Executive officer of the company w.e.f. 08th September 2016.

13. 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 Committee. 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.

14. Related Party Transactions

During FY2017, 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 FY2017 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, 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.csfinance.in>.

15. 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 :-

1. Mr. Kapil Aggarwal (DIN: 00032225)*
2. Ms. Anjna (DIN: 07143461)
3. Mr. Manoj Gupta (DIN: 01160953)**

** Resigned w.e.f. 23.05.2017*

*** Appointed w.e.f. 16.05.2017 as Additional Director (Independent Director)*

16. Director's Responsibility Statement

In pursuance to applicable provisions of the Companies Act, with respect to Director's Responsibility Statement, your directors hereby state and confirm:

- a. that in the preparation of the annual accounts for the financial year ended 31st March 2017, the applicable accounting standards has been followed
- b. that the Directors has 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 2017 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.

17. Significant & Material Orders Passed By The Regulators

The company has received the final sanction order for the Scheme of Amalgamation between CSL Holdings Private Limited and CSL Finance Limited from the Hon'ble National Company Law Tribunal on 31.05.2017. The copy of this order was filed with the Registrar of Companies and the same was approved by the Registrar of Companies on 20.06.2017. CSL Holdings Private Limited stands amalgamated as on date. The company is in the process of allotting the shares to the shareholders of CSL Holdings Private Limited pursuant to the Scheme of Amalgamation.

18. 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.

19. Secretarial standards of ICSI

Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has, on 23 April 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective from 1 July 2015. The Company is compliant with the same.

20. Particulars of Loans, Guarantees or Investments

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

21. 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 arms 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.

22. 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 Complaint 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 Committees were carried out as per letter and spirit contained in the provisions of the Act. During the FY 2016-2017, the Company has not received any complaint of sexual harassment and hence there were no complaints pending for redressal as on 31st March, 2017. The Company had conducted 4 workshops/awareness programs regarding women empowerment during the period under review.

23. 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.

24. Statutory Auditors & their Report

M/s. R. Mahajan & Associates, Chartered Accountants were appointed as Statutory Auditors of your Company at the Twenty Fourth Annual General Meeting (AGM) held on 30th September, 2016, from the conclusion of the said AGM till conclusion of Twenty Fifth Annual General Meeting. As per the provisions of Companies Act, 2013 read with rules made thereunder no listed Company shall appoint an audit firm as auditor for more than two consecutive terms of five years and an audit firm which has completed its term shall not be eligible for reappointment as auditor in the same company. Every listed Company existing on or before the commencement of Companies Act, 2013 (i.e. 01st April, 2014) shall comply with the provisions of Companies Act, 2013 within three years. Accordingly, the term of the existing Statutory Auditors, R. Mahajan & Associates, Chartered Accountants, is coming to end. The Board of Directors have recommended appointment of M/s. Aggarwal & Rampal, Chartered Accountants (FRN: 003072N) as the Statutory Auditors of the Company in place of R. Mahajan & Associates, Chartered Accountants, existing Statutory Auditors of the Company, to hold Office from the conclusion of the ensuing Twenty Fifth Annual General Meeting till the conclusion of the Thirtieth Annual General Meeting.

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

25. 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 2016-17. The Secretarial Audit Report for Financial Year 2016-17 has been appended as Annexure-I to this Report.

26. Extract of Annual Return

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

27. 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 as Annexure to this Report.

28. 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 zero-default loan book. 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.

29. Change In the Nature of Business, if any

There has been no change in the nature of business of the company during the Financial Year 2016-17. The company has forayed into the SME segment.

30. Meeting of Independent Directors

During the year under review, the Independent directors in their meeting held on 27.03.2017 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.

31. 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.

32. Material changes and commitments affecting the Financial position of the company

Scheme of Amalgamation between CSL Holdings Private Limited and CSL Finance Limited: The company has received the final sanction order for the scheme of amalgamation between CSL Holdings Private Limited and CSL Finance Limited from the Hon'ble National Company Law Tribunal on 31.05.2017. The copy of the order was filed with the Registrar of Companies and the same was approved by the Registrar of Companies on 20.06.2017. CSL Holdings Private Limited stands amalgamated as on date. The company is the process of allotting the shares to the shareholders of CSL Holdings Private Limited pursuant to the scheme of amalgamation.

33. 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.

34. 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.

35. CSL Employee Stock Option Scheme, 2016

The Board of Directors of your Company has approved an Employees' Stock Option Scheme during the Year 2016-17 in accordance with SEBI (Share Based Employee Benefit) regulations, 2014. The details pursuant to SEBI (Share Based Employee Benefit) regulations, 2014 have been placed on the website and weblink of the same is www.csfinance.in.

During the period ended 31.03.2017, the Company had one share-based payment arrangement, which is described below:

| Type of arrangement | General Employee Stock Option Scheme |
|----------------------------|---|
| Date of Grant | 03.02.2017 11.02.2017 |
| Number Granted | 2,35,000 options on 03.02.2017 2,15,000 options on 11.02.2017 |
| Contractual Life | Upto 5 years |
| Vesting Conditions | Vesting period shall commence after 1 (One) Year from the date of grant of Options and may extend upto 5 (Five) years from the date of grant. The Committee shall have the power to modify the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) year between the grant and first vesting. |

B. Details related to ESOS

- (i) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS
 - (a) Date of shareholders' approval – 30.09.2016
 - (b) Total number of options approved under ESOS- 7,00,000
 - (c) Vesting requirements- Vesting period shall commence after 1 (One) Year from the date of grant of Options and may extend upto 5 (Five) years from the date of grant. The Committee shall have the power to modify the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) year between the grant and first vesting.
 - (d) Exercise price or pricing formula- Rs.226/- for the option granted during financial year 2016-2017
 - (e) Maximum term of options granted- 5 years

(f) Source of shares (primary, secondary or combination) – Primary (trust). CSL employee welfare has been incorporated on 28th Oct. 2016

(g) Variation in terms of options - None

(ii) Option movement during the year:

| Particulars | Details |
|---|---------|
| Number of options outstanding at the beginning of the period | 700000 |
| Number of options granted during the year | 450000 |
| Number of options forfeited/lapsed during the year | 127500 |
| Number of options vested during the year | Nil |
| Number of options exercised during the year | Nil |
| Number of shares arising as a result of exercise of options | Nil |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | Nil |
| Loan repaid by the Trust during the year from exercise price received | Nil |
| Number of options outstanding at the end of the year | 322500 |
| Number of options exercisable at the end of the year | Nil |

36. Disclosure pursuant to Rule 5 of Companies (Appointment and 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 -Rs.3,36,000/-

Annual Salary of the Managing Director -Rs.84,00,000/-

Ratio (remuneration of MD: remuneration of median employee) -0.04:1

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 |
|-------------------------|-------------------------|----------------------------|
| Naresh Chandra Varshney | Chief Financial Officer | 12.35 |

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

The percentage increase in the median remuneration of employees in the financial year 2016-17 is 11.62%

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

22 permanent employees are on the rolls of the company at the end of the financial year 2016-17.

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 were no exceptional circumstances for increase in the managerial remuneration during the financial year.

Therefore, 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.

37. Acknowledgement

Your directors take this opportunity to place their sincere appreciation for significant contribution made by all the employees for their dedication, hard work and commitment towards the success and growth of the Company. The directors also place their thanks to the company's bankers, depositories, Government and all the regulatory authorities including SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies and Reserve Bank of India.

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.

Place: New Delhi

Date: 10th August, 2017

For on & behalf of the Board

Sd/-

Rohit Gupta

Managing Director

(DIN: 00045077)

Sd/-

Ashok Kumar Kathuria

Director

(DIN: 01010305)

Secretarial Audit Report

To,

The members of CSL Finance Limited

Secretarial Audit Report

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.

Based on our verification of the 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, 2017 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, 2017 according to the provisions of:

- (i) The Companies Act 1956, Companies Act 2013 (as applicable) 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) 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'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, presently, The SEBI (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 regarding the Companies Act and dealing with client;
 - (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;
 - (i) 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchange(s), applicable as follows:

a. Equity Shares listed on BSE Limited;

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 or Committees thereof 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. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed, 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 the following events/ actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like –

- Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
 - During the year the Company has granted 4,50,000 options under the CSL ESOS, 2016 to the eligible employees, (out of which 127500 options lapsed). No equity shares have been issued during the year under review.
- 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 has received the final sanction order for the Scheme of Amalgamation between CSL Holdings Private Limited and CSL Finance Limited from the Hon'ble National Company Law Tribunal on 31.05.2017. The copy of this order was filed with the Registrar of Companies and the same was approved by the Registrar of Companies on 20.06.2017. CSL Holdings Private Limited stands amalgamated as on date. The company is in 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 – NIL.

Sd/-

Sanjay Kumar

FCS-5569

CP No: 5177

Place: New Delhi

Date: 10th August, 2017

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

[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

- i) CIN : L74899DL1992PLC051462
- ii) Registration Date : 28.12.1992
- iii) Name of the Company : CSL Finance Limited
- iv) Category/ Sub-Category of the Company : Public Company/ Limited by Shares
- v) 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
- vi) Whether listed company : Yes, listed on BSE Limited
- vii) Name, Address and Contact details of Registrar : MAS Services Limited
and Transfer Agent, if any T-34, IIInd 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:-

| S. No. | Name and Description of main Products/ Services | NIC Code of the Product/ Service | % of total turnover of the Company |
|--------|--|-------------------------------------|---------------------------------------|
| 1. | NBFC engaged in lending & allied services | 65923 | 57.92 |
| 2. | Dealing in securities & other financial assets | 6430 | 42.08 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|--------------------------------------|------------------------|-------------------------------------|
| 1. | CSL Holdings Private Limited Regd Office: 8/19, Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi- 110005 | U74899DL1992PTC049391 | Holding | 73.33 | 2(46), 2(87) of Companies Act, 2013 |
| 2. | CSL Capital Private Limited Regd Office: 8/19, Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi- 110005 | U65921DL1993PTC219701 | Holding | 1.47 | 2(46), 2(87) of Companies Act, 2013 |
| 3. | Catalyst Financial Services Private Limited 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 | | | | | | | | | |
| Indian | | | | | | | | | |
| Individual/ HUF | - | - | - | - | - | - | - | - | - |
| Central Govt | - | - | - | - | - | - | - | - | - |
| State Govt(s) | - | - | - | - | - | - | - | - | - |
| Bodies Corp. | 3501968 | | 3501968 | 74.79 | 3501968 | - | 3501968 | 74.79 | Nil |
| Banks/ FI | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) | 3501968 | - | 3501968 | 74.79 | 3501968 | - | 3501968 | 74.79 | Nil |
| Foreign | | | | | | | | | |
| NRIs – Individuals | - | - | - | - | - | - | - | - | - |
| Other – Individuals | - | - | - | - | - | - | - | - | - |
| Bodies Corp. | - | - | - | - | - | - | - | - | - |
| Banks/ FI | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (2) | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|----------------|---------------|----------------|------------|----------------|---------------|----------------|------------|----------|
| Total shareholding of Promoter= (A)(1) + (A)(2) | 3501968 | - | 3501968 | 74.79 | 3501968 | - | 3501968 | 74.79 | Nil |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| Mutual Funds | - | - | - | - | - | - | - | - | - |
| Banks/ FI | - | - | - | - | - | - | - | - | - |
| Central Govt. | - | - | - | - | - | - | - | - | - |
| State Govt.(s) | - | - | - | - | - | - | - | - | - |
| Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Insurance Companies | - | - | - | - | - | - | - | - | - |
| FIs | - | - | - | - | - | - | - | - | - |
| Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub Total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| Bodies Corp. | | | | | | | | | |
| Indian | 332421 | 35100 | 367521 | 7.85 | 299549 | - | 299549 | 6.40 | (1.45) |
| Overseas | - | - | - | - | - | - | - | - | |
| Individuals | | | | | | | | | |
| Individual Shareholders holding nominal share capital upto Rs. 2 Lakh | 404612 | 125325 | 529937 | 11.31 | 475980 | 118425 | 594405 | 12.69 | 1.38 |
| Individual shareholders Holding nominal share capital in excess of Rs.2 Lakh | 170721 | - | 170721 | 3.65 | 155975 | - | 155975 | 3.33 | (0.32) |
| Others (Specify) (Non Resident Indian non-repeat/ Non Resident Indian repeat / OCB) | 7986 | 79800 | 87786 | 1.87 | 14289 | 79800 | 94089 | 2.01 | 0.14 |
| Others (Clearing Member) | 24274 | - | 24274 | 0.46 | 36221 | - | 36221 | 0.77 | 0.31 |
| Sub Total (B)(2) | 936614 | 243625 | 1180239 | 25.21 | 982014 | 198225 | 1180239 | 25.21 | - |
| Total public shareholding (B)=(B)(1)+(B)(2) | 940014 | 240225 | 1180239 | 25.21 | 982014 | 198225 | 1180239 | 25.21 | |
| C. Shares held by Custodian for ADRs & GDRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 4491982 | 240225 | 4682207 | 100 | 4483982 | 198225 | 4682207 | 100 | - |

ii) Shareholding of Promoters:

| S. N. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in Shareholding 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 | 68605 | 1.47 | - | 68605 | 1.47 | - | Nil |
| 2. | CSL Holdings Private Limited | 3433363 | 73.33 | - | 3433363 | 73.33 | - | Nil |

iii) Change in Promoters' Shareholding:

| S.No | | 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. | At the beginning of the year | NOT APPLICABLE as there is no change in the promoters' shareholding during the year | | | |
| 2. | 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.) | | | | |
| 3. | At the end of the year | | | | |

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):

| S. N. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative shareholding during the year (01.04.2016-31.03.2017) | |
|-------|---|---|----------------------------------|------------|------------------------------------|-----------|---|----------------------------------|
| | | No. of Shares at the beginning of the year (01.04.2016)/ end of the year (31.03.2017) | % of total shares of the company | | | | No. of Shares | % of total shares of the company |
| 1. | Rajasthan Global Securities Private Limited | 154435 | 3.30 | 01.04.2016 | (85527) | Sold | (85527) | 1.47 |
| | | 68908 | 1.47 | 31.03.2017 | | | | |
| 2. | PTG Consultants Private Limited | 61863 | 1.32 | 01.04.2016 | 7067 | Purchased | 7067 | 1.47 |
| | | 68930 | 1.47 | 31.03.2017 | | | | |

| | | | | | | | | |
|-----|-------------------------------|----------------|--------------|--------------------------|---------|-----------|-------|------|
| 3. | Sangeetha S | 51860 50000 | 1.11 1.07 | 01.04.2016 31.03.2017 | 1860 | Sold | 50000 | 1.07 |
| 4. | Ajay Relan | NIL 38921 | 0.83 | 01.04.2016 31.03.2017 | 38921 | Purchased | 38921 | 0.83 |
| 5. | Shweta Sud | 20375 37624 | 0.44 0.80 | 01.04.2016 31.03.2017 | 17249 | Purchased | 17249 | 0.80 |
| 6. | Enpro Exports Private Limited | NIL 37133 | NIL 0.79 | 01.04.2016 31.03.2017 | 37133 | Purchased | 37133 | 0.79 |
| 7. | Lloyds Finance Limited | 30800 30800 | 0.66 0.66 | 01.04.2016 31.03.2017 | NIL | - | NIL | 0.66 |
| 8. | Mamta Garg | 48275 29430 | 1.03 0.63 | 01.04.2016 31.03.2017 | (18845) | Sold | 29430 | 0.63 |
| 9. | Anjali Atul Amersey | 25000 25000 | 0.53 0.53 | 01.04.2016 31.03.2017 | Nil | Nil | 25000 | 0.53 |
| 10. | Rajiv Atul Amersey | 25000 25000 | 0.53 0.53 | 01.04.2016 31.03.2017 | Nil | Nil | 25000 | 0.53 |

v) Shareholding of Directors and Key Managerial Personnel:

| S. 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 | Naresh Chandra Varshney (CFO) | 1906 | 0.04 | 1906 | 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 | Naresh Chandra Varshney (CFO) | 1906 | 0.04 | 1906 | 0.04 |
| | | Sandeep Kumar Lohani (CEO) | 1300 | 0.03 | 1300 | 0.03 |

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding/ accrued but not due for payment:

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the year | | | | |
| (i) Principal Amount | 87548190 | 5876171 | - | 93424361 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | 87548190 | 5876171 | | 93424361 |
| Change in indebtedness during the financial year | - | - | - | - |
| Addition | 166798477 | 47858169 | - | 214656646 |
| Reduction | - | - | - | - |
| Net Change | 166798477 | 47858169 | - | 214656646 |
| Indebtedness at the end of the financial year | - | - | - | - |
| (i) Principal Amount | 254346667 | 53734340 | - | 308081007 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 254346667 | 53734340 | - | 308081007 |

**Figures provided as per balance sheet dated 31.03.2017*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

| S. No. | Particulars of Remuneration | Mr. Rohit Gupta | | | Total Amount |
|--------|---|-----------------|--|--|-----------------|
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 8400000 | | | 8400000 |
| | (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) | 8400000 | | | 8400000 |
| | Ceiling as per the Act | 9000000 | | | 9000000 |

B. Remuneration to other Directors: Nil

| S. no. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--------|--|-------------------|--|--|--|--------------|
| | | | | | | |
| | 3. Independent Directors Fee for attending board/ committee meetings Commission Others, please specify | | | | | |
| | Total (1) | | | | | |
| | 4. 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:

| S. No. | Particulars of Remuneration | Mr. Akash Gupta | | | Total Amount |
|--------|--|-----------------|--|--|--------------|
| 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 | 1054214 | | | 1054214 |
| 2. | Stock Option | 40000 options | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify | | | | |
| 5. | Others, please specify | | | | |
| | Total (A) | 1054214 | | | 1054214 |
| | Total | 1054214 | | | 1054214 |

VII. PENALTIES/ PUNISHMENT/ 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 | | | |
| OTHER OFFICERS IN DEFAULT | | Nil | | | |
| Penalty | | Nil | | | |
| Punishment | | Nil | | | |
| Compounding | | Nil | | | |

Company's CSR POLICY

1. OBJECTIVE

CSL's CSR Policy intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprint.
- Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

2. FOCUS AREAS

In accordance with the requirements under the Companies Act, 2013, CSL's CSR activities, amongst others, will focus on:

- **HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- **EDUCATION:** Promoting education, including special education and employment-enhancing vocational skill especially among children, women, elderly and the differently abled, and livelihood enhancement project; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies.
- **RURAL DEVELOPMENT PROJECTS:** Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihood, thereby creating sustainable villages.
- **GENDER EQUALITY AND EMPOWERMENT OF WOMEN:** Promoting gender equality and empowering women; setting up homes, hostels and day care centres for women and orphans; setting up old age homes such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward group.
- **ENVIRONMENTAL SUSTAINABILITY:** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.
- **NATIONAL HARITAGE, ART AND CULTURA:** Protecting national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts.
- **OTHER ALLIED ACTIVITIES**

3. UNDERTAKING CSR ACTIVITIES

CSL will undertake its CSR activities approved by the CSR Committee, through an entity/organization as approved by the CSR Committee.

The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

4. COMPOSITION OF CSR COMMITTEE

In CSR Committee shall consist of the following directors:

- Rohit Gupta, Chairman
- Ashok Kumar Kathuria
- Anjna

5. RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the CSR Committee include:

- Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken,
- Recommending the amount of expenditure for the CSR activities, and
- Monitoring CSR activities from time to time.

6. MONITORING

The Corporation shall be entitled to receive the following information from the Partnering NGOs/Trusts/Societies etc.

- Audited financial statements, including cash flow statements and management accounts within 60 days of the end of the relevant financial year.
- Quarterly operational / progress reports from time to time within 60 days of the end of each month along with a consolidated statement of expense along with the operational / progress reports mentioned above.
- Copies of any other reports or communications received from the auditors relating to its financial position of affairs which is of a material nature.
- Any information or circumstance which may affect or jeopardise the implementation of the Project Plan or the activities of the Partnering NGOs/Trusts/Societies etc. in general.

To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be depending upon the size of contribution and the Partnering NGOs/Trusts/Societies etc.

- Periodic field visits by the person deputed by the Corporation.
- Undertaking sample internal audit of the project / activities.
- Review of the reports submitted by the Partnering NGOs/Trusts/Societies etc.

The CSR Committee may engage external agencies to evaluate the CSR projects and monitor its progress. The Committee would constantly monitor the implementation of the CSR project and the utilization of the CSR amount.

7. EFFECTIVE DATE

This policy is effective from April 1, 2014.

8. CONTACT

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

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY OVERVIEW

The World Bank forecasts that global growth will strengthen to 2.7 percent in 2017 amid a pickup in manufacturing and trade, rising confidence, favourable global financing conditions, and stabilizing commodity prices. Growth in emerging market and developing economies will recover to 4.1 percent this year, as obstacles to activity diminish in commodity-exporting countries. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

INDIAN ECONOMY

Financial year 2016-17 remained a volatile year for economy. FY 2017 began with favorable economic environment. The investment sentiments from private sector were high in country on the back of positive monsoon and positive economic reform measures by govt. In first half of the year GDP of India grew by 7.1% making India fastest growing country in the world. However, second half of the year was challenging for economy due to demonetisation.

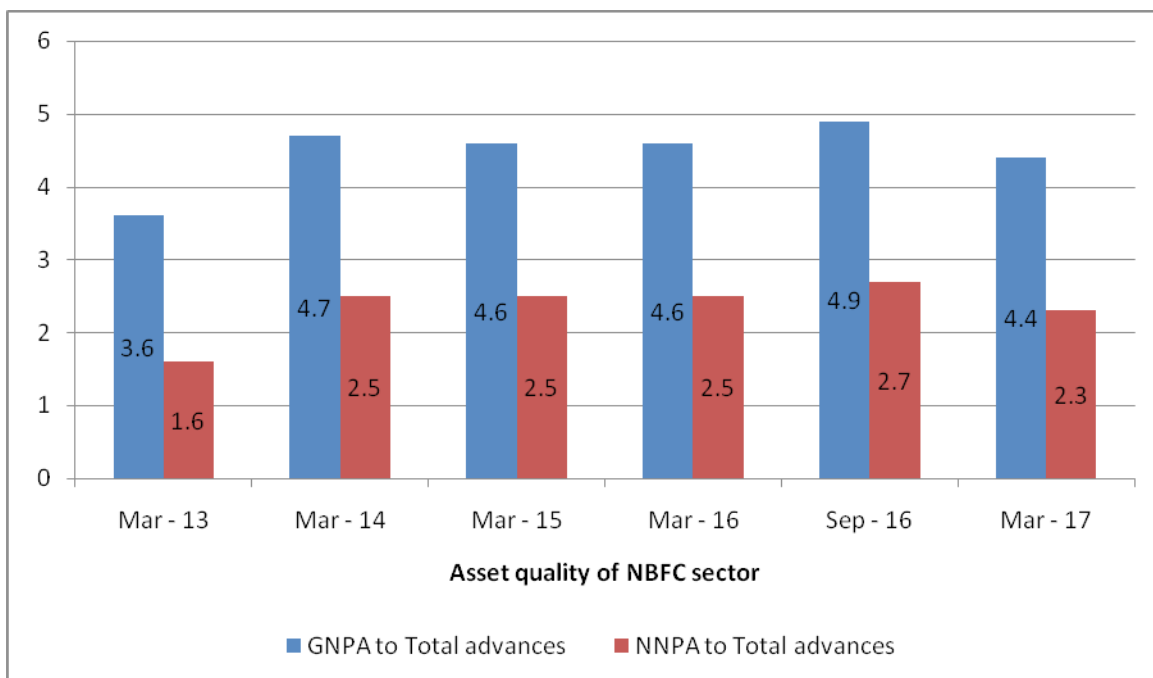
On November 8, 2016 government announced demonetization of higher denomination notes of Rs.500 and Rs.1000 in circulation. Demonetization made 85% of currency illegal to tender and created huge liquidity problem in economy. Demonetisation created liquidity issue in the economy which impacted consumption & demand and eventually private investment slowed down. Financial sector was severely impacted due to demonetization as business units faced problems in repayment of loans. However the long term benefits of demonetization will eventually unfold with increased digitization in economy, increased financial saving and growth of the formal economy. It will lead to increased tax revenues to government and hence increased government spending.

GST is expected to be applicable from July 1, 2017 and will play most prominent role in FY18 in Indian economy. It is biggest indirect tax reform in the country. It will simplify indirect tax structure, bring more transaction in formal economy, increase transparency and will eventually increase tax collection of Govt. GST would also lower prices as it will help businesses in availing input tax credits due to seamless transaction.

NBFC SECTOR

NBFCs are playing very important role in growth of Indian economy. NBFCs accounts for 15.2% market share in FY17 against 12.5% in FY12 in total loans. Financial year FY 2016-17 was good year for NBFCs where its loans and advances grew by 16.4% as per RBIs Financial Stability Report. NBFCs performed very well compared to commercial banks which grew by 4.4% during FY17. The success of NBFCs can be attributed to their wider effective reach, better product lines, strong risk management capabilities to check and control bad debts and better understanding of customer. As per India rating NBFCs will increase their market share to 18.4% in FY20.

Asset quality remained one of the major concerns for banks. Gross non-performing asset has increased from 7.8% in March 2016 to 9.6% in March 2017. Higher non-performing asset gives less flexibility to bank in growing their loans and advances. NBFCs on the other hand due to their strong risk management capabilities to check and control bad debts and better understanding of customer have lesser non-performing assets. Asset quality of NBFC has improved in FY17 compare to last year.



NBFCs will continue to be a major contributor in the growth of economy and the major growth drivers would be –

- **Stress on Public sectors unit** – Public sector banks has been a major source of funding historically. It accounted for more than 57% of credit in the country. But due to increasing pressure of bad assets PSUs are losing their appetite to lend aggressively. NBFCs on the other hand are capturing this opportunity and gaining more market share every year.
- **Latent Credit Demand** – Indian economy has a huge latent credit demand fuelled by a large self-employed population that is considered underserved by banks due to inadequate income proof. Demand for credit intermediation in sectors such as Micro Finance and MSME is expected to be substantial and NBFCs have played a meaningful role in this space. Due to diverse nature of NBFCs, there is a huge potential for growth in the coming years.
- **Distribution reach and sector where traditional bank does not lend**–Unorganized sector is one of the major contributors in economic growth. Banks due to their limited presence are unable to meet demand in rural India. With the supports of government, NBFCs are expanding their reach in distant rural places. Credit needs in these places are fulfilled by unorganized lenders who charge very high interest rates.

COMPANY PERFORMANCE

CSL Finance Limited (formerly known as Cosolidated Securities Limited) is a non-deposit taking NBFC headquartered in Delhi. The company is engaged in providing mezzanine funding to small and medium sized businesses in real estate development, construction finance to builder floor developers and education sector for meeting their short term funding requirements for projects which are in the last stage of completion. The company operates in Delhi and NCR region.

In the year 2010, company started its lending segment with secured lending to small real estate developers. The company has recently expanded its operations into retail SME lending. It has opened branches in Ambala, Panipat, Yamuna Nagar and Delhi. It will focus on offering secured and unsecured retail SME loans in the ticket size of Rs.2 Lacs to Rs.25 Lacs to un-organized small and medium enterprises in Delhi/NCR region and select markets of Haryana in near future. Over the coming years the company plans to expand its footprint across other states in North India.

The company has taken the strategic decision to focus on its core lending business and has discontinued its capital market and other non-core activities. From the 2nd quarter of FY 2016-17 onwards, the P&L statement reflects activities from its core lending business only.

The company has reported a Profit Before Tax of INR 23.78 Crores in the FY 2016-17 (out of it INR 6.70 crore from non-core activities). The company reported Profit after Tax of INR 16.42 crore as against INR 13.05 crore reported in FY 2015-16, a 26% YOY growth. The total AUM at the end of FY 2016-17 is INR 135.45 crore as against INR 106.23 crore at the end of FY 2015-16, a 28% YOY. The AUM stood at INR 187 crores (approx) as on 30th June 2017.

The company is aiming to scale up its retail presence and build a sizeable retail presence in the coming year. The company recently availed loans from SBI at competitive terms and also looking to further build up its liability book as it scales up operations. The company has got a rating BBB from CARE Ratings. This is a big milestone for the company and will go a long way in helping the company secure low cost debt to fund its growth.

BUSINESS OUTLOOK

Though there are challenges in terms of overall slowness in the economic environment & rising NPAs in the banking sector. The capex driven growth boom of the last decade has turned sour with many banks having to take big haircuts on their project financing loans. In this challenging environment there is an opportunity for private Banks and NBFCs to gain market share from PSU Banks, as they are stifled by bad loans and capital constraints.

The company has performed well during the year and continues to focus on scaling up its loan book. Its loan book has grown by 28% in FY 2016-17 to end the year with AUM of Rs.135.45 Cr. The SME Business is off to a good start with 4 branches being operational and plans to have over 20 branches in the next couple of years. Maintaining the good quality of the loan book remains the priority of the company as it continues to focus on having the right set of people having adequate experience & knowledge to build a well diversified and high quality loan book.

The Company takes pride in the thoroughness of its due diligence process which includes site visit, secondary checks legal due diligence and borrower interactions. The final goal is to get an exhaustive view of the borrower's profile, before and after the loan disbursement. Another key aspect is the focus on tracking the cash flows of the borrower to model the repayment capacity of the borrower. The entire lending process and loan product is structured to identify stress in accounts early so as to be able to take corrective measures as soon as possible.

A key focus area for the company is to build its management team to help its growth ambitions. Last year the senior team has been hired to drive the growth in the SME division. With the retail lending operations the number of employees will increase sizeably and the company is focused on building its HR practices to match the best in the industry. There is a lot of focus on building processes and documenting the key aspects of the business.

The company is quite hopeful of taking advantage of the tailwinds of financial services space and outgrow the industry. It is starting on a small base and is aiming to play on its strength to build a sizable loan book in the years to come.

RISKS AND CONCERNS

The financial services space in India is highly competitive. Being in the credit business, the company is exposed to risks that are innate to the business environment which include market, credit, operational, human resource, interest, liquidity and economic risks. The banking system as a whole has been witnessing higher level of non-performing assets (NPA) and with the restructured loans turning bad, the problems of the industry have only compounded. However, the outlook for the sector over next few years looks comparatively better on account of positive trend of growth in the economy which is expected to boost credit demand.

The Company ensures that the underwriting and collection process and infrastructure are well streamlined and managed by a highly competent workforce that is imparted necessary training as well. This helps the company in maintaining high asset quality and no-default record. The company lays emphasis not just on detailed credit analysis but also considers other factors too which may affect the quality of Credit.

The Company believes its efforts to continuously strengthen its risk framework and portfolio quality, will help it maintain & further expand a stable & healthy loan book.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has transparent & reliable operating systems, control measures which provide it reliable financial reports, operating effectiveness and overall efficiency. The internal control systems are commensurate with the size and nature of the operations of the company, to ensure smooth working and strict compliance with all rules & regulations. The Company has also put in place Management Information Systems (MIS) to assist in monitoring of portfolios on a continuous basis and has been continuously monitoring & realigning its credit policies and processes at regular intervals to ensure better credit quality. Corrective actions are taken as & when the need identified. The robust internal controls and risk management systems in place give us an advantage over peers in the sector.

FINANCIAL PERFORMANCE

The company has reported a Profit Before Tax of INR 23.78 crore in the FY 2016-17 (out of it INR 6.70 crore was from capital market and non-core activities). The company reported Profit after Tax of INR 16.42 crore as against INR 13.05 crore reported in FY 2015-16, a 26% YOY growth. The total AUM at the end of FY 2016-17 is INR 135.45 crore as against INR 106.23 crore at the end of FY 2015-16, a 28% YOY.

HUMAN RESOURCES

The Company continues to emphasise on retaining, training and enhancing its human resource base. The Company continues to value the critical role that human capital plays in the modern workplace and aims to create a harmonious environment to enable the raising of employee productivity and hence allow employees to reach their full potential. With the focus being on scaling up its loan book, the company continues to develop a stronger & better secured lending team equipped with the right set of people having the right set of knowledge, expertise & experience. The company is hopeful of making even better strides towards its goals in the coming years.

As on 31st March 2017, the company has 22 people on its payrolls.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis of financial condition and result of operations of the Company, describing Company's objectives, expectations or predictions are "forward looking statements" within the meaning of applicable Securities Laws and Regulations. Investors are cautioned that actual results could differ materially from those express and implied. Important factors that could make a difference to the Company's operations include economic conditions, Government policies, taxation laws, market conditions, over which the Company does not have any control. This report must be read in conjunction with Company's financial statements and notes on accounts.

CORPORATE GOVERNANCE REPORT

[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")]

The Director's present the Company's report on Corporate Governance for the year ended 31st March, 2017.

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.csfinance.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.

2. Board of Directors

A. Composition of Board

The Board has an optimal mix of Executive and Non-executive Directors and is in full compliance to Listing Regulations, 2015.

As on 31st March 2017, 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 Chairman of the Board is non-executive director. The size and composition of the Board confirms with the norms prescribed in Listing Regulations, 2015.

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

B. Board Meetings

The Board met 10 times in financial year 2016-17 viz., 30th May 2016, 18th July 2016, 13th August 2016, 22nd August 2016, 1st September, 2016, 8th September 2016, 8th October 2016, 3rd November, 2016, 25th January 2017 and 28th March, 2017. 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. Kapil Aggarwal (DIN: 00032225) | Non-Executive Independent Director | 10 | Yes |
| Ms. Anjna (DIN: 07143461) | Non-Executive Independent Director | 10 | Yes |

**Mr. Kapil Aggarwal resigned from the directorship of the company w.e.f. 23.05.2017.*

No. of other directorships and committee memberships as on 31st March 2017 is as follows:

| Name of Director | No. of other Directorships | No. of other Committee Memberships/Chairmanships** |
|--------------------------|-------------------------------|---|
| Mr. Rohit Gupta | 3 | Nil |
| Mr. Ashok Kumar Kathuria | 2 | Nil |
| Mr. Kapil Aggarwal* | Nil | Nil |
| Ms. Anjna | Nil | Nil |

**resigned from the directorship of the company w.e.f 23.05.2017.*

***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. Remuneration of Directors

During the year under review, the company had paid annual remuneration of Rs.84,00,000/- as salary to Mr.Rohit Gupta, Managing Director of the company.

No options were granted to any Director of the company during the year.

D. Code of Conduct

The Board of Directors has laid down a code of conduct for directors and senior management personnel 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 directors and senior personnel of the company who has affirmed compliance with this Code for the year ended 31st March 2017.

3. Audit Committee

The Audit Committee comprises of 4 (four) members out of which 3 (three) are directors and 1 (one) is the Company Secretary of the Company. Out of the 3 (three) Directors, 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. All the members of the Committee have good financial and accounting knowledge. The Audit Committee satisfies the requirement under the Companies Act, 2013 and Listing Regulations, 2015. The Company Secretary acts as the Secretary of the Committee. The terms of reference, role and scope are in line with those prescribed in the Listing Regulations, 2015.

The chairman of the Audit Committee was present in the last Annual General Meeting to answer shareholders query. During the year, the committee met 4 (four) times on 30th May 2016, 18th July 2016, 8th October 2016 and 25th January 2017. The details of the composition, its meeting and attendance during the year are given below:

| Name of Directors | Designation | Category | Attendance |
|--------------------------|--------------------|---------------------------------------|-------------------|
| Mr. Kapil Aggarwal* | Chairman | Non-Executive Independent Director | 4 |
| Ms. Anjna | Member | Non-Executive Independent Director | 4 |
| Mr. Ashok Kumar Kathuria | Member | Non-Executive Director | 4 |
| Mr. Akash Gupta | Secretary | - | 4 |

**Mr. Kapil Aggarwal resigned from the directorship of the company w.e.f. 23.05.2017.*

During these meetings, the committee, inter-alia, reviewed the financial statements before submission to the board, oversees the company's financial reporting process and the working of its internal control system.

4. Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises of 3 (three) directors out of which 2 (two) directors are Non-Executive Independent Director. The Chairman of the Nomination & Remuneration Committee is Non-Executive Independent Director. The Nomination & Remuneration Committee satisfies the requirement under Section 178 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. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company. The composition of the committee is as follows:

| Name of Directors | Designation | Category |
|--------------------------|--------------------|---------------------------------------|
| Ms. Anjna | Chairman | Non-Executive Independent Director |
| Mr. Kapil Aggarwal* | Member | Non-Executive Independent Director |
| Mr. Ashok Kumar Kathuria | Member | Non-Executive Director |

**Mr. Kapil Aggarwal resigned from the directorship of the company w.e.f. 23.05.2017.*

The Nomination and Remuneration Committee has in place a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company.

5. 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.

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/- | - | - | - | - |

6. Investor Relations & Share Transfer Committee

The Committee consists of 2 (two) directors i.e. Mr. Ashok Kumar Kathuria and Mr. Rohit Gupta. Mr. Ashok Kumar Kathuria, a Non-Executive Director, is acting as the Chairman 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
- Oversee redress shareholder's grievances like non-receipt of balance-sheet/ annual report and other related matters
- Other matters related to shares

During the year under review, no investor complaints were received. As on 31st March 2017, no investor complaint was pending.

7. Stakeholders Relationship Committee

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.

During the year under review, no investor complaints were received. As on 31st March 2017, no investor complaint was pending. The Committee deals with resolving the grievances of security holders of the Company.

No resolution was passed through postal ballot during the year.

8. CSR Committee

The CSR Committee comprises of 4 (four) directors out of which 2 (two) directors are Non-Executive Independent Director. The Chairman of the Nomination & Remuneration Committee is Non-Executive Independent Director. 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. The composition of the committee is as follows:

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

**Mr. Kapil Aggarwal resigned from the Board of Directors w.e.f. 23.05.2017.*

9. General Body Meetings

The last three annual general meetings were held as under:

| AGM | Year | Date | Venue | Time | Special resolution(s) passed |
|------------------|---------|------------|---|-------------|------------------------------|
| 24 th | 2015-16 | 30.09.2016 | Hotel Jivitesh, 11, Pusa Road, New Delhi-110005 | 11:00 a.m. | 4 |
| 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 |
| 22 nd | 2013-14 | 30.09.2014 | Hotel Swati Deluxe Banquet Hall, 17A/32, Gurudwara Road, W.E.A., Karol Bagh, New Delhi-110005 | 11: 00 a.m. | 3 |

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, the Company had conducted one court convened general meeting of the shareholders of the company on 06.11.2016 for first motion application in the matter of scheme of amalgamation of CSL Holdings Private Limited and CSL Finance Limited.

10. Disclosures

- During the year 2016-17, 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 : September 5, 2017 (Tuesday, 11:30 a.m.)
Venue : Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074

12.2. Financial Calendar 2017-18 (tentative)

Approval of quarterly/Annual Results

For the quarter ending June, 2017 : August, 2017
For the quarter ending September, 2017 : October/ November, 2017
For the quarter ending December, 2017 : January/ February, 2018
For the quarter/year ended March, 2018 : April/ May, 2018

12.3 Book Closure dates

Thursday, 31st August, 2017 to Tuesday, 5th September, 2017 (both days inclusive)

12.4 Dividend Payment Date

If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before Wednesday, October 5, 2017:

- to all the Members in respect of shares held in physical form, whose names appear in the Company's Register of Members as on Tuesday, September 5, 2017 after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Tuesday, August 29, 2017; and
- to all Beneficial Owners in respect of shares held in demat form, whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on Tuesday, August 29, 2017.

12.5 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 2017-18 has been duly paid to BSE.

12.6 Stock Code

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

12.7 Stock Market Data

BSE Scrip Code: 530067

For the period: April 2016-March 2017

| Month | Year | Open price | High Price | Low Price | Close Price | No. of Shares |
|-------|------|------------|------------|-----------|-------------|---------------|
| April | 2016 | 72.00 | 78.85 | 70.20 | 78.75 | 11,611 |
| May | 2016 | 75.00 | 75.00 | 71.15 | 74.70 | 7,456 |
| June | 2016 | 74.70 | 97.00 | 71.15 | 89.25 | 29,175 |

| | | | | | | |
|-----------|------|--------|--------|--------|--------|----------|
| July | 2016 | 92.90 | 121.35 | 87.00 | 121.35 | 54,232 |
| August | 2016 | 127.40 | 161.50 | 127.40 | 161.50 | 84,010 |
| September | 2016 | 161.50 | 197.20 | 161.50 | 197.20 | 96,719 |
| October | 2016 | 214.00 | 267.00 | 200.00 | 262.10 | 77,735 |
| November | 2016 | 265.00 | 315.00 | 152.50 | 188.20 | 1,55,571 |
| December | 2016 | 193.90 | 193.90 | 160.50 | 163.10 | 58,197 |
| January | 2017 | 155.40 | 212.00 | 150.00 | 212.00 | 62,535 |
| February | 2017 | 222.60 | 260.95 | 222.60 | 260.95 | 98,296 |
| March | 2017 | 260.95 | 260.95 | 260.95 | 260.95 | 28,379 |

12.8 Performance in comparison with BSE

| Month | Sensex Closing | CSL Close Price |
|--------|----------------|-----------------|
| Apr-16 | 25,606.62 | 78.75 |
| May-16 | 26,667.96 | 74.70 |
| Jun-16 | 26,999.72 | 89.25 |
| Jul-16 | 28,051.86 | 121.35 |
| Aug-16 | 28,452.17 | 161.50 |
| Sep-16 | 27,865.96 | 197.20 |
| Oct-16 | 27,930.21 | 262.10 |
| Nov-16 | 26,652.81 | 188.20 |
| Dec-16 | 26,626.46 | 163.10 |
| Jan-17 | 27,655.96 | 212.00 |
| Feb-17 | 28,743.32 | 260.95 |
| Mar-17 | 29,620.50 | 260.95 |

12.9 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.

12.10 Registrar and Share Transfer Agent

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

13. Share Transfer System

Share transfer and other related operations for the Company-Consolidated Securities 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.

13.1 Distribution of shareholding

Distribution of shareholding as on 31st March, 2017 is as under:-

| Shareholding of Nominal Value of Rs. | No. of shareholders | | Number of Shares | Amount | |
|---|---------------------|----------------|---------------------|-----------------|----------------|
| | Number | % | | Rs. | % |
| Upto – 5,000 | 1090 | 78.871 | 163801 | 1638010 | 3.498 |
| 5001-10,000 | 137 | 9.913 | 106885 | 1068850 | 2.283 |
| 10,001-20,000 | 62 | 4.486 | 91360 | 913600 | 1.951 |
| 20,001-30,000 | 31 | 2.243 | 77428 | 774280 | 1.654 |
| 30,001-40,000 | 12 | 0.868 | 42017 | 420170 | 0.897 |
| 40,001-50,000 | 6 | 0.434 | 26878 | 268780 | 0.574 |
| 50,001-1,00,000 | 27 | 1.954 | 190764 | 1907640 | 4.074 |
| 1,00,001 & above | 17 | 1.230 | 3983074 | 39830740 | 85.068 |
| Total | 1382 | 100.000 | 4682207 | 46822070 | 100.000 |

Shareholding pattern of the Company as on 31st March 2017 was as under:

| Category | No. of shares held | % of Equity Capital |
|--------------------------|--------------------|---------------------|
| Promoters | 35,01,968 | 74.79 |
| Mutual Funds | Nil | Nil |
| Bodies Corporate | 2,99,549 | 6.40 |
| Non-Resident Indians/OCB | 94,089 | 2.01 |
| Others | 7,86,601 | 16.80 |
| Total | 46,82,207 | 100.00 |

13.2 Dematerialization of shares

As on 31st March, 2017, 95.07% of the Share Capital stands dematerialized. The break-up of equity shares held in demat and physical form as on 31st March, 2014 is as follows:

| Particulars | No. of shares | % of shares |
|-------------------------------------|------------------|---------------|
| Held in dematerialized form in NSDL | 4195437 | 89.60 |
| Held in dematerialized form in CDSL | 256045 | 5.47 |
| Physical | 230725 | 4.93 |
| TOTAL | 46,82,207 | 100.00 |

The Company's shares are traded at BSE.

The promoters' hold their entire shareholding in dematerialized form.

13.3 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:
Compliance Officer

investor@cslfinance.in
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 31 March 2017 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.

For R.MAHAJAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 011348N

Sd/-
(RATNESH MAHAJAN)
Partner
M. No. 085484

Place: New Delhi
Date: 23.05.2017

Declaration on Code of Conduct

To,
The Board of Directors
CSL Finance Limited

I, Sandeep Kumar Lohani, Chief Executive Officer 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 31 March 2017.

Sd/-

Place: New Delhi
Date: August 10, 2017

Sandeep Kumar Lohani
Chief Executive Officer

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/-

Place: New Delhi

Date: August 10, 2017

Naresh Chandra Varshney

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of CSL Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **CSL Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 adequate internal financial controls, 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 audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the

accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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, of the state of affairs of the Company as at 31st March, 2017, its profit and its 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"), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure", a statement on the matters specified in paragraphs 3 and 4 of the 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 so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and
 - g) With respect to the other matters to be 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 Note 21 (a) (A)(iii)(a) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the company- Refer Note 21 (I) to the financial statements

**For R.MAHAJAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 011348N**

**Sd/-
(RATNESH MAHAJAN)
Partner
M. No. 085484**

**Place: New Delhi
Date: 23.05.2017**

ANNEXURE-I TO THE INDEPENDENT AUDITOR'S REPORT OF CSL FINANCE LIMITED

The Annexure referred to in our report to the members of CSL Finance Limited ('the Company') for the year ended 31st March, 2017.

We report that:

1.
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis which in 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) 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.
2. The management has conducted physical verification of inventory of shares held as stock - in - trade at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The company has granted unsecured loan to Two companies 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 the 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.

4. 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.
5. The Company has not accepted deposit from the public covered under Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules made there under.
6. 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.
7.
 - a). The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, to the extent applicable to it, with appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2017 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, Service Tax, duty of Customs, duty of Excise,, Value Added Tax Income which have not been deposited on account of any dispute except the following:

| Nature of the statute | Nature of dues | Amount (in Rs) | Period to which the amount relates | Forum where dispute is pending |
|------------------------------|-----------------------|---|---|---|
| Income Tax Act, 1961 | Income Tax | 595782/- (Deposited under Protest) | A. Year 2006-07 | CIT(Appeal) |
| Income Tax Act, 1961 | Income Tax | 1282942/- (Deposited under Protest) | A. Year 2011-12 | ITAT |
| Income Tax Act, 1961 | Income Tax | 8819863/- (Rs 1322979/- has been Deposited under Protest) | A. Year 2014-15 | CIT(Appeal) |

8. According to the information and explanations given to us, the company has not defaulted in repayment of loan or borrowings from any financial institution, bank, government or dues to debenture holders.
9. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year, hence clause (ix) of paragraph 3 of the Order regarding default is not applicable to the Company.
10. Based upon the audit procedures performed and information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
11. According to the information and explanations given 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.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company, hence clause (xii) of paragraph 3 of the Order is not applicable to the Company.
13. 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 the provisions of section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanation given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. 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. Therefore provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
16. The company is a Non Banking Finance Company and is already registered under section 45-IA of the Reserve Bank of India Act 1934.

For R. Mahajan & Associates
Chartered Accountants
FRN 011348N

Sd/-
Ratnesh Mahajan
Partner
M. No. 085484

Place: New Delhi
Date: 23.05.2017

ANNEXURE-II TO THE INDEPENDENT AUDITOR'S REPORT OF CSL FINANCE LIMITED

The Annexure referred to in our report to the members of CSL Finance Limited ('the Company') for the year ended 31st March, 2017.

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 31 March 2017 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 2017, 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 R. Mahajan & Associates
Chartered Accountants
FRN 011348N

Sd/-
Ratnesh Mahajan
Partner
M. No. 085484

Place: New Delhi
Date: 23.05.2017

BALANCE SHEET AS AT 31st MARCH, 2017

(Amount in Rs.)

| PARTICULARS | NOTE | AS AT 31st MARCH 2017 | AS AT 31st MARCH 2016 |
|--|--------------|--------------------------|--------------------------|
| I. <u>EQUITY AND LIABILITIES</u> | | | |
| (1) SHAREHOLDER'S FUND | | | |
| (A) SHARE CAPITAL | 02 | 4,68,22,070 | 4,68,22,070 |
| (B) RESERVES AND SURPLUS | 03 | 1,09,54,15,786 | 93,68,63,508 |
| (C) MONEY RECEIVED AGAINST SHARE WARRANTS | | - | - |
| (2) NON CURRENT LIABILITIES | | | |
| (A) LONG TERM BORROWINGS | 04 | 17,82,234 | 6,78,953 |
| (B) DEFERRED TAX LIABILITIES(NET) | | 44,236 | 28,888 |
| (3) CURRENT LIABILITIES | | | |
| (A) SHORT TERM BORROWINGS | 05 | 30,58,74,360 | 9,26,24,361 |
| (B) OTHER CURRENT LIABILITIES | 06 | 63,65,940 | 26,18,037 |
| (C) SHORT-TERM PROVISIONS | 07 | 2,95,15,213 | 2,51,22,597 |
| TOTAL | | 1,48,58,19,839 | 1,10,47,58,414 |
| II. <u>ASSETS</u> | | | |
| (1) NON CURRENT ASSETS | | | |
| (A) FIXED ASSETS | | | |
| (i) TANGIBLE ASSETS | 08 | 64,66,928 | 52,15,765 |
| (B) NON CURRENT INVESTMENTS | 09 | 20,65,032 | 81,60,704 |
| (C) LONG TERM LOANS AND ADVANCES | 10 | 35,54,100 | - |
| (2) CURRENT ASSETS | | | |
| (A) INVENTORIES | 11 | - | 14,25,000 |
| (B) CASH AND BANK BALANCES | 12 | 10,47,79,924 | 1,16,61,026 |
| (C) SHORT TERM LOANS AND ADVANCES | 13 | 1,35,94,32,070 | 1,06,47,36,454 |
| (D) OTHER CURRENT ASSETS | 14 | 95,21,785 | 1,35,59,465 |
| SIGNIFICANT ACCOUNTING POLICIES | TOTAL | 1,48,58,19,839 | 1,10,47,58,414 |

The note nos.1 to 21 are integrated part of these financial statements

As per our report of even date attached

For **R.MAHAJAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

FRN 011348N

[RATNESH MAHAJAN]

Partner

M. No.085484

Place: New Delhi

Date: 23.05.2017

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

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

FOR & ON BEHALF OF THE BOARD

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

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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| S.No | PARTICULARS | Note | YEAR ENDED 31st, MARCH 2017 | YEAR ENDED 31st, MARCH 2016 |
|------|-----------------------------------|------|--------------------------------|--------------------------------|
| I. | REVENUE FROM OPERATIONS | 15 | 40,55,36,005 | 44,37,95,717 |
| II. | OTHER INCOME | 16 | 11,01,975 | 29,47,036 |
| III. | TOTAL REVENUE | | 40,66,37,980 | 44,67,42,753 |
| IV. | EXPENSES: | | | |
| | PURCHASE OF STOCK-IN-TRADE | | 10,10,94,091 | 17,75,35,197 |
| | CHANGES IN INVENTORIES | 17 | 14,25,000 | 4,17,69,627 |
| | EMPLOYEE BENEFIT EXPENSES | 18 | 1,79,46,025 | 1,32,55,091 |
| | FINANCE COSTS | 19 | 3,00,57,270 | 1,42,81,390 |
| | DEPRECIATION | | 11,89,471 | 9,48,278 |
| | OTHER EXPENSES | 20 | 1,71,33,455 | 1,40,22,860 |
| | TOTAL EXPENSES | | 16,88,45,313 | 26,18,12,443 |
| V. | PROFIT BEFORE TAX | | 23,77,92,668 | 18,49,30,310 |
| VI. | TAX EXPENSE: | | | |
| | (1) CURRENT TAX | - | 7,35,01,887 | 5,43,58,091 |
| | (2) DEFERRED TAX | - | 15,348 | -24,096 |
| | (3) FOR EARLIER YEARS | | 87,744 | 15,270 |
| | PROFIT(LOSS) FOR THE PERIOD(V-VI) | | 16,41,87,689 | 13,05,81,045 |
| VII. | EARNINGS PER EQUITY SHARE | | | |
| | (1) BASIC | | 35.07 | 27.89 |
| | (2) DILUTED | | 35.07 | 27.89 |

SIGNIFICANT ACCOUNTING POLICIES **01**

The note nos. 1 to 21 are integrated part of these financial statements

As per our report of even date attached

For R.MAHAJAN & ASSOCIATES
CHARTERED ACCOUNTANTS

FRN 011348N

[RATNESH MAHAJAN]
Partner
M. No.085484

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

FOR & ON BEHALF OF THE BOARD

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

Place : New Delhi
Date : 23.05.2017

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

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

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.
- iii) Accounting policies not specifically referred to are consistent with generally accepted accounting practices, except where otherwise stated.

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) Dividend income is recognized when right to receive is established.
- iv) Profit/ Loss on sale of investments is accounted on the trade dates.

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 and provision wherever required, made to recognize any decline in carrying value. In case bonus shares are received against existing holding, bonus shares are valued at nil cost.

Classification

Shares purchased during the year by the company for earning income by way of dividends and for long term purposes being strategic/ large investments are shown under investments and accordingly income from these investments have been shown as short term/ long term profit.

d) Fixed Assets & intangible assets

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

e) Depreciation & Amortization

Depreciation on the fixed 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 over their respective individual estimated useful lives on SLM basis.

f) 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.

g) Inventories

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

h) 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 fixed assets exceeds the recoverable amount at the reporting, 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 fixed assets are equal to recoverable amounts.

i) 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.

j) 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.

k) 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.

Notes to Accounts

| PARTICULARS | AS AT 31 st MARCH 2017 | AS AT 31 st MARCH 2016 |
|---|--------------------------------------|--------------------------------------|
| <u>NOTE-2</u> | | |
| <u>SHARE CAPITAL</u> | | |
| <u>AUTHORISED SHARE CAPITAL</u> | | |
| 7000000 Equity Shares of Par Value Rs.10/- each (Pr. Yr 7000000 Equity Shares of Par Value Rs.10/- each) | 7,00,00,000 | 7,00,00,000 |
| <u>ISSUED SUBSCRIBED AND PAID UP</u> | | |
| 46,82,207 Equity Shares of Rs.10/- each fully paid up | 4,68,22,070 | 4,68,22,070 |
| | 4,68,22,070 | 4,68,22,070 |

SHARE RECONCILIATION STATEMENT

PARTICULARS

| | AS AT 31 st MARCH 2017 | AS AT 31 st MARCH 2016 |
|---|--------------------------------------|--------------------------------------|
| | EQUITY | EQUITY |
| Shares outstanding at the beginning of the year | 46,82,207 | 46,82,207 |
| Shares Issued during the year | - | - |
| Shares bought back during the year | - | - |
| Shares outstanding at the end of the year | 46,82,207 | 46,82,207 |

3433363 Equity Shares (Previous year 3433363) are held by CSL Holdings Pvt. Ltd.

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

| <u>SHAREHOLDER</u> | | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2017 | As at 31.03.2016 |
|--|----------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | No. of shares | No. of shares | Percentage | Percentage |
| CSL Holdings Pvt. Ltd. | | 34,33,363 | 34,33,363 | 73.32% | 73.32% |
| | | | | | |
| Year (Aggregate No. of Shares) | | | | | |
| Particulars | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| 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 | - | - | - | - | - |

Notes to Accounts

| PARTICULARS | AS AT 31 st MARCH 2017 | AS AT 31 st MARCH 2016 |
|--|--------------------------------------|--------------------------------------|
| <u>NOTE-3</u> | | |
| <u>RESERVE & SURPLUS</u> | | |
| General Reserve | | |
| As per last balance sheet | 4,00,000 | 4,00,000 |
| | 4,00,000 | 4,00,000 |
| Statutory Reserve U/S 45 IC of Reserve Bank of India Act,1934 | | |
| As per last balance sheet | 14,04,21,081 | 11,43,04,872 |
| Add: Transferred from Profit & Loss account | 3,28,37,538 | 2,61,16,209 |
| | 17,32,58,619 | 14,04,21,081 |
| Capital Redemption Reserve | | |
| As per last balance sheet | 62,15,930 | 62,15,930 |
| | 62,15,930 | 62,15,930 |
| Share Premium | | |
| As per last balance sheet | 4,55,00,000 | 4,55,00,000 |
| Add : On issue of shares | - | - |
| | 4,55,00,000 | 4,55,00,000 |
| Profit & Loss account: | | |
| As per last balance sheet | 74,43,26,497 | 63,98,61,661 |
| Add: Profit of Current Year | 16,41,87,689 | 13,05,81,045 |
| Less: Appropriations | | |
| Statutory Reserve U/S 45 IC of Reserve Bank of India Act,1934 | 3,28,37,538 | 2,61,16,209 |
| Proposed Dividend | 46,82,207 | - |
| Tax on Dividend | 9,53,204 | - |
| | 87,00,41,237 | 74,43,26,497 |
| Total | 1,09,54,15,786 | 93,68,63,508 |

NOTE-4

LONG TERM BORROWINGS SECURED

| | | |
|--|------------------|-----------------|
| Toyota Finance Services (I) Ltd | 15,27,695 | - |
| (Ag. Hypothecation of Car) | | |
| ICICI Bank Ltd | 6,78,952 | 8,00,000 |
| (Ag. Hypothecation of Car) | | |
| Less: Current Maturities of Long Term Debt | 4,24,413 | 1,21,048 |
| | 17,82,234 | 6,78,952 |

Notes to Accounts

NOTE-5

SHORT TERM BORROWINGS SECURED

| | Limit | Rate of Interest | | |
|--|-----------|------------------|--------------|-------------|
| Cash Credit Limit from Kotak Mahindra Bank (Ag. Book Debts, Current Assets & Fixed Assets) | 104500000 | 13.50% | - | 7,31,32,099 |
| Cash Credit Limit from State Bank of India (Ag. Book Debts, Current Assets, Equitable mortgage of properties of Managing Director and also the Personal guarantee of Managing Director) | 200000000 | 10.50% | 18,93,10,811 | - |
| Working Capital Demand Loan from State Bank of India (Ag. Book Debts, Current Assets, Equitable mortgage of properties of Managing Director and also the Personal guarantee of Managing Director) | 300000000 | 9.25% | 5,00,00,000 | - |
| AU Financiers India Ltd. (Ag. Book Debts) | 100000000 | 13.75% | 1,28,29,209 | - |
| Aditya Birla Finance Ltd. (Ag. Pledge of Securities) | 150000000 | 11.25% | - | 1,36,16,091 |

SHORT TERM BORROWINGS UNSECURED

| | | |
|----------------------------|---|---|
| Loan from Related Parties | | |
| Bodies Corporate | 5,30,96,000 | 51,45,005 |
| Loan from Bodies Corporate | 6,38,340 | 7,31,166 |
| | 30,58,74,360 | 9,26,24,361 |
| PARTICULARS | AS AT 31st MARCH 2017 | AS AT 31st MARCH 2016 |

NOTE-6

OTHER CURRENT LIABILITIES

| | | |
|--------------------------------------|------------------|------------------|
| Current Maturities of Long Term Debt | 4,24,413 | 1,21,048 |
| Other Liabilities | 59,41,527 | 24,96,990 |
| | 63,65,940 | 26,18,037 |

NOTE - 7

SHORT TERM PROVISIONS

| | | |
|--|--------------------|-----------------------|
| Provision for Standard Assets | 33,86,420 | 26,61,670 |
| Proposed Dividend | 46,82,207 | |
| Tax on Dividend | 9,53,204 | |
| Provision for Income Tax (Net of Advance Tax & TDS) | 2,04,93,382 | 2,24,60,927 |
| | 2,95,15,213 | 2,51,22,597.00 |

Notes to Accounts

NOTE-8

FIXED ASSETS-TANGIBLE

(Amount in Rs.)

| PARTICULARS (ASSETS) | <u>GROSS BLOCK</u> | | | | <u>DEPRECIATION</u> | | | | <u>NET BLOCK</u> | |
|-------------------------|--------------------------------|----------------|-------------------|------------------------------|---------------------|--------------------|---------------------|------------------------------|---------------------|---------------------|
| | BALANCE AS ON 01.04.2016 | ADDITION | SALE/ TRANSFER | TOTAL AS ON 31.03.2017 | AS ON 01.04.2016 | DURING THE YEAR | SALE/ ADJUSTMENT | TOTAL AS ON 31.03.2017 | AS ON 31.03.2017 | AS ON 31.03.2016 |
| Fur. & Fixture | 491799 | 92000 | | 583799 | 130396 | 41625 | | 172021 | 411778 | 361403 |
| Car | 6842576 | 1886790 | | 8729366 | 2433755 | 961932 | | 3395687 | 5333679 | 4408821 |
| Scooter | 161651 | 56391 | | 218042 | 49665 | 18012 | | 67677 | 150365 | 111986 |
| Mobile | 121770 | | | 121770 | 77952 | 8846 | | 86798 | 34972 | 43818 |
| Office Equipment | 107841 | 113954 | | 221795 | 79512 | 20310 | | 99822 | 121973 | 28329 |
| LCD Television | 139500 | | | 139500 | 127509 | 4016 | | 131525 | 7975 | 11991 |
| Air conditioner | 205741 | | | 205741 | 160047 | 21724 | | 181771 | 23970 | 45694 |
| Computer | 363284 | 253000 | | 616284 | 162718 | 109483 | | 272201 | 344083 | 200566 |
| Printer | 0 | 17500 | | 17500 | 0 | 1863 | | 1863 | 15637 | 0 |
| Cycle | 0 | 20999 | | 20999 | 0 | 1660 | | 1660 | 19339 | 0 |
| Photocopy Machine | 40740 | | | 40740 | 38703 | 0 | | 38703 | 2037 | 2037 |
| Invertor | 22400 | | | 22400 | 21280 | 0 | | 21280 | 1120 | 1120 |
| TOTAL Rs. | 8497302 | 2440634 | 0 | 10937936 | 3281537 | 1189471 | 0 | 4471008 | 6466928 | 5215765 |
| Pr. Year | 7719873 | 1381899 | 604470 | 8497302 | 2920175 | 948278 | 586916 | 3281537 | 5215765 | 4799698 |

Notes to Accounts

| PARTICULARS | | | AS AT 31 st MARCH 2017 | AS AT 31 st MARCH 2016 |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| <u>NOTE - 9</u> | | | | |
| <u>NON CURRENT INVESTMENTS</u> | | | | |
| <u>OTHER INVESTMENTS</u> | | | | |
| <u>INVESTMENT IN EQUITY SHARES</u> | | | | |
| | No. of Shares as on 31.03.2017 | No. of Shares as on 31.03.2016 | | |
| QUOTED | | | | |
| HCL Technologies Ltd. (F. Value Rs.2/- each) (Bonus Shares) | 0 | 23750 | | |
| Infosys Ltd. (F. Value Rs.5/- each) (Bonus Shares) | 0 | 5500 | | |
| Crompton Greaves Consumer Electricals Ltd (F. Value Rs.2/- each) (received on demerger) | 0 | 50000 | | |
| Tech Mahindra Ltd. (F. Value Rs.5/- each) (Bonus Shares) | 0 | 8500 | | |
| UNQUOTED | | | | |
| Investment in Associate Company Catalyst Financial Services Private Limited (Formerly Jan Uddhar Finance Pvt. Ltd.) (F. Value Rs.10/- each) | 24500 | 24500 | 2,45,000 | 2,45,000 |
| <u>INVESTMENT IN BONDS</u> | | | | |
| QUOTED | | | | |
| IIFCL TAX FREE BONDS | 0 | 4000 | - | 40,16,000 |
| IFCI LTD BONDS | 0 | 2250 | - | 23,00,102 |
| <u>INVESTMENT IN PROPERTY</u> | | | | |
| Investment in Property | | | 18,20,032 | 15,99,602 |
| | | | 20,65,032 | 81,60,704 |
| Aggregate value of Quoted Investment in Equity Shares | | | - | - |
| Aggregate market value of Quoted Investment in Equity Shares | | | - | 3,00,76,113 |
| Aggregate value of Unquoted Investment | | | 2,45,000 | 2,45,000 |

Investment in property includes Rs.15,99,602/- (Pr. Year Rs.15,99,602/-) paid to builders for purchase of properties. The full payment has already been made as per the Seller/Buyer agreement executed with the builders but the sale deed were not executed in the previous financial year i.e 2015-16 and were executed in the current financial year i.e 2016-17.

| PARTICULARS | AS AT 31st MARCH 2017 | AS AT 31st MARCH 2016 |
|---|---|---|
| <u>NOTE-10</u> | | |
| <u>LONG TERM LOAN AND ADVANCES</u> | | |
| Midsize Corporate & LAP (Secured) | 26,30,100 | - |
| Security Deposit (Rent) | 9,24,000 | - |
| | 35,54,100 | - |
| <u>NOTE - 11</u> | | |
| <u>INVENTORIES</u> | - | 14,25,000 |
| Stock in Trade | | |
| (As taken valued & certified by the management) | | |
| | - | 14,25,000 |
| <u>NOTE - 12</u> | | |
| <u>CASH & BANK BALANCES</u> | | |
| <u>CASH & CASH EQUIVALENTS</u> | | |
| Cash in Hand | 5,12,531 | 40,056 |
| Balance with Banks | 69,67,393 | 1,16,20,970 |
| | 74,79,924 | 1,16,61,026 |
| <u>OTHER BANK BALANCES</u> | | |
| Fixed deposits with banks | 9,73,00,000 | - |
| | 9,73,00,000 | - |
| | 10,47,79,924 | 1,16,61,026 |
| <u>NOTE-13</u> | | |
| <u>SHORT TERM LOANS & ADVANCES</u> | | |
| Midsize Corporate & LAP (Secured) | 1,26,18,73,750 | 1,05,63,98,449 |
| Retail Loans (Unsecured considered good) | 9,00,64,037 | 59,90,436 |
| Interest Receivable | 74,29,833 | 22,88,119 |
| Staff Advance | 64,450 | 59,450 |
| | 1,35,94,32,070 | 1,06,47,36,454 |
| <u>NOTE-14</u> | | |
| <u>OTHER CURRENT ASSETS</u> | | |
| Prepaid Expenses | 70,438 | 79,198 |
| Advance with Parties | 18,39,217 | 26,096 |
| Amount Receivable (on a/c of Sale of Property) | - | 46,80,000 |
| Amount Receivable (on a/c of Sale of Shares) | 44,10,427 | 68,10,427 |
| | | |
| Income Tax Deposit (Against Appeal) | 32,01,703 | 18,78,724 |
| Income Tax refund | - | 85,020 |
| | 95,21,785 | 1,35,59,465 |

Notes to Accounts

| PARTICULARS | AS AT 31st MARCH 2017 | AS AT 31st MARCH 2016 |
|---|--------------------------|--------------------------|
| <u>NOTE-15</u> | | |
| <u>REVENUE FROM OPERATIONS</u> | | |
| Sale of Shares | 12,97,25,066 | 23,65,00,563 |
| Interest | 23,24,37,290 | 14,68,32,249 |
| Profit on sale of Investment | 3,82,96,596 | 4,27,81,459 |
| Income From Share Trading /Derivative/Mutual Fund/Bonds | 15,21,351 | 1,75,41,168 |
| Processing Fees | 30,96,532 | 44,653 |
| Misc. Income | 4,59,170 | 95,625 |
| | 40,55,36,005 | 44,37,95,717 |
| <u>NOTE-16</u> | | |
| <u>OTHER INCOMES</u> | | |
| Profit from LLP | - | 11,00,693 |
| Bad debts recovered | 10,00,000 | - |
| Dividend Income | 1,01,975 | 8,81,488 |
| Profit on sale of Property | - | 9,64,855 |
| | 11,01,975 | 29,47,036 |
| <u>NOTE-17</u> | | |
| <u>CHANGE IN INVENTORIES</u> | | |
| Opening Stock | 14,25,000 | 4,31,94,627 |
| Less: Closing Stock | - | 14,25,000 |
| | 14,25,000 | 4,17,69,627 |
| <u>NOTE-18</u> | | |
| <u>EMPLOYEE BENEFIT EXPENSES</u> | | |
| Salary & Bonus | 1,75,21,916 | 1,30,93,447 |
| PF Contribution | 2,46,461 | - |
| ESIC Contribution | 14,143 | - |
| Staff Welfare | 1,63,505 | 1,61,644 |
| | 1,79,46,025 | 1,32,55,091 |
| <u>NOTE-19</u> | | |
| <u>FINANCE COSTS</u> | | |
| Bank Charges | 43,152 | 4,511 |
| Interest on Car Loan | 1,37,792 | 86,954 |
| Interest paid on Cash Credit | 62,62,514 | 10,82,804 |
| Other Interest | 2,36,13,812 | 1,31,07,121 |
| | 3,00,57,270 | 1,42,81,390 |

Notes to Accounts

| PARTICULARS | AS AT 31st MARCH 2017 | AS AT 31st MARCH 2016 |
|--------------------------------|----------------------------------|----------------------------------|
| <u>NOTE-20</u> | | |
| <u>OTHER EXPENSES</u> | | |
| Annual Custody Charges | 27,480 | 20,610 |
| Annual Listing Fees | 2,29,000 | 2,53,220 |
| Audit Fees | 2,01,250 | 2,00,375 |
| Bad Debts written off | - | 19,40,000 |
| Books & Periodicals | 9,300 | 4,652 |
| Business Promotion | 5,60,334 | 3,65,978 |
| CSR Expenses | 26,00,000 | 18,50,000 |
| Demat Expenses | 4,275 | 18,097 |
| Donation | - | 21,000 |
| EDP Expenses | 1,72,719 | 1,05,722 |
| Electricity Expenses | 3,56,575 | 2,75,510 |
| Festival Expenses | - | 40,082 |
| Filing Fees | 60,150 | 68,500 |
| Generator Repair & Maintenance | 3,880 | 21,060 |
| Insurance Expenses | 85,481 | 60,513 |
| Legal & Professional Charges | 50,56,687 | 30,88,759 |
| Loss on Sale of Assets | - | 4,054 |
| Meeting & Conference Exp. | 57,066 | 1,03,346 |
| Misc. Expenses | 41,911 | 1,591 |
| Office Expenses | 5,32,894 | 4,48,184 |
| Postage & Courier Expenses | 83,209 | 85,280 |
| Printing & Stationery | 1,26,413 | 68,918 |
| Processing Fees | 29,69,300 | 2,36,535 |
| Provision for Standard Assets | 7,24,750 | 8,36,365 |
| Publishing Expenses | 3,04,134 | 1,15,964 |
| Rent | 16,36,200 | 22,38,000 |
| Repair & Maintenance (Others) | 30,202 | 1,38,795 |
| Security Transaction Tax | 1,74,301 | 4,11,696 |
| Telephone Expenses | 2,32,176 | 1,89,442 |
| Travelling & Conveyance | 5,91,019 | 5,74,383 |
| Vehicle Running Expenses | 2,62,749 | 2,36,228 |
| | 1,71,33,455 | 1,40,22,860 |

NOTE-21

(a) I. 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 liability for Assessment year 2006-07, 2011-12 & 2014-15 is Rs.5,95,782/-, Rs.12,82,942/- & Rs.88,19,863/- respectively (Previous Year Rs.5,95,782/- for assessment year 2006-07 & Rs.12,82,942/- for assessment year 2011-12). The company has deposited Rs.5,95,782/-, Rs.12,82,942/- and Rs 13,22,979/- for Assessment year 2006-07, 2011-12 and 2014-15 under protest. Rs.32,01,703/- deposited under protest is being shown as Income Tax deposit against appeal in Note no.14 i.e. Other Current.
 - b. The company has entered into loan agreement with various parties and in case the management deems fit in its sole discretion, then, depending upon the circumstances of the case, it grants interest rebate to certain party/parties. Liability, if any, on this account is known only on completion of agreement.

II. 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 Auditors includes:

| | 2016-17 | 2015-16 |
|--------------------------|--------------------|--------------------|
| Audit Fee | 1,55,250.00 | 1,54,575.00 |
| Tax Audit Fees | 46,000.00 | 45,800.00 |
| Other Certification Fees | 28,750.00 | 28,625.00 |
| | <u>2,30,000.00</u> | <u>2,29,000.00</u> |

h)

| | 2016-17 | 2015-16 |
|--------------------------|----------------|----------------|
| Director's remuneration: | 84,00,000.00 | 84,00,000.00 |

- i) During the current financial year, the company has stopped share trading and capital market activities w.e.f 1.10.2016.
- j) 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 01st April, 2016 | Adjustment for the Current Year | Deferred Tax Assets/(Liabilities) as at 31st March, 2017 |
|------------------------------------|---|--|---|
| Depreciation | (28,888) | (15,348) | (44,236) |
| Business Loss | Nil | Nil | Nil |
| Total | (28,888) | (15,348) | (44,236) |

- k)** 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 2017 | Previous Year 2016 |
|---------------|--|--------------------------|---------------------------|
| 1. | Net Profit (loss) as per P/L A/c | 16,41,87,689 | 13,05,81,045 |
| 2. | Average No. of equity shares used as denominator for calculating EPS (Basic) | 4682207 | 4682207 |
| 3. | EPS (Basic) (Rs.) | 35.07 | 27.89 |
| 4. | Average No. of equity shares used as denominator for calculating EPS (Diluted) | 4682207 | 4682207 |
| 5. | EPS (Diluted) (Rs.) | 35.07 | 27.89 |
| 6. | Face value of each equity share (Rs.) | 10 | 10 |

l)

| | SBNs | Other Denomination Notes | Total (in Rs.) |
|---------------------------------------|-------------|---------------------------------|-----------------------|
| Closing cash in hand as on 08.11.2016 | 9,78,000 | 7,492 | 9,85,492 |
| (+) Permitted receipts | Nil | 11,08,377 | 11,08,377 |
| (-) Permitted payments | | 1,17,859 | 1,17,859 |
| (-) Amount deposited in banks | 9,78,000 | 8,15,732 | 17,93,732 |
| Closing cash in hand as on 30.12.2016 | Nil | 1,82,278 | 1,82,278 |

m) 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) Holding Company:

- a) CSL Holdings Pvt. Ltd

(2) Other related parties where the Directors/ Relatives have significant influence

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

(3) Key Management Personnel:

- 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

(4) Relatives of Key Management Personnel.

- a) Mrs. Ridhima Gupta
- b) Mr. Piyush 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) | Refer to (A) (2)(a) | Refer to (A)(2)(b) | Refer to (A) (3) (a) | Refer to (A) (3) (b) | Refer to (A) (3) (c) | Refer to (A) (3)(d) | Refer to (A) (4)(a) | Refer to (A) (4)(b) |
|---|-------------------|-------------------------------------|--------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| Unsecured Loan Taken | 11540000 (Nil) | 411799857 (73711862) | | 2500000 (Nil) | | | | | |
| Unsecured Loan Given | 94730000 (Nil) | 67305138 (31800000) | | | | | | | |
| Investment in Shares | | | Nil (245000) | | | | | | |
| Sale of Shares | | Nil (4217651) | | Nil (Nil) | | | | | |
| Purchase of Shares | | | | Nil (Nil) | | | | | |
| Rent | | | | 150000 (600000) | | | | 150000 (600000) | 1035000 (Nil) |
| Director's Remuneration | | | | 8400000 (8400000) | | | | | |
| Salary Paid | | | | | 1054214 (1090000) | 573000 (510000) | 1572952 (Nil) | | |
| Interest Received | 485578 (Nil) | 208587 (2261136) | | Nil (Nil) | | | | | Nil (Nil) |
| Interest Paid | Nil (Nil) | 3138072 (961659) | | | | | | | |
| Balances as on 31 st March, 2017 | Nil (Nil) | 53096000 Cr. (5145005 Cr.) | | | | | | | |

() Indicates figures of Previous year.

- n) 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.
- o) Since the Company is dealing in one segment, No separate Segment reporting is given.

Employee Stock option Scheme

- p) 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 03.02.2017 and 11.02.2017 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 Rs.226/- per share for the grant of aforesaid 450000 options.

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

| S. No | Particulars | Year ended 31.03.2017 | | Year ended 31.03.2016 | |
|-------|--|-----------------------|---|-----------------------|---|
| | | Options (In Numbers) | Weighted Average exercise price per option (in Rs.) | Options (In Numbers) | Weighted Average exercise price per option (in Rs.) |
| 1. | Options outstanding at beginning of the year | | | | |
| | Granted during the year | 450000 | 226/- | - | - |
| | Vested during the year | - | - | - | - |
| | Exercised during the year | - | - | - | - |
| | Lapsed during the year | 127500 | 226/- | - | - |
| 2. | Options outstanding at the end of the year | 450000 | 226/- | - | - |
| | Options available for grant | 377500 | 226/- | - | - |
| | 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 | - | - | - | - |

q) Information regarding Purchase and Sale of Stock in trade during the year.

| Particulars | Purchase | Sale |
|-------------|-----------|-----------|
| Shares | 101094091 | 129725066 |

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

As per our report of even date attached
For R. Mahajan & Associates
Chartered Accountants
FRN 011348N

Ratnesh Mahajan
Partner
M. No.085484

Place: New Delhi
Date: 23.05.2017

Rohit Gupta
Managing Director
DIN-00045077

Akash Gupta
Company Secretary &
Legal Head
M. No. A23248

For and on behalf of the Board of Directors

Ashok K. Kathuria
Director
DIN-01010305

Naresh C. Varshney
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| PARTICULARS | AS ON 31ST MARCH, 2017 | AS ON 31ST MARCH, 2016 |
|---|---------------------------|---------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/ (Loss) before Tax & Extraordinary items | 23,77,92,668 | 18,49,30,310 |
| Adjustment for: | | |
| Depreciation | 11,89,471 | 9,48,278 |
| Provision for Standard Assets | 7,24,750 | 8,36,365 |
| Loss on sale of assets | - | 4,054 |
| Interest Received on Investment | (2,96,562) | (12,51,831) |
| Interest Paid | 3,00,14,118 | 1,31,94,075 |
| Profit/ Loss on sale of investment | <u>(3,82,96,596)</u> | <u>(4,37,46,314)</u> |
| Operating Profit before Working Capital changes | 23,11,27,849 | 15,49,14,936 |
| Adjustment for Current Assets & Loans & Advances | | |
| 1) Trade Receivables | - | - |
| 2) Loans & Advances | (29,82,49,716) | (33,45,76,861) |
| 3) Stock In Hand | 14,25,000 | 4,17,69,627 |
| 4) Other Current Assets | 40,37,680 | 65,07,550 |
| 5) Current Liabilities | <u>37,47,902</u> | <u>(95,34,750)</u> |
| Cash generated from operations | (5,79,11,285) | (14,09,19,498) |
| Direct Taxes Paid | <u>7,55,57,176</u> | <u>4,50,19,304</u> |
| | (13,34,68,461) | (18,59,38,802) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of investments | - | - |
| Sale of investments | 4,43,92,268 | 12,04,90,355 |
| Sales of Fixed Assets | - | 13,500 |
| Interest Income | 2,96,562 | 12,51,831 |
| Purchase of Fixed Assets | <u>(24,40,634)</u> | <u>(13,81,899)</u> |
| | 4,22,48,196 | 12,03,73,787 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short Term Borrowings | 21,32,49,999 | 7,30,00,677 |
| Long Term Borrowings | 11,03,283 | 51,251 |
| Interest Paid | (3,00,14,118) | (1,31,94,075) |
| Issue of equity shares | <u>-</u> | <u>-</u> |

| | | | | |
|---|---------------------|--------------|--------------------|-------------|
| | | 18,43,39,163 | | 5,98,57,854 |
| Net Increase/ (Decrease) in cash & cash equivalents | | 9,31,18,898 | | (57,07,161) |
| Cash & cash equivalents at the beginning of period | | | | |
| Cash In Hand | 40,056 | | 61,838 | |
| Balance with Bank | <u>1,16,20,970</u> | 1,16,61,026 | <u>1,73,06,349</u> | 1,73,68,187 |
| Cash & cash equivalents at the end of period | | | | |
| Cash In Hand | 5,12,531 | | 40,056 | |
| Balance with Bank | <u>10,42,67,393</u> | 10,47,79,924 | <u>1,16,20,970</u> | 1,16,61,026 |
| Net (Outflow)/ Inflow of Cash | | 9,31,18,898 | | (57,07,161) |

**As per our report of even date attached
For R. Mahajan & Associates
Chartered Accountants
FRN 011348N**

For and on behalf of the Board of Directors

**Sd/-
Ratnesh Mahajan
Partner
M. No.085484**

**Sd/-
Rohit Gupta
Managing Director
DIN-00045077**

**Sd/-
Ashok K. Kathuria
Director
DIN-01010305**

**Sd/-
Akash Gupta
Company Secretary &
Legal Head
M. No. A23248**

**Sd/-
Naresh C. Varshney
Chief Financial Officer**

**Place: New Delhi
Date: 23.05.2017**

Schedule to the Balance Sheet of a Non Deposit taking Non-Banking Financial Company **CSL Finance Limited**

(As required in terms of paragraph 13 of Non - Banking financial (Non deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007

| | Particulars | | (Rs. In lakhs) |
|-----------|---|---------------------------|----------------|
| | <u>Liabilities side</u> | Amount Outstanding | Amount Overdue |
| 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 | 22.07 | Nil |
| | (d) Inter-Corporate Loans and Borrowing | 665.63 | Nil |
| | (e) Commercial Paper | Nil | Nil |
| | (f) Others (Cash Credit & Working Capital Demand loan) | 2393.11 | Nil |
| | * Please see Note 1 below | | |
| | Assets Side | | |
| | | Amount Outstanding | |
| 2. | Break-up of Loans and advances including bills receivables [other than those including in (4) below] : | | |
| | (a) Secured | 12645.04 | |
| | (b) Unsecured | 900.64 | |
| 3. | 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 : | Nil | |
| | (a) Financial lease | | |
| | (b) Operating lease | | |
| | (ii) Stock on hire including hire charges under sundry debtors | Nil | |
| | (a) Assets on hire | | |
| | (b) Repossessed Assets | | |
| | (iii) Others loans counting towards AFC activities | Nil | |
| | (a) Loans where assets have been repossessed | | |
| | (b) Loans other than (a) above | | |
| 4. | Break-up of Investments: | | |
| | <u>Current Investments</u> | | |
| | 1. Quoted | | |
| | (i) Shares: (a) Equity | Nil | |
| | (b) Preference | Nil | |

| | | | |
|----|--|--|-----------------|
| | (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) | Nil Nil Nil Nil | |
| | 2. Unquoted (i) Shares: (a) Equity (b) Preference | Nil Nil | |
| | (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Building) | Nil Nil Nil Nil | |
| | Long Term Investments : 1. Quoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others - Warrants | Nil Nil Nil Nil Nil | |
| | 2. Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others Property | 2.45 Nil Nil Nil Nil 18.20 | |
| 5. | Borrower group-wise classification of assets financed as in (2) and (3) above : Please see note 2 below | | |
| | Category | Amount net of provisions Secured unsecured | Total |
| | 1. Related Parties ** | | |
| | (a) Subsidiaries | Nil | Nil |
| | (b) Companies in the same group | Nil | Nil |
| | (c) Other related parties | Nil | Nil |
| | 2. Other than related parties | 12613.43 | 898.39 |
| | Total | 12613.43 | 898.39 |
| | | | 13511.82 |

| | | | |
|-----------|---|--|---|
| 6. | 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 | 2.45 | 2.45 |
| | 2. Other than related parties | Nil | Nil |
| | Total | 2.45 | 2.45 |
| | ** As per Accounting Standard of ICAI (Please see Note 3) | | |
| 7. | Other information Particulars | | Amount |
| | (i) Gross Non-Performing Assets | | Nil |
| | (a) Related Parties | | |
| | (b) Other than related parties | | |
| | (ii) Net Non-Performing Assets | | Nil |
| | (a) Related Parties | | |
| | (b) Other than related parties | | |
| | (iii) Assets acquired in satisfaction of debt | Nil | Nil |

Note

- As defined in paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- 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.

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 (4) above.

As per our report of even date attached

For R. Mahajan & Associates

Chartered Accountants

FRN 011348N

Ratnesh Mahajan

Partner

M. No.085484

Place: New Delhi

Date: 23.05.2017

For and on behalf of the Board of Directors

Sd/-

**Rohit Gupta
Managing Director
DIN-00045077**

Sd/-

**Akash Gupta
Company Secretary &
Legal Head
M. No. A23248**

Sd/-

**Ashok K. Kathuria
Director
DIN-01010305**

Sd/-

**Naresh C. Varshney
Chief Financial Officer**



CIN: L74899DL1992PLC051462

Registered Office: 8/19, Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi-110005

Phone: 011 42503441-44; Website: www.csloffinance.in; Email Id: investor@csloffinance.in

ATTENDANCE SLIP

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

I/ we hereby record my/ our presence at the 25th Annual General Meeting of CSL FINANCE LIMITED at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074 on Tuesday, 5th September, 2017 at 11:30 a.m.

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: _____

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, Ground Floor, W.E.A., Pusa Lane, Karol Bagh, New Delhi-110005

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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, Ground Floor, 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 | | |
| Address | | |
| | | |
| E-mail ID | | Signature |

OR FAILING HIM;

| | | |
|-----------|--|------------------|
| Name | | |
| Address | | |
| | | |
| E-mail ID | | Signature |

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 25th Annual General Meeting of the Company, to be held on Tuesday, 5th day of September, 2017 at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074 at 11:30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | RESOLUTIONS |
|----------------|---|
| 1. | Adoption of Annual Financial Statements for the Financial Year 2016-17 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 |
| 4. | Appointment of M/s.Aggarwal & Rampal, Chartered Accountants (FRN: 003072N) as the Statutory Auditors of the Company for a period of five (5) years starting with F.Y. 2017-18, and the fixing of their remuneration |
| 5. | Re-appointment of Mr.Rohit Gupta as the Managing Director of the Company for a period of 5 years |
| 6. | Regularization of Mr.Manoj Gupta as the Independent Director of the Company |
| 7. | Issue and Allotment of Convertible Warrants on Preferential Basis to Non-Promoters |
| 8. | Issue and Allotment Equity Shares on Preferential Basis to Non-Promoters |
| 9. | Investment(s), Loans, Guarantees and security in excess of limits specified under section 186 of Companies Act, 2013 |
| 10. | To approve increase in the borrowing limits of the company from the existing limit of Rs.500 crores to Rs.750 crores |

Signed this ____ day of __2017.

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.

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 25th Annual General Meeting of the Company, to be held on Tuesday, 5th day of September, 2017 at Oodles Hotel, 759-762, Main Road, Chattarpur, New Delhi-110074 at 11:30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

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Affix Re. 1/-
Revenue
Stamp

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- A Proxy need not be a Member.

ROUTE MAP TO THE VENUE OF 25TH ANNUAL GENERAL MEETING OF THE COMPANY





CSL FINANCE LIMITED

8/19, Ground Floor, W.E.A., Pusa Lane,
Karol Bagh, New Delhi - 110 005

Ph. +91 11 42503441-44

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