



CSL Finance  
Limited

CIN: L74899DL1992PLC051462

Date: 03.09.2019

To,  
The Manager,  
Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers Dalal Street,  
Mumbai-400001  
Fax: 022-2272 3121/22721278

**Sub: Submission of Annual Report of the Company under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2018-19**

**Scrip Code: 530067**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), please find enclosed herewith the Annual Report of the Company for Financial Year 2018-19 which is being dispatched/sent to the members through permitted mode(s).

This is for your necessary information and records.

**For CSL Finance Limited**

**For CSL FINANCE LIMITED**

  
**Akash Gupta**  
**(Company Secretary)**

Encl: a/a



**REGISTERED OFFICE**

410-412, 18/12, 4<sup>th</sup> Floor, W.E.A.,  
Arya Samaj Road, Karol Bagh,  
New Delhi-110005

**CORPORATE OFFICE**

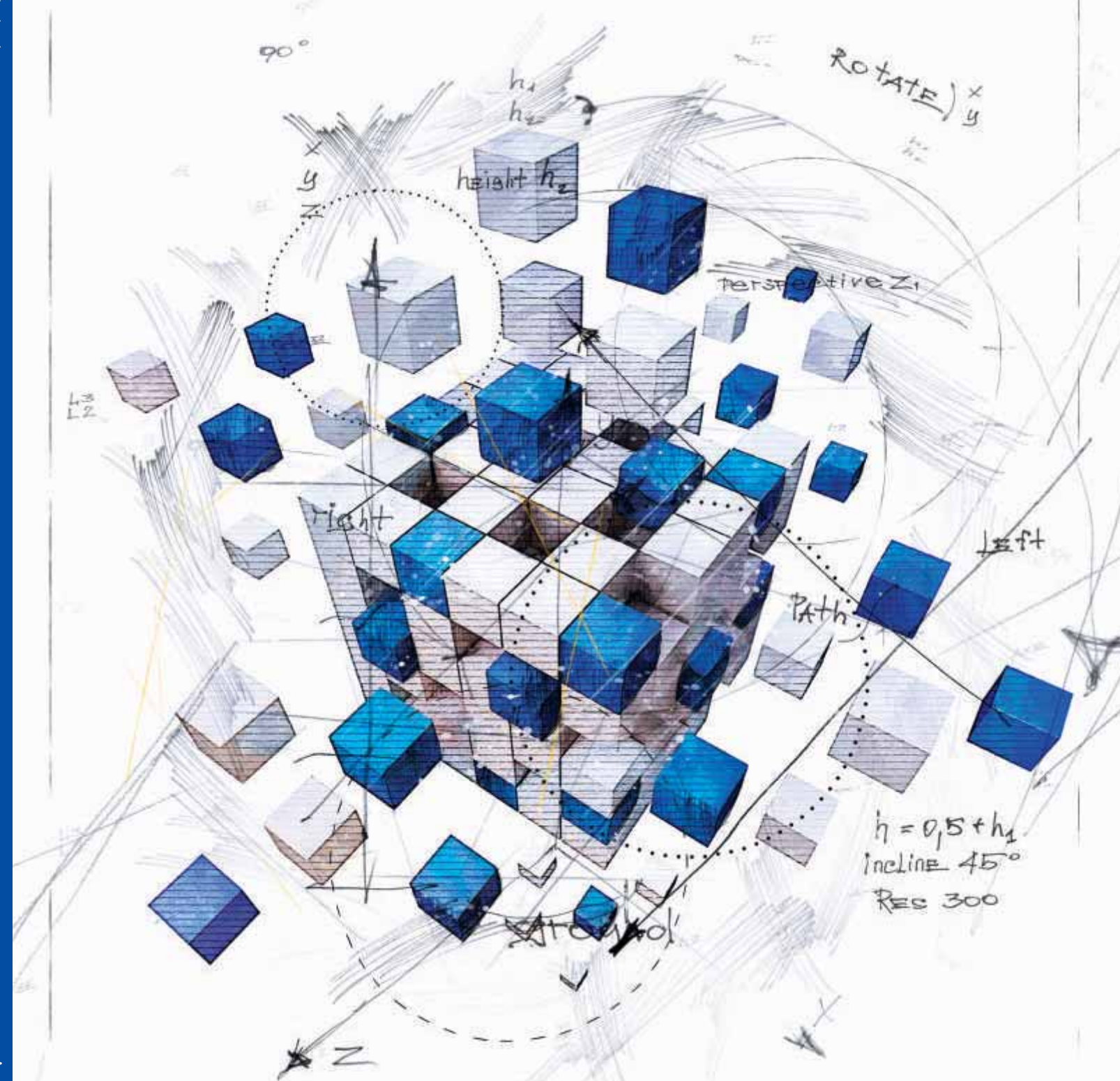
716-717, 7<sup>th</sup> Floor, Tower B,  
World Trade Tower, Sector 16  
Noida, Uttar Pradesh-201301

**Phone:** 0120 - 4290650-52-53-54

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CONSOLIDATING  
for the **FUTURE**



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# COMPANY INFORMATION

## CORPORATE IDENTITY NUMBER (CIN)

L74899DL1992PLC051462

## BOARD OF DIRECTORS

### Managing Director

Rohit Gupta

### Directors

Ashok Kumar Kathuria (Non-Executive Director)

Anjna Mittal (Independent Director)

Manoj Gupta (Independent Director)

### Chief Financial Officer

Naresh Chandra Varshney

### Company Secretary & Legal Head

Akash Gupta

### LISTED AT

BSE Limited

### BANKERS

State Bank of India

HDFC Bank Limited

AU Small Finance Bank

## STATUTORY AUDITOR

Aggarwal & Rampal  
Chartered Accountants

## INTERNAL AUDITOR

R. Mahajan & Associates,  
Chartered Accountants

## SECRETARIAL AUDITOR

Sanjay Kumar

## REGISTERED OFFICE

410-412, 18/12, 4<sup>th</sup> Floor,  
W.E.A., Arya Samaj Road, Karol Bagh,  
New Delhi-110005

## CORPORATE OFFICE

716-717, 7<sup>th</sup> Floor, Tower B,  
World Trade Tower, Sector 16  
Noida, Uttar Pradesh-201301

## REGISTRAR & SHARE TRANSFER AGENTS

MAS Services Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area,  
Phase-2, New Delhi-110020

# COMPANY GOALS & PRINCIPLES

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

## Company's Goals

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

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



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

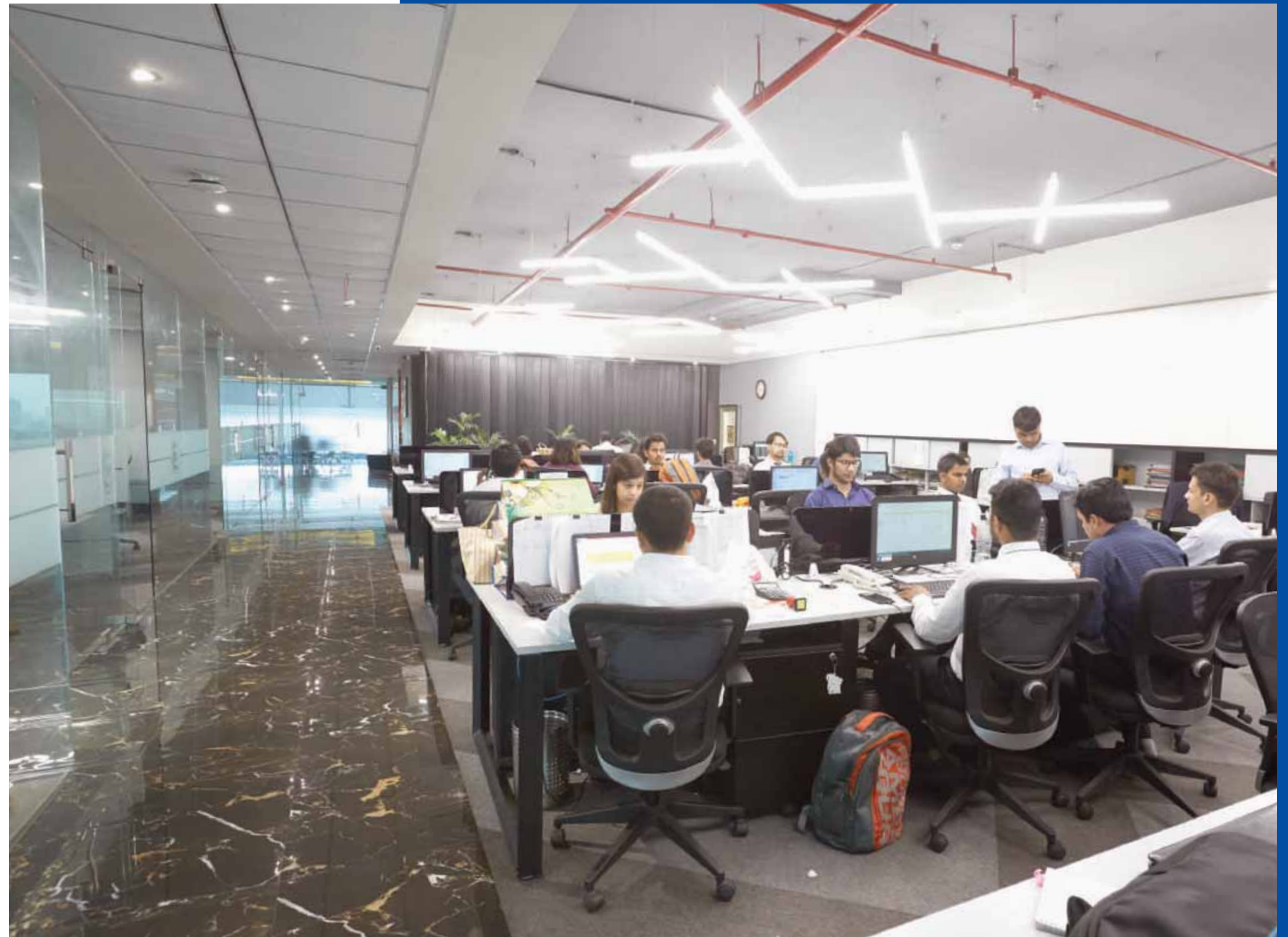


## CONSOLIDATING for the FUTURE

The Indian economy has gone through a challenging time last year. NBFC Sector has been hugely impacted due to the defaults by IL&FS Group, which has led to massive liquidity crunch and subsequent defaults by other NBFCs.

In this tough environment for smaller NBFCs, we are working to further consolidate our operations and improve our processes. We are working towards

“Continuing our growth story with a focus to increase profitability and market share.”





building a hub-n-spoke model for our SME Retail Loans, and improve our market penetration.

We have had good response to our School loan products and over time we plan to ramp up this portfolio in our branches. We are building a secured book, and at the same time our focus is to improve branch throughput, drive sales productivity, standardize our processes with an aim to improve profitability at branch level. Our NPAs are under control and we are tracking our loan portfolio closely to see any impact of the slowing economy and resultant job losses.

Given the challenges of raising fresh debt in the current environment, we will be using the cash flows from the wholesale lending book to fund the growth of the SME Retail lending book.

We see the current year as a year of consolidation and hope to grow our balance sheet as soon as the liquidity crunch gets resolved, and we are able to borrow at competitive rates.





# BUSINESS STRATEGY



## Portfolio Quality

Prudent risk management and continuous monitoring of portfolio



## Focused Approach

Pragmatic built up of portfolio in chosen geographies through cluster approach



## Flexibility

Flexible offerings in line with customer needs



## Costs

Optimisation of operating profits through continuous cost controls and monitoring



## Niche Segments

Good segmental knowledge leading to niche product offerings.



## Customer Focus

Focus on building customer relationships to ensure repeat business

# PRODUCT PORTFOLIO



## Retail Financing

Secured Business Loans

Unsecured Business Loans



## Wholesale Financing

Wholesale Mortgage – Large (Group Housing)

Wholesale Mortgage - Small (Builder Floor Financing)

Wholesale Mortgage - LAP (Corporates & Education Sector)

# COMPANY SNAPSHOT



Delhi based NBFC  
with AUM of  
**323.51 Cr**



**18**  
Branches spread  
across North &  
West India



Wholesale housing book of  
**268 Crores**  
& SME Retail book of  
**55 Crores**



High CAR  
**66%**



**BSE**  
Listed on Bombay  
Stock Exchange



**99%**  
Loan Book  
Secured



**BBB**  
Rating from  
CARE



**51 Cr**  
Raised from  
Marquee Investors  
in Sep. 2017

# SME CUSTOMERS SPEAK



I had never taken any loan before and CSL's simple and easy documentation process alongwith their supportive team, has made it easier for first time customers like me to gain access to loans.

Anuj Kumar  
Shiv Shakti Kiryana Store



I knew that my gol guppas were the best but I could not dream to expand my business without money. That's when I discovered CSL!

Raj Kumar Gupta  
Gupta Chat Bhandar



I have my business of PVC and aluminium works in Ahmedabad. CSL understood my business and loan requirements and advised me accordingly. With the help of CSL's loan, I have been able to purchase new machinery and raw material for expanding my business.

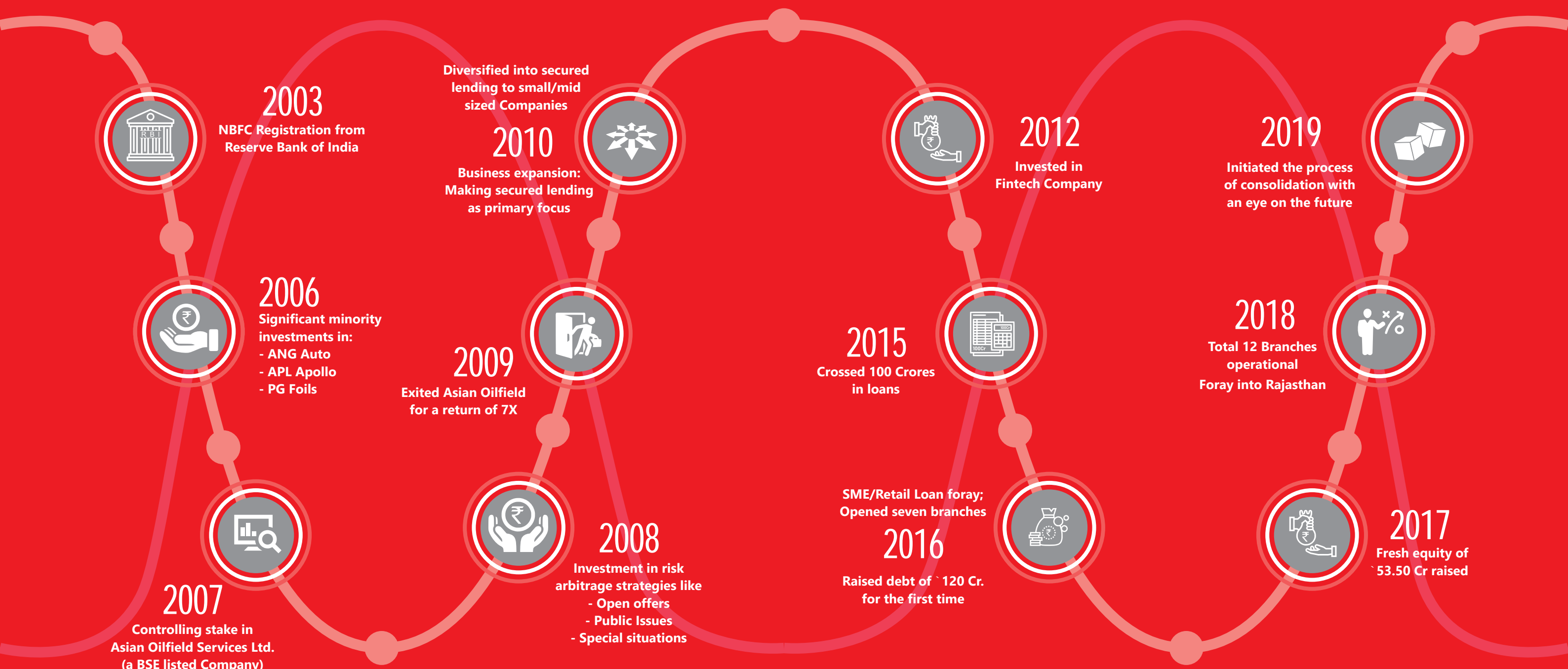
Vijay Kumar  
Vidya Metals



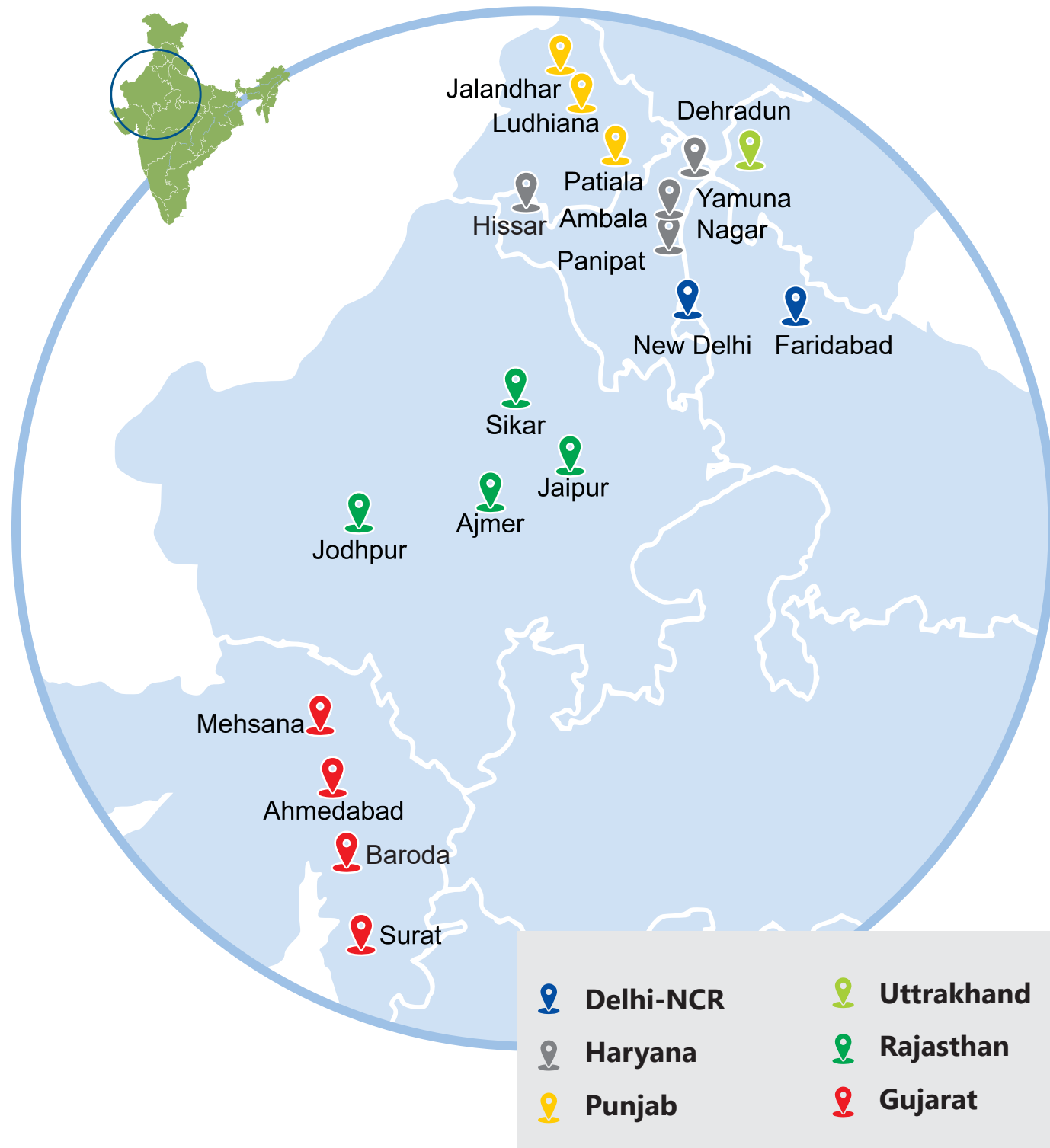


# COMPANY MILESTONES

The Company has come a long way since its inception. It has grown to a major player in the NBFC Sector, diversified its portfolio and consolidated its resources to focus on the future. Here are the Company milestones over the years.



# COMPANY PRESENCE



## BOARD OF DIRECTORS



## ROHIT GUPTA (MANAGING DIRECTOR)

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





### **ASHOK KUMAR KATHURIA**

(DIRECTOR)

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



### **MANOJ GUPTA**

(INDEPENDENT DIRECTOR)

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



### **ANJNA MITTAL**

(INDEPENDENT DIRECTOR)

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

# MANAGEMENT TEAM





**NARESH CHANDRA VARSHNEY**  
(CHIEF FINANCIAL OFFICER)

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



**CHANDAN KUMAR**  
(CREDIT HEAD)

Chandan has over 10 years of experience in banking and financial services industry. He has done his MBA from IBS Gurgaon and is also a CAIIB from Indian Institute of Banking. Prior to CSL, he has worked with HDFC, SIB, PNB Housing and has been instrumental in setting up and implementing new processes and products. His forte is wholesale and retail credit, mortgage underwriting and risk management. At CSL, he is heading the wholesale credit vertical and is entrusted with the additional responsibility of managing monitoring retail SME portfolio.



**AKASH GUPTA**  
(COMPANY SECRETARY & LEGAL HEAD)

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



**PURNIMA BANKA**  
(TREASURY - AVP)

Purnima is MBA in Finance with over 7 years of diverse experience in the field of Corporate Banking & Finance, Treasury Management, Debt Syndication and Structured Trade & Commodity Finance. Before joining CSL, Purnima has worked with Electronica Finance Ltd., Mizuho Corporate Bank and CRISIL Ltd. She is currently heading the Treasury function at CSL.



**RAKESH KAPOOR**  
(ZONAL BUSINESS HEAD-  
SME NORTH INDIA)

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



**AJEET SHARMA**  
(ZONAL BUSINESS HEAD-  
SME WEST INDIA)

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



**ANKIT JAIN**  
(SENIOR MANAGER - CREDIT SME)

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



**SHER BAHADUR TIWARI**  
(CHIEF MANAGER - ACCOUNTS)

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



# LETTER FROM MANAGING DIRECTOR

## Dear Shareholders

I welcome this opportunity to share my thoughts about our business with our stakeholders. The year gone by has been a very tough year for the NBFC sector in India. In FY2019, NBFCs faced big liquidity crunch due to repayment default by a AAA Rated IL&FS group. In the immediate aftermath of the

IL&FS default, banks became more cautious and became wary on lending money to NBFCs. Even the Mutual funds which invested in NCDs and CP Paper of NBFCs, came under regulatory glare and stopped the rollovers of debt as the instruments matured. Banks being the main source of borrowing for NBFCs, it became very hard for NBFCs to borrow money even at

higher interest rates. This liquidity crunch increased their interest costs and impacted their ability to disburse more loans and seriously impacted the profitability of the highly leveraged players in the housing finance space. Also, the credibility of ratings given by Rating Agencies became questionable, and created a huge mistrust in the market, forcing many NBFCs to unwind their balance sheets.

In such challenging times for the NBFC sector, I am satisfied with the performance of our company. Our revenue during the year grew by 44% to ₹ 59.70 Cr in FY2019 from ₹ 41.47 Cr in FY2018. Our profitability also improved, with our Profit after Tax increasing from ₹ 18.07 Cr in FY2018 to ₹ 25.15 Cr in FY2019, a growth of 39%.

In such challenging times for the NBFC sector, I am satisfied with the performance of our company. Our revenue during the year grew by 44% to ₹ 59.70 Cr in FY2019 from ₹ 41.47 Cr in FY2018, our Profit after Tax increasing from ₹ 18.07 Cr in FY2018 to ₹ 25.15 Cr in FY2019, a growth of 39%.

Though, the SME Retail lending operations were started in the last quarter of the FY 2016-17, we have done full-fledged SME retail lending during this year. The performance has been encouraging. AUM in the SME segment grew substantially from ₹ 16 Cr in March 2018 to ₹ 55Cr in March 2019. We

have extended our presence to Delhi NCR, Haryana, Punjab, Uttarakhand, Gujarat and Rajasthan. Our branch network has increased to 18 at the end of year 2019 from 12 at the end of 2018. We opened 6 new branches, foraying into Gujarat with 4 new branches. We are focused on giving Secured loans, with over 92% of the loan book comprising of Secured Loans. Our focus is to grow



SME loans to less riskier segments like schools and educational institutions, and aim to do this by following a 'Hub and Spoke (H&S) Model'. We are committed to our strategy of focusing on profitable growth and working towards making our branches profitable by increasing our operational efficiency and employee productivity.

While our Wholesale business performed well, the growth was limited, as we were constrained by our ability to borrow in this challenging environment.

**A big milestone for us was the successful implementation of loan origination package FinnOne Neo. We are using its reporting and analytics to fine-tune our operational performance.**

In Wholesale Lending, we have 3 products-Large Group Housing Projects, LAP to corporate and education sector and Small Builders redevelopment financing. During the year, we consciously reduced our exposure in large group housing projects and LAP due to changing market environment. We are focussed on lending to small builders and our AUM grew in that space from ₹44.75 Cr from March 2018 to ₹80.42 Cr in March 2019. Our loan book in group housing and LAP has declined during the year and is expected to decline further. In small builder loans, we were present

only in South Delhi market but during the year we expanded our presence to Delhi NCR and Gurugram (Gurgaon).

In the current environment, many NBFCs are struggling with serious problems of bad assets and high NPAs. At CSL, we have tried to focus on asset quality, and have not compromised on our



underwriting standards, even if that meant losing business to competition. Our wholesale lending operations are 100% secured with LTVs of less than 50%. We closely monitor customers financials and actively work to resolve any delays in payments. I am proud of the fact, that the NPAs in wholesale lending operations remained NIL. In SME segment, 92% book is secured, and we provide unsecured lending only to school and educational

institutions, which have much more stable cash flows and are less risky. In our SME Retail lending book, our endeavor is to maintain high asset quality and keep NPAs low. Our Net NPAs in the retail book are 0.58%.

We have credit rating of BBB from CARE and our CAR stand at robust 66% giving us enough room

and capability to raise funds, when the environment improves.

A big milestone for us was the successful implementation of loan origination package FinnOne Neo. We are using its reporting and analytics to fine-tune our operational performance. This has also helped us in establishing better control and processes within

the company and has reduced our turnaround time significantly. Another big milestone was the shifting of our corporate office from Karol bagh in Delhi to a bigger office in Noida, U.P. to accommodate the growing team and providing top class infrastructure and bigger and better workplace to our employees..

Our net borrowing at the end of March 2019 stands at ₹121.94 Cr. Our asset liability management position has been very comfortable throughout the year with the minimum leverage on our books. Further, our net operational cash flows are much more than our monthly repayment obligations. So we do not expect any challenge in repayment of our debt obligation due to liquidity crunch in the industry.

We think the liquidity crunch in NBFC sector is transitory and we are very optimistic about the growth in NBFC sector in the coming years. Going ahead our focus would be on building our Retail SME loan book. We will expand our SME operations, by following a 'Hub and Spoke (H&S) Model', for even better penetration of our targeted geographies in a cost-effective manner. In our wholesale operations, we are intentionally reducing our exposure to group housing projects and LAP projects. Our endeavour is to increase small builder loan segment which is less risky due to high promoter equity in projects and operating cycle of 12-18 months only. Our repayments from wholesale segment are very robust and shall be used for funding SME growth and small builder's loan.

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



# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## INDIAN ECONOMY

Year 2019 was tough year for the Indian economy. It started with good GDP growth of 8% in Q1 but in later part of the year Indian economy faced challenges and growth started to decline. In Q2, Q3 and Q4, Indian GDP growth remained lower at of the year 7%, 6.6% and 5.8% respectively. In second half of the year economic growth slowed down due to slow down in agriculture and manufacturing growth. Slowdown in economy was largely on account of crisis in financial sector which impacted credit flows to manufacturing industries. Reduced credit flows impacted the fixed investment and resulted in lower production. Indian GDP growth rate was declined to 6.8% in FY2019.

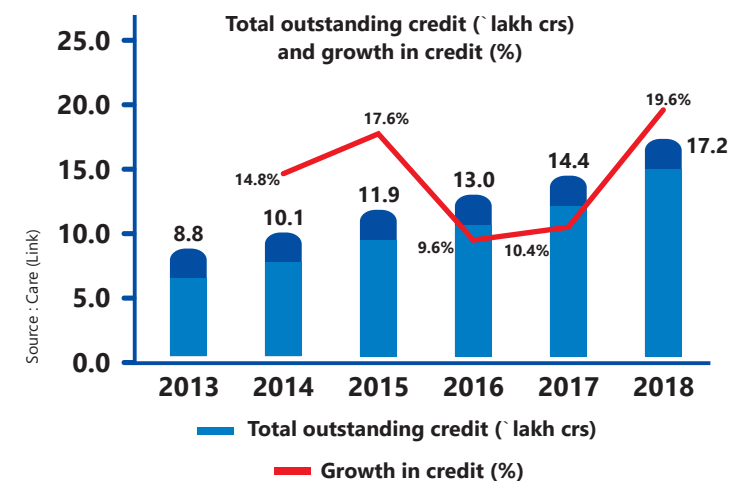
However, the financial crisis in 2019 was temporary and economy is likely to recover after hitting lowest growth of 5.8% in Q4 in last 20 quarters. The sustained rise in

consumption and gradual revival of investment with primary focus on infrastructure development shall drive the growth of the economy. Investment in infrastructure has been focus area for NDA government. With the strong mandate to NDA government in 2019 elections, spending in infrastructure shall be continued. Furthermore, the benefits of the Insolvency and Bankruptcy Code, The Real Estate (Regulation and Development) Act and GST shall be visible to formal economy. Furthermore, moderate oil prices will keep inflation at lower level. Inflation rate in FY2019 remained at 2.9% giving room to RBI for reducing interest rate which will further increase the borrowing for capital investment.

## NBFC SECTOR

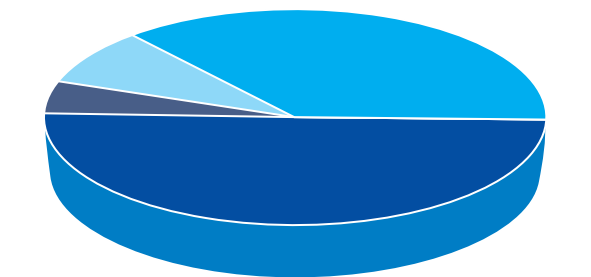
Non-Banking finance companies are integral part of the Indian financial system. NBFCs have grown significantly

over the last decade and have contributed to growth of the economy. The importance of NBFCs have grown over the years due to their innovative and customised products, quick turnaround time, lower costs and ability to reach under served places. Over the years, NBFCs have become sought after source of funding in automobile finance, home finance, consumer durable product finance, microfinance and loan to MSME sector. NBFCs have sought niche areas for growth, where typically banks did not lend. NBFCs have played significant role to promote financial inclusion agenda of the government. They have catered to the financial needs of people belonging to weaker and informal section of the society.



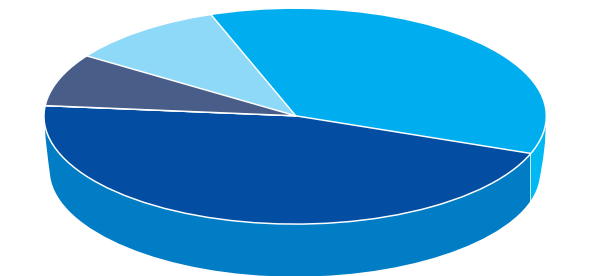
Over the years, NBFCs have captured the market share of banks in certain products, due to faster turnaround, flexibility in product terms, greater use of technology and efficient delivery. The combined loan book of NBFCs and housing finance companies has increased at 17% CAGR, from ₹ 11 lakh crore in FY2013 to ₹ 24 lakh crore in FY2018. NBFCs share in overall credit has increased from 17% in FY13 to 21% in FY18. In some of the products like gold loan, microfinance, small business loans, vehicle and consumer durable financing, NBFCs have captured about 50% market share.

NBFCs are largely dependent upon borrowing from other institutions like banks and mutual funds for their growth. They borrow funds from banks and financial institutions, through term loans, working capital loans and NCDs. They also borrow from Mutual Funds through NCDs and Commercial Papers (CPs) and some of them have also built retail deposit franchises.



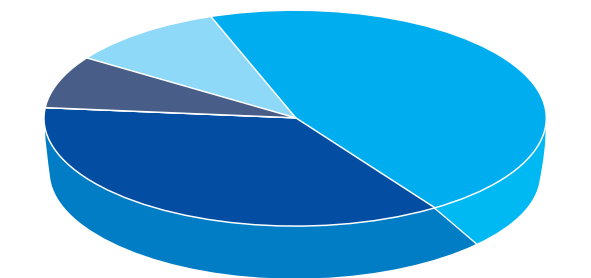
FY 2014

Legend: NCD/Sub Debt, CP, Banks & FI, Others



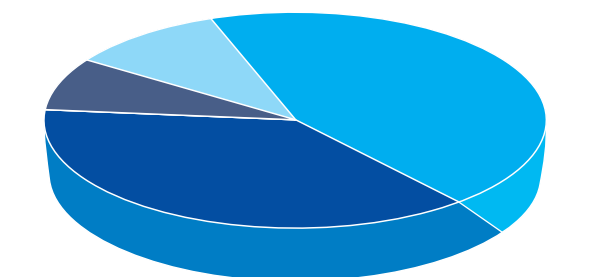
FY 2015

Legend: NCD/Sub Debt, CP, Banks & FI, Others



FY 2018

Legend: NCD/Sub Debt, CP, Banks & FI, Others



FY 2019

Legend: NCD/Sub Debt, CP, Banks & FI, Others

Source - HDFC Sec (Link)



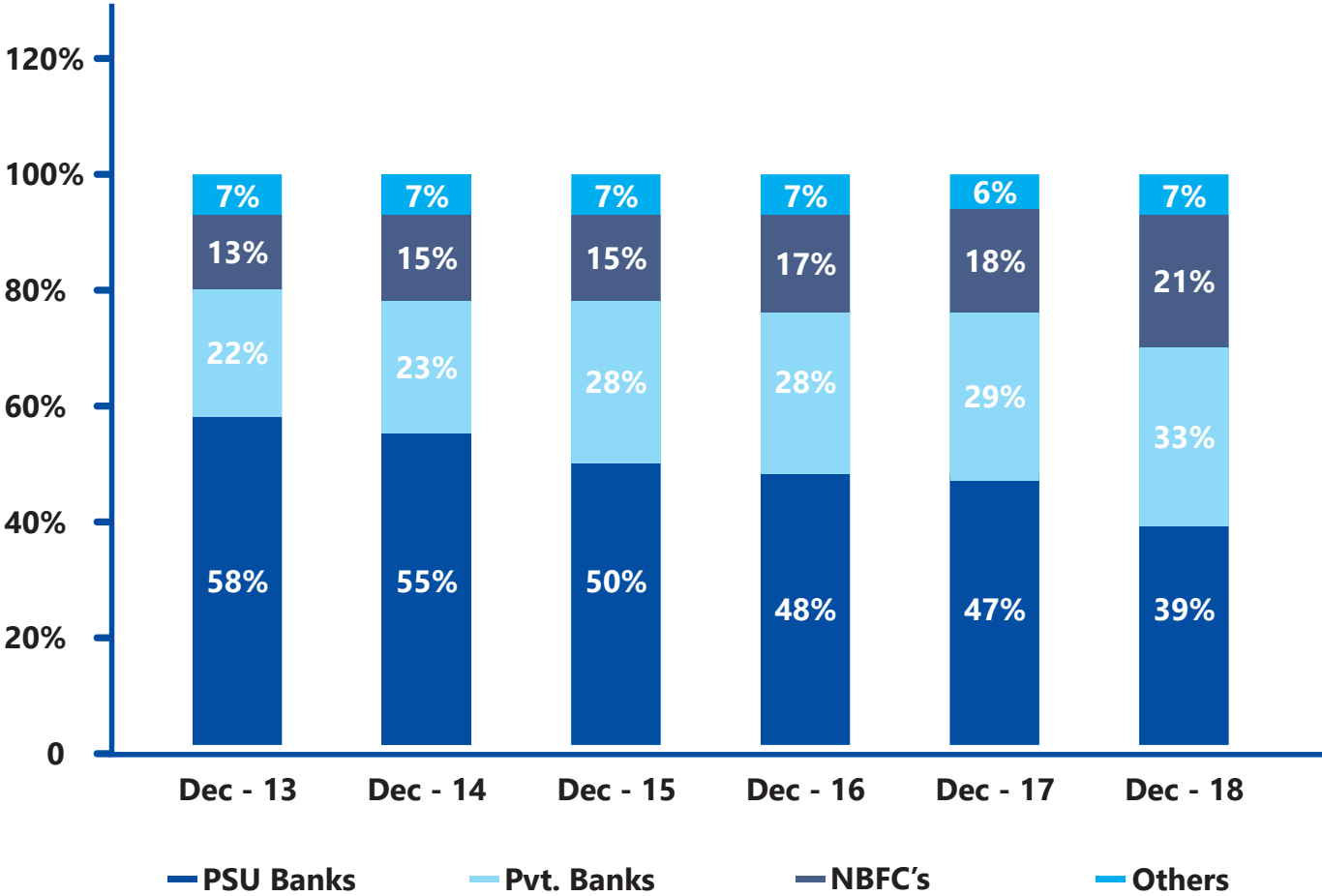


In the current environment of tight liquidity and trust deficit post the default by IL&FS group, NBFCs are facing challenges in raising funds from mutual funds, banks and financial institutions. As the year passed the liquidity challenges have further aggravated, due to slowing economy and further stress emerging in some of the larger NBFCs. Public sector banks have stopped lending as they have hit sectoral exposures and want to avoid further build up of NPAs. Private sector banks see this an opportunity to take some market share back from the NBFCs, and Mutual Funds have come under regulatory glare for their lax lending standards. Most of NBFCs, except for some of larger NBFCs with strong parentage and high credit ratings, are unable to borrow, which has impacted their ability to grow.

MSME SECTOR

MSME sector is backbone of Indian economy and account for 30% of GDP. It constitutes of over 63 million units and employs more than 111 million people. The MSME sector accounts for 40% of total exports from India and accounts for 45% of manufacturing output of the country.

Inspite of being significantly important for employment generation and for economic growth, MSMEs face challenges to access timely and adequate finance. According to International Finance Corporation estimates, the potential demand for India's MSME finance is about USD 370 billion as against the current credit supply of USD 139 billion. The major challenge MSME face while borrowing funds is credit appraisal largely in informal sector. NBFCs are gaining share in MSME lending space due to inability of banks to lend to them in absence of sufficient credit information. Share of NBFCs have increased from 13% in Dec 2013 to 21% in Dec 2018.



ABOUT CSL FINANCE LIMITED

CSL Finance Limited (CSL) is a non deposit taking NBFC based in Delhi. It has two business segments - Wholesale Lending and SME Retail Lending. In Wholesale Lending, CSL is engaged in providing last mile funding solutions to small businesses engaged in real estate development. Under Wholesale Financing it has 3 products - Large Group Housing Projects, Small Builder Loans and LAP to Companies and businesses engaged in the education sector. Last year (FY2018) company forayed into SME Retail financing and has quickly scaled up its SME Retail operations and has opened 18 branches in 6 states.

Performance During the year

During the year, performance of the company was buffeted by the challenges in the NBFC sector, but given the circumstances, your company has done reasonably well.

- Its revenue during the year grew by 44% to ` 59.70 Cr in FY2019 from ` 41.47 Cr in FY2018.
- Profitability also improved substantially from PAT of ` 18.07 Cr in FY2018 to ` 25.15 Cr in FY2019 a growth of 39%.
- AUM grew from ` 281.31 Cr in FY2018 to ` 323.51 Cr in FY2019 a growth of 15%.

Operationally, the company has implemented a lot of changes and has scaled up its operations. The following developments took place during the year:

- In SME segment, it forayed in Gujarat and expanded its branch network from 12 to 18 branches
- Successfully implemented loan origination package FinnOne Neo.
- Successfully implemented HRMS Solution for managing its human resource functions
- Shifted to bigger corporate office in Noida in UP from Karol Bagh in Delhi. The new office has a seating capacity of over 60 people
- Hired Key personnel like Credit Head, Treasury Head and HR Head, and total employee strength increased to 143 on YoY growth of 56%

NBFCs during the year struggled to raise funds due to liquidity crisis in the industry. CSL also faced issues in raising funds and has managed to grow its AUM by 15% only. In first half of the year, it raised about 30 cr but in second half of the financial year, after the IL&FS default, the interest rates spiked and it has been a challenge to raise funds at competitive rates. In such an environment, CSL is using the cash flows generated from the Wholesale Lending business to fund the growth of its SME Retail Lending.





## SEGMENTAL PERFORMANCE

### SME Retails

CSL forayed in SME retail financing in FY2018. Under this segment, company disburses secured loans to Kiryana stores, Traders, Schools and other boutique small shops and merchants and ticket size is from ₹5 lakhs to ₹20 lakhs. Having started from Delhi NCR, our company has rapidly scaled up its operations across 6 states now. It has presence in Delhi, Haryana, Punjab, Uttarakhand, Rajasthan and Gujarat. The company has now 18 branches operational, as compared to 12 branches in FY2018. CSL is prudent in building its retail franchise and a matter of strategy, ensured that more than 92% of SME Retail loan book is secured. It currently disburses unsecured loans under ₹5 lakhs to K-12 schools located in Tier 3 & Tier 4 locations, in the tertiary area around its branches.

### Performance of SME retail segment

- AUM increased from ₹16.03 Cr in FY2018 to ₹55.26 Cr in FY2019 a growth of 244.72%
- Opened six new branches
- Forayed into new Market in Gujarat

- Maintained its low delinquencies and NPA was at 0.58%
- Hired Key personnel like Credit Head, Treasury Head and HR Head

The SME Retail lending will lead the future growth of the company. The company following a hub-n-spoke model to increase its penetration, and has built its presence in Northern & Western India. In the current challenging environment, our company is consolidating its position and is focused on increasing productivity and cutting operational cost. Using the hub-n-spoke model the company aims to improve the branch throughput and drive sales productivity. With the implementation of Loan Origination System - FinnOne Neo, the processes has been standardised and all branch personnel have been trained to operate on the new platform.

Our company is also increasing its product offering by providing tailored products as per market requirements. The focus is to increase market penetration in Tier 3 and Tier 4 cities, and offer customised products with quick turnaround time. Its customised loan offering for K-12 schools has got a good response from the market, and

company continues to build on this as this segment has huge market potential. Given the good response and high credit quality our company has started giving out smaller unsecured loans in this segment. We will monitor the credit behavior and scale this further, as these loans age and we have a better understanding of the quality of the portfolio.

### Wholesale Lending

CSL started wholesale lending business in a small way in 2011. Over time it has grown and currently is the largest contributor to its sales. Under this segment, company provides loan for:

- Construction finance to large group housing projects
- Small builder floor financing
- LAP to corporate and education sector

The wholesale book is primarily concentrated to Delhi-NCR region, which has been built over the time with good domain knowledge and in depth understanding of geographies. The Wholesale as on date is fully secured, with loan to value (LTV) of less than 50%. The company

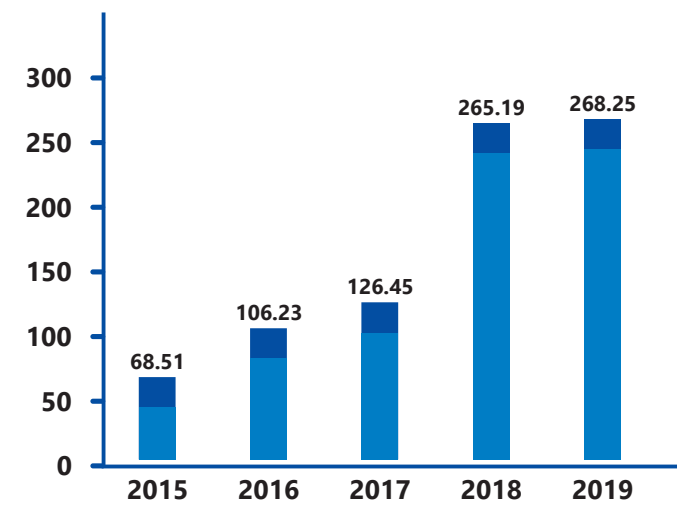
has developed robust underwriting parameters and have strong in house legal team as well as reputed outsourced legal vendors to conduct extensive due diligence. Regular monitoring of accounts and robust inbuilt EWS (early warning system) helps to closely monitor clients cashflows to detect any stress and helps to take early steps to secure its position. Despite economy is passing through bad phase and there are challenges in the real estate sector, the company is able to maintain Zero delinquencies in this segment.

### Performance during the year

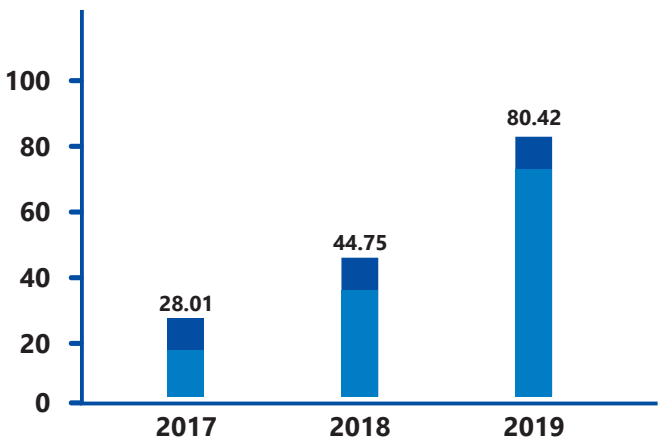
Overall growth of wholesale segment remained muted this year. AUM of the wholesale segment was up from ₹265 Cr to ₹268 Cr. Growth in this segment was flat during the year largely due to liquidity crisis in the industry. With limited debt availability, our company decided to use the cash flows from the wholesale segment to fund the growth of the SME Retail segment. Within wholesale finance, our company has reduced its exposure in construction finance to large group housing projects. AUM of large group housing projects declined from ₹180 Cr to ₹147 Cr. AUM of LAP to corporate and education sector remained at ₹40 Cr.







AUM Wholesale Lending (₹ cr)



AUM - Wholesale - Small Builders Loan (₹ cr)

AUM under small builder segment grew by 79.70% to ₹80.42 Cr which is encouraging for the company. The exposure in this segment is concentrated to Delhi- NCR region, that too primarily in South Delhi and Gurugram (Gurgaon) market. The company disburses loan in this segment majorly as construction loan and the LTVs here are typically less than 40%. Promoters typically have more than 50% equity in these projects which is a very positive factor. Further, exposure being concentrated to marquee areas where the demand is always robust, the sale velocity of the projects are very high. Barring few exceptions, the project is mostly completed within 12-18 months after which revenue starts to flow in. The potential within Delhi NCR and Gurugram (Gurgaon) is huge for this product. Company has been focusing on this product and aim to scale up this book over time.

Our company's asset liability aspect is very comfortable and it does not see any challenge in meeting its liabilities. CSL has low leverage in its books and the total repayment commitment over the next 1 year is ₹67 Cr., which includes CC limits and WCDL renewal every year. Furthermore, its wholesale lending segment has robust cash flows and it maintains 5-7% of cash reserves to meet any contingent demands. CSL is rated BBB from CARE and have 66% CAR ratio.

OUTLOOK

Over the longer term, our company remains optimistic about the growth opportunities and its ability to scale up its operations. It has very low leverage on its balance sheet with CAR of 66% as on 31<sup>st</sup> March, 2019.

There have been short term challenges with the NBFC sector, and raising debt at competitive rates has become a challenge. In such a scenario, it is difficult to grow the balance sheet. While we are actively looking for raising debt at reasonable rates, we are simultaneously working on broadening our product profile, optimising our processes and improving our productivity.

We are actively monitoring our wholesale loan portfolio and are proud of the fact that there are no NPAs in this segment. However, the current slowdown in real estate space, and restricted lending by housing finance companies, has aggravated the situation and we are working to ensure that our borrowers are paying back on time and are able to come out the tight liquidity situation.

We have been testing the grounds with our SME Retail lending operations and are satisfied with how the portfolio has performed. We aim to now focus on improving our cost of operations and productivity for the current year. The growth of the SME Retail book will be funded from the cash flows of the Wholesale book. Once the sectoral liquidity eases, we will aim to grow our overall book and leverage our strong balance sheet and quality of our portfolio.

NOTICE  
OF 27<sup>th</sup>  
ANNUAL  
GENERAL  
MEETING



## NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of CSL Finance Limited will be held on Monday, 30<sup>th</sup> day of September 2019 at 10:30 a.m. at Radiance Motel, 23, Tania Farm Complex, Kh. No.268/2-272/2, Chattarpur Mandir Road, Chattarpur, Asola, Sat Bari, 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 31<sup>st</sup> March, 2019 together with the Directors’ Report and Independent Auditor’s Report thereon as circulated to the members and laid before the meeting be and are hereby received, considered, approved and adopted.”

#### CSL Finance Limited

#### Regd. Office:

410-412, 18/12, 4<sup>th</sup> Floor,  
W.E.A., Arya Samaj Road, Karol Bagh,  
New Delhi-110005  
(CIN: L74899DL1992PLC051462)

#### Place: New Delhi

Date: 27<sup>th</sup> August 2019

#### 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 20% per equity share i.e. ₹2/- per equity share as recommended by the Board of Directors of the Company at their meeting held on 16<sup>th</sup> May, 2019, be and is hereby approved and declared for the year ended 31<sup>st</sup> March, 2019.”

#### 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 retires by rotation and being eligible offers himself for reappointment, be and is hereby reappointed as a Director of the Company liable to retire by rotation.”

By order of the Board of Directors

Sd/-  
Akash Gupta  
Company Secretary & Legal Head

## NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.** The proxy holder shall prove his identity at the time of attending the meeting. The Proxy form is attached herewith. Proxy/Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding 50 members and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- When a member appoints a proxy and both the member and proxy attend the meeting, the proxy stands automatically revoked.
- Requisition for inspection of proxies shall have to be made in writing by members entitled to vote on any resolution three days before the commencement of the meeting.
- Proxies shall be made available for inspection during 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.
- Only registered members of the Company or any proxy appointed by such registered member may attend and vote at the meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/she can participate in the meeting but not vote.
- Corporate members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013/ Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the meeting.
- In terms of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit,

Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, dividends which remain unpaid/unclaimed over a period of seven (7) years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company have to be transferred to the said fund by the dates mentioned here in below.

Shareholders are requested to encash the dividend before the due date of transfer. No claim will be entertained thereafter by the Company. The details of the dates on which dividend should be transferred to the aforesaid fund is given below:-

| Financial Year | Date of Declaration          | Due for transfer            |
|----------------|------------------------------|-----------------------------|
| 2016-17        | 5 <sup>th</sup> Sept., 2017  | 12 <sup>th</sup> Oct., 2024 |
| 2017-18        | 29 <sup>th</sup> Sept., 2018 | 5 <sup>th</sup> Nov., 2025  |

The Company has uploaded the information in respect of the unpaid/unclaimed dividend amounts lying with the Company, as on the date of the last meeting held on 29<sup>th</sup> September, 2018, on the website of the Company viz., [www.csloffinance.in](http://www.csloffinance.in).

- Shareholders may note that the Company or its Registrar cannot act on any request received directly from the shareholder(s) 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 shareholder(s).
- Pursuant to SEBI Circular, the Company has sent letters on 16<sup>th</sup> July, 2018, 26<sup>th</sup> October, 2018 and 26<sup>th</sup> November, 2018, to all the concerned shareholders who hold Equity Shares in physical mode and whose ledger folios do not have/ have incomplete details with regard to their PAN and Bank Account details to intimate complete bank particulars and PAN to the Company's RTA. Members are requested to kindly adhere to the same.
- No share transfer in physical form: SEBI vide its notifications dated 8<sup>th</sup> June, 2018 & 30<sup>th</sup> November, 2018 has amended regulation 40 of SEBI (LODR) Regulation 2015 and accordingly as per the amended regulation transfer of shares or securities shall be carried out in dematerialised form only. Therefore any request for transfer of shares or securities in physical form (transfer deeds with share certificate(s)) shall not be accepted and processed

wef 1<sup>st</sup> April 2019. In this Regard, members are requested to dematerialize/demat their shares or securities held in physical form. The amendment does not impact the shareholders requests for transmission or transposition of securities held in physical mode. Members holding shares in physical form are requested to intimate change in their registered address or bank particulars, mentioning full address in block letters with Pin code of the Post Office, mandate, bank particulars and Permanent Account Number (PAN) to the Company's RTA and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately

11. Pursuant to Regulation 12 along with Schedule I of the Listing Regulations, all Companies shall mandatorily use any of the electronic mode of payment facility approved by the Reserve Bank of India for making payments such as dividend to the members (where core banking details are available) or to print the bank account details of the members (as per the Company's records) on the physical payment instruments (in case where the core banking details are not available or electronic payment instructions have failed or rejected by the Bank) or to print the address of the member on such payment instructions (in case where the bank details of investors are not available).

Hence, the members are requested to furnish/update their bank account name & branch, bank account number and account type along with other core banking details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code) etc. at the earliest with:

- i. The respective Depository Participants (DP) (in case of the shares held in electronic mode) or;
  - ii. The RTA i.e. MAS Services Limited at T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-2, New Delhi-110020 (in case of the shares held in physical form).
12. Members holding shares in physical form and wishing to make/ change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination) to the Company.
  13. 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.

14. 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 23<sup>rd</sup> August, 2019.
15. The Register of Members and Share Transfer Books of the Company shall remain closed from, 24<sup>th</sup> September, 2019 to 30<sup>th</sup> September, 2019 (both days inclusive) for determining the name of members eligible for dividend on equity shares, if declared at the meeting.
16. Dividend on Equity Shares, if declared at the meeting, payment of such dividend shall be made on or before 30<sup>th</sup> October, 2019 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on 23<sup>rd</sup> September, 2019 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on 23<sup>rd</sup> September, 2019 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').
17. Members/Proxies are requested to bring the attendance slip (annexed to this notice) duly filled in for attending the meeting.
18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
19. The Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
20. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar & Transfer Agent, MAS Services Limited. Shareholders holding shares in dematerialized form are requested to register their e-mail addresses and changes therein with the concerned Depositories through their Depository Participant.
21. Members are requested to mention their Folio

Number/Client ID/DP ID Number (in case of shares held in dematerialized form) in all their correspondence with the Company/Depository Participant in order to facilitate response to their queries promptly.

22. 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.
23. The route map and prominent landmark of the venue of the meeting is provided in this Notice.
24. Members who are holding shares of the Company in physical form through multiple folios in identical order of names are requested to write to the RTA alongwith their share certificates, to enable the RTA to consolidate their holdings into one folio.
25. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
26. Members are requested to contact the Company's RTA for their queries/redressal of complaints, if any, or contact Mr. Akash Gupta, Company Secretary at Phone:+91 0120 4290654; Email: investor@csfinance.in/akash.gupta@csfinance.in.
27. Members may note that the notice of the meeting will be available on the Company's website [www.csfinance.in](http://www.csfinance.in).

#### 28. VOTING THROUGH ELECTRONIC MEANS

- a) In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules and as per Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of voting through electronic means in respect of businesses to be transacted at the meeting and the businesses may be transacted through e-voting services provided by NSDL.
- b) The facility of voting through ballot or polling paper shall also be made available for the members at the meeting who have not been able to vote electronically and who are attending the meeting. The members who have cast their vote electronically would be entitled to attend the meeting but would not be permitted to cast

their vote again at the meeting. The facility to vote by electronic voting system will not be provided at the meeting.

- c) The remote e-voting period commences on Friday, 27<sup>th</sup> September, 2019 (9.00 A.M. IST) and ends on Sunday, 29<sup>th</sup> September, 2019 (5.00 P.M. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on 23<sup>rd</sup> September, 2019 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Sunday, 29<sup>th</sup> September, 2019 after 5.00 P.M. IST. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently. At the end of the remote e-voting period, the said facility shall forthwith be blocked.
- d) The results of the remote e-voting and poll in the AGM shall be declared within 48 hours of conclusion of the AGM on the website of the Company and also will be intimated to the Stock Exchange.
- e) Members who are not members as on the cut-off date shall treat this notice for information purposes only.
- f) Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon up to the date of the Meeting. This notice and the Annual Report will also be available on the Company's website <https://www.csfinance.in> for download.

#### Process and Manner for Members Opting for Remote E-Voting

The instructions for remote e-voting are as follows:

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

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

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

1. Visit the e-voting website of NSDL by opening your web browser and typing the following URL: <https://www.evoting.nsdl.com/> either on a desktop computer/laptop or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.



3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can login at <https://e-services.nsdl.com/> with your existing IDEAS log-in details. Once you login to NSDL e-services after using your log-in credentials, click on 'e-voting' and you can proceed to step 2 i.e. cast your vote electronically.

4. Your User ID details are given below :

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

5. Your password details are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and change your password, as prompted by the system.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment (it will be a .pdf file). Open the file. The password to open

the file is your 8-digit client ID for NSDL account or the last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

- Click on "Forgot User Details/Password?" (for those holding shares in demat accounts with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- A 'Physical User Reset Password?' (for those holding shares in physical mode) option is also available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If you are still unable to get the password following the aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, click on "Login" button

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

## Step 2

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

- After successful logging in following Step 1, you will be able to see the home page of e-voting. Click on e-Voting. Then, click on 'Active Voting Cycles'.
- Upon clicking on 'Active Voting Cycles', you will be able to see "EVEN" of all the companies in which you hold shares and whose voting cycles are in 'active' status.
- Select "EVEN" of Company for which you wish to cast your vote.
- Now you are ready for e-voting as the voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click

on "Submit" and also "Confirm" when prompted.

- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Please remember that once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## General Instructions:

- 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](mailto:skcs74@yahoo.com) and [investor@csfinance.in](mailto:investor@csfinance.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- It is strongly recommended that you do not share your password with any other person and take almost care to keep your password confidential. Log in to the e-voting website will be disable upon five unsuccessful attempts to key in the correct password. In such an event you will need to go through the 'Forgot User Details/Password?' or the 'Physical User Reset Password?' Option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com), to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting user manual for shareholders available at the "Downloads" section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com), or call on the toll-free no.: 1800-222-990, or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23<sup>rd</sup> September, 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA. A person who is not a member as on the cut-off date should treat this notice for information purposes only. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on Cut-off Date. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or

in dematerialized form, as on the closing working hours of Cut-off Date and not casting their vote electronically, may cast their vote at the meeting.

- Mr. Sanjay Kumar, Practicing Company Secretary (CP No.5177), who has consented to act as the scrutinizer and is available for the purpose of ascertaining the requisite majority, has been appointed as the scrutinizer to scrutinize the remote e-voting process and poll in a fair and transparent manner.
- The Chairman shall at the meeting, at the end of discussion on the resolutions on which voting is to be done, allow voting with the assistance of scrutinizer, by use of ballot or polling paper for all those members who are present at the meeting but have not cast their votes by availing the remote e-voting facility.
- Scrutinizer shall immediately after the conclusion of the meeting will first count the votes cast at the meeting and thereafter unblock the votes in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than 3 days after the conclusion of the AGM to the Chairman or any other person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.
- The results declared along with the Scrutinizer's Report will be posted on the Company's website [www.csfinance.in](http://www.csfinance.in) and shall also be displayed on the Notice Board of the Company at its Registered Office and Corporate Office. The result shall be communicated to BSE Limited and also to NSDL.
- The Company has designated an exclusive email id viz [investor@csfinance.in](mailto: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: 27<sup>th</sup> August, 2019**



# ANNEXURE TO THE NOTICE

Details of Mr. Ashok Kumar Kathuria, seeking re-appointment at the 27<sup>th</sup> Annual General Meeting

| Name of Director   | Mr. Ashok Kumar Kathuria   |
|--|--|
| DIN  | 01010305   |
| Age  | 60 years   |
| Nationality  | Indian   |
| Date of first appointment on Board   | 29 <sup>th</sup> October, 2005   |
| Qualification  | Bachelor of Arts   |
| Brief resume and expertise in specific functional area   | Mr. Kathuria has over 29 years of rich experience in managing back-end operations, liasoning and Administration across various projects and assignments. |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company                     | Nil  |
| Shareholding in the Company  | Nil  |
| List of outside Directorships held   | Nil  |
| Chairmanship/member of the committee of the Board of Directors of other companies in which he/ she is a director | Nil  |
| No. of Meetings of the Board attended during the year  | No. of meetings held: 14<br>No. of meetings attended: 14   |

# DIRECTORS' REPORT

# DIRECTORS' REPORT

## Dear Shareholders

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report along with the Audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2019.

## 1. FINANCIAL HIGHLIGHTS

| (' in Crores)   |                            |                             |
|---|----------------------------|-----------------------------|
| Particulars   | Current Year<br>31-03-2019 | Previous Year<br>31-03-2018 |
| Revenue from operations   | 59.50                      | 41.36                       |
| Other Income  | 0.20                       | 0.10                        |
| Total Income  | 59.70                      | 41.46                       |
| Less: Operating expenses  | 11.57                      | 9.20                        |
| Profit/ loss before Depreciation, Finance cost and Tax expenses | 48.13                      | 32.26                       |
| Less: Depreciation  | 0.24                       | 0.15                        |
| Less: Finance Costs   | 11.92                      | 6.32                        |
| Less: Tax Expense (Current & Deferred)                          | 10.85                      | 7.70                        |
| Profit /Loss for the year                                       | 25.15                      | 18.08                       |
| Less: Transfer to reserves                                      | 5.03                       | 3.62                        |
| Less: Dividend Distribution tax                                 | 0.18                       | 0.09                        |
| Balance carried forward   | 19.94                      | 14.37                       |

During the year under review, the total revenue of the Company was ` 5,970.27 lakhs as compared to ` 4,146.18 lakhs during the previous year, an increase of 43.99%, while the Profit After Tax was ` 2,515.49 lakhs as compared to ` 1,807.76 lakhs of the previous year, an increase by 39.15%.

Further, the financial summary of the company has been detailed in the Management Discussion and Analysis Report forming part of the report.

## First-time adoption of Ind AS

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013, read

with Section 133 of the Companies Act, 2013 ('Act'), the Company will be adopting the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from 1<sup>st</sup> April, 2019.

## 2. DIVIDEND

The directors recommend for consideration of the members at the ensuing Annual General Meeting payment of dividend of 20% per equity share i.e. ` 2 per equity share of the face value of ` 10/- each for the financial year 2018-19. The dividend on equity shares if approved by the shareholders at the 27<sup>th</sup> AGM, would amount to ` 1.48 crores (inclusive of dividend distribution tax amount of ` 0.25 crores) and will be paid to those members whose names appear on the register of members of the Company as on 23<sup>rd</sup> September, 2019.

## 3. TRANSFER TO RESERVES

The company proposes to transfer ` 5.03 Crores to Statutory Reserves in accordance with the provisions of the Reserve Bank of India.

## 4. CAPITAL ADEQUACY

Capital Adequacy as at 31<sup>st</sup> March, 2019 stood at healthy 65.53% which is well above the Minimum regulatory norms for non-deposit accepting NBFCs.

## 5. CREDIT RATING

During FY 2018-19, CARE Ratings Limited ('CARE') reaffirmed its ratings on the Company's long term bank facilities at CARE BBB; Stable.

## 6. BORROWING

During the year under review, your company raised a total of ` 25 crores from banks and financial institutions. As on 31<sup>st</sup> March, 2019, the borrowings of the company stand at ` 121.34 crores. No interest payment or principal repayment of the loan facilities availed by your company from banks/financial

institutions was due and unpaid as on 31<sup>st</sup> March, 2019. The assets of the company which are available by way of security are sufficient to discharge the claims of the banks and Financial Institutions as and when they become due.

## 7. SHARE CAPITAL

During the year under review, 1,00,000 convertible warrants were converted into equivalent equity shares.

## 8. 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.

## 9. CORPORATE GOVERNANCE

Your Company complies with the provisions laid down in Corporate Governance laws. It believes in and practices good corporate governance. The Company maintains transparency and also enhances corporate accountability. In terms of regulation 34 of Listing Regulations read with Schedule V, the following forms part of this Report:

- Declaration regarding compliance to Code of Conduct by Board Members and Senior Management Personnel;
- A certificate from a Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority;
- Report on the Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance.

## 10. DEPOSITS

Being a non-deposit taking Company, your Company

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

## 11. RBI GUIDELINES

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

## 12. SUBSIDIARIES COMPANIES, JOINT VENTURES AND ASSOCIATES

The Company has no Subsidiary Company or Associate Company. The Company has not entered into any joint venture.

## 13. NUMBER OF MEETINGS OF THE BOARD

The Board met 14 times in the Financial Year 2018-19 viz., 16<sup>th</sup> April 2018, 23<sup>rd</sup> May 2018, 29<sup>th</sup> May 2018, 15<sup>th</sup> June 2018, 7<sup>th</sup> August 2018, 27<sup>th</sup> August 2018, 22<sup>nd</sup> October 2018, 26<sup>th</sup> October 2018, 12<sup>th</sup> November 2018, 1<sup>st</sup> January 2019, 31<sup>st</sup> January 2019, 1<sup>st</sup> March 2019, 16<sup>th</sup> March 2019 & 30<sup>th</sup> March 2019. The maximum time interval between any two meetings did not exceed 120 days.

## 14. 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.

## 15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31<sup>st</sup> March, 2019, the Board of your Company consists of following Directors and Key Managerial Personnel.

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

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

#### a) Directors

##### APPOINTMENT

During the financial year, none of the directors were appointed.

##### RETIREMENT BY ROTATION

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

##### RESIGNATION

During the financial year, none of the director resigned from the directorship of the company.

##### INDEPENDENT DIRECTORS

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013 from all the Independent Directors of the Company confirming that they meet the criteria of

independence as prescribed both under Section 149(6) of the Companies Act, 2013 and in terms of Regulation 16 of Listing Regulations.

##### 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 Mittal, as the Woman Director on the Board of the Company.

#### b) 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 31<sup>st</sup> March, 2019:

Mr. Rohit Gupta : Managing Director

Mr. Naresh Chandra : Chief Financial Officer  
Varshney

Mr. Akash Gupta : Company Secretary &  
Legal Head

#### c) Changes in Key Managerial Personnel (KMP) during the FY 2018 - 19

During the year under review, no changes in the key managerial personnel were there in the company.

#### 16. 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.

#### 17. RELATED PARTY TRANSACTIONS

During FY 2018-2019, 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 FY 2018-19 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 Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations. During FY 2018-19, 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>.

#### 18. FRAUD REPORTING

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

#### 19. 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 :-

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

#### 20. DECLARATION BY INDEPENDENT DIRECTORS:

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

#### 21. FAMILIARISATION PROGRAMME

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

#### 22. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies as mentioned in the notes to the annual accounts have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2019 and profit and loss of the company for the year ended on that date;



- c. that proper and sufficient care has been taken for the 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 fraud and other irregularities;
- d. that the annual accounts have been prepared on a going concern basis;
- e. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively;
- f. that proper internal financial controls are in place and that such internal financial controls are adequate and operating effectively.

### 23. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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

### 24. 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, which is available on the Company's website i.e. [www.csfinance.in](http://www.csfinance.in).

### 25. SECRETARIAL STANDARDS OF ICSI

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

### 26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

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

The Company has zero tolerance towards sexual harassment of women at the workplace. The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committee were carried out as per letter and spirit contained in the provisions of the Act. During the FY 2018-2019, the Company has not received any complaint of sexual harassment and hence there were no complaints pending for redressal as on 31<sup>st</sup> March, 2019. The Company had conducted four workshops/awareness programs regarding women empowerment during the period under review.

### 29. 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.

### 30. STATUTORY AUDITORS & THEIR REPORT

M/s. Aggarwal & Rampal, Chartered Accountants were appointed as Statutory Auditors of your Company at the Twenty Fifth Annual General Meeting (AGM) held on 5<sup>th</sup> September, 2017, from the conclusion of the 25<sup>th</sup> AGM till conclusion of 30<sup>th</sup> Annual General Meeting, as per the provisions of Companies Act, 2013 read with rules made thereunder.

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

### 31. SECRETARIAL AUDITORS

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 2018-19. The Secretarial Audit Report for Financial Year 2018-19 has been appended as Annexure to this Report.

### 32. EXTRACT OF ANNUAL RETURN

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

### 33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors of the company had constituted the Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of Companies Act, 2013 read with rules formulated

therein. The CSR Policy of the Company has been annexed to this Report.

### 34. THE STATE OF THE COMPANY'S AFFAIRS

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

### 35. 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 2018-19.

### 36. MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent directors in their meeting held on 30<sup>th</sup> March, 2019 reviewed the performance of Non-Independent Directors, the Board as a whole 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.

### 37. VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

### 38. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

- The company has stepped into few more states this year and has a total of 18 branches across whole India as on 31<sup>st</sup> March, 2019.
- The company has registered its name under the Trade Marks Act, 1999 and has received the Certificate of Registration of Trade Mark, under Section 23 (2), Rule 56 (1) dated 14.02.2019.
- During the year under review, the company successfully implemented a lending software 'FinnOne Neo', to maintain the MIS and database of our retail ending and hence being used for carrying out crucial business decision making.

### 39. 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.

### 40. 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.

### 41. INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the year 2018-19, no amount was transferred to the investor education and protection fund (IEPF).

### 42. CSL EMPLOYEE STOCK OPTION SCHEME, 2016

- 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 2018-19, 90,000 options were vested and 1,65,000 equity shares were allotted. However 90,000 options were lapsed during the financial year 2018-19 and no fresh options were granted during the year.
- The applicable disclosure as stipulated under the SEBI (Share Based Employee Benefits) Regulations, 2014 and any amendments thereof as on 31<sup>st</sup> March, 2019 with regard to employees stock options scheme is put up on the website of the Company at [www.csfinance.in](http://www.csfinance.in).
- The company has received a certificate from the auditors of the Company that the scheme has been implemented in accordance with the SEBI guidelines and the resolutions passed by the members.

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

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

The remuneration is paid by company to Mr. Rohit Gupta, Managing Director of the company. No other director was paid any remuneration during the year. The ratio of the remuneration of Mr. Rohit Gupta to the median employee's remuneration is as follows:  
 Median Employee's Remuneration : ₹ 3,00,000/-  
 Annual Salary of the Managing Director : ₹ 84,00,000/-  
 Ratio (remuneration of MD: remuneration of median employee) : 0.035:1

Percentage increase in remuneration of each director, Chief Financial officer, chief Executive

Officer, Company Secretary or Manager, if any, in the Financial year:

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

| Name of Director /KMP   | Designation                    | Ratio to median remuneration | %increase in remuneration |
|-------------------------|--------------------------------|------------------------------|---------------------------|
| Rohit Gupta             | Managing Director              | 0.035:1                      | Nil                       |
| Naresh Chandra Varshney | Chief Financial Officer        | 0.021:1                      | 54.50                     |
| Akash Gupta             | Company Secretary & Legal Head | 0.108:1                      | 105                       |

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

The percentage decrease in the median remuneration of employees in the financial year 2018-19 is 1.35%

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

143 permanent employees are on the roll of the company at the end of the financial year 2018-19.

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

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

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

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

### 44. APPRECIATION

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

### 45. CAUTIONARY STATEMENT

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

For on & behalf of the Board

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

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

Place: New Delhi

Date: 27<sup>th</sup> August, 2019

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

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

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

Web-link of the CSR Policy:

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

**2. Composition Of CSR Committee**

- Rohit Gupta, Chairman
- Ashok Kumar Kathuria
- Anjna Mittal
- Manoj Gupta

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

Average Net Profit of the company for the last three financial years is ` 1,988.38 Lakhs.

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

The Company was required to spend ` 45.30 Lakhs based on the average net profit mentioned in Para 3 above.

**5. Details of CSR spent during the financial year**

- i. Total amount spent for the financial year: ` 46 Lakhs
- ii. Amount unspent, if any : Nil

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

(` in Crs.)

| Sl. No. | CSR Project/Activity identified        | Sector under which the project is covered | Location of project          | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs | Cumulative Expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---------|--|---|------------------------------|---|--|---|---|
| 1       | Shree Aggarsain International Hospital | Health                                    | Sector 22, Rohini, New Delhi | 300   | 200                                      | 200   | 46  |

**7. Contact**

For queries related to the CSR Policy, please write to us at: [investor@csfinance.in](mailto:investor@csfinance.in)

**8. Responsibility Statement**

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

Place: New Delhi  
Date: 27<sup>th</sup> August, 2019

**FOR & ON BEHALF OF THE BOARD**

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

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

Sd/-  
**(Manoj Gupta)**  
Chairman of CSR Committee

**'Annexure-2' to Board's Report**

**Form No. MR-3**

**Secretarial Audit Report**

**For The Financial Year Ended 31<sup>st</sup> March, 2019**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,**

**The members**

**CSL Finance Limited**

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2019, 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 CSL Finance Limited ("the Company") for the financial year ended on 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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, 1992/2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 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, 1998/2018; 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:

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

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

**I further report that:**

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) 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.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

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

- i. Redemption / buy-back of securities – NIL.
- ii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – Nil.
- iii. Merger/ amalgamation/ reconstruction, etc. – Nil Foreign technical collaborations – NIL.
- iv. Other Events –

Conversion of 1,00,000 warrants into equity shares having face value of ₹ 10/- each to non-promoter category

This report is to be read with my letter of even date which is annexed as Annexure 1 and forms an integral part of this report.

Sd/-

**Sanjay Kumar**

**FCS-5569**

**CP No: 5177**

**Place: New Delhi**

**Date: 26<sup>th</sup> June, 2019**

**'Annexure' To Secretarial Audit Report**

**To,**

**The members**

**CSL Finance Limited**

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Sd/-**

**Sanjay Kumar**

**FCS-5569**

**CP No: 5177**

**Place: New Delhi**

**Date: 26<sup>th</sup> June, 2019**

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

As on the financial year ended on 31.03.2019

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

**I. REGISTRATION AND OTHER DETAILS:**

| Particulars   | Details  |
|---|--|
| CIN   | L74899DL1992PLC051462  |
| Registration Date   | 28.12.1992   |
| Name of the Company   | CSL Finance Limited  |
| Category/Sub-Category of the Company                                      | Public Company/ Limited by Shares  |
| Address of the Registered office and contact details                      | 410-412, 18/12, 4 <sup>th</sup> Floor, W.E.A., Arya Samaj Road, Karol Bagh, New Delhi-110005<br>Tel.: +91-120-4290652-54<br>Email: info@cslfinance.in<br>Website: www.cslfinance.in                                |
| Whether listed company  | Yes, listed on BSE Limited   |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | MAS Services Limited<br>T-34, II <sup>nd</sup> Floor, Okhla Industrial Area Phase-II, New Delhi-110020<br>Tel.: +91-11-26387281- 83<br>Fax: +91-11-26387384<br>Email: info@masserv.com<br>Website: www.masserv.com |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:** Not Applicable**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 |                          |
| <b>A. Promoters</b>                                   |   |          |                  |                   |   |          |                  |                   |                          |
| (1) Indian  |   |          |                  |                   |   |          |                  |                   |                          |
| a) Individual/ HUF                                    | 13,66,931                                       | -        | 13,66,931        | 23.15             | 13,22,827                                 | -        | 13,22,827        | 21.44             | (3.23)                   |
| b) Central Govt                                       | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| c) State Govt(s)                                      | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| d) Bodies Corp.                                       | 21,35,037                                       | -        | 21,35,037        | 36.16             | 21,43,338                                 | -        | 21,43,338        | 34.74             | 0.39                     |
| e) Banks/ FI  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| f) Any Other  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| <b>Sub Total (A) (1)</b>                              | <b>35,01,968</b>                                | <b>-</b> | <b>35,01,968</b> | <b>59.31</b>      | <b>34,66,165</b>                          | <b>-</b> | <b>34,66,165</b> | <b>56.18</b>      | <b>(1.02)</b>            |
| <b>(2) Foreign</b>                                    |   |          |                  |                   |   |          |                  |                   |                          |
| a) NRIs – Individuals                                 | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| b) Other – Individuals                                | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| c) Bodies Corp.                                       | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| d) Banks/ FI  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| e) Any Other  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| <b>Sub Total (A) (2)</b>                              | <b>-</b>  | <b>-</b> | <b>-</b>         | <b>-</b>          | <b>-</b>                                  | <b>-</b> | <b>-</b>         | <b>-</b>          | <b>-</b>                 |
| <b>Total shareholding of Promoter (A)(1) + (A)(2)</b> | <b>35,01,968</b>                                | <b>-</b> | <b>35,01,968</b> | <b>59.31</b>      | <b>34,66,165</b>                          | <b>-</b> | <b>34,66,165</b> | <b>56.18</b>      | <b>(1.02)</b>            |
| <b>B. Public Shareholding</b>                         |   |          |                  |                   |   |          |                  |                   |                          |
| <b>1. Institutions</b>                                |   |          |                  |                   |   |          |                  |                   |                          |
| a) Mutual Funds                                       | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| b) Banks/ FI  | 50  | -        | 50               | 0                 | 50  | -        | 50               | 0                 | 0                        |
| c) Central Govt.                                      | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| d) State Govt.(s)                                     | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| e) Venture Capital Funds                              | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| f) Insurance Companies                                | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| g) FIs  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| h) Foreign Venture Capital Funds                      | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| i) Others (Foreign Portfolio Investors)               | 12,941  | -        | 12,941           | 0.22              | 0   | -        | 0                | 0                 | (100)                    |
| <b>Sub Total (B)(1)</b>                               | <b>12,991</b>                                   | <b>-</b> | <b>12,991</b>    | <b>0.22</b>       | <b>50</b>                                 | <b>-</b> | <b>50</b>        | <b>0</b>          | <b>(99.61)</b>           |
| <b>2. Non-Institutions</b>                            |   |          |                  |                   |   |          |                  |                   |                          |
| a) Bodies Corp.                                       |   |          |                  |                   |   |          |                  |                   |                          |
| i) Indian   | 9,33,987  | 35,100   | 9,69,087         | 16.41             | 9,87,691                                  | 35,100   | 10,22,791        | 16.58             | 5.54                     |
| ii) Overseas  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| b) Individuals  |   |          |                  |                   |   |          |                  |                   |                          |

| Category of Shareholders  | No. of Shares held at the beginning of the year |                 |                  |                   | No. of Shares held at the end of the year |                 |                  |                   | % Change during the year |
|---|---|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
|   | Demat   | Physical        | Total            | % of Total Shares | Demat                                     | Physical        | Total            | % of Total Shares |                          |
| i) Individual Shareholders holding nominal share capital upto ₹ 2 Lakh            | 7,22,608  | 1,07,825        | 8,30,433         | 14.07             | 8,82,084                                  | 95,525          | 9,77,609         | 15.85             | 17.72                    |
| ii) Individual shareholders holding nominal share capital in excess upto ₹ 2 Lakh | 4,19,272  | -               | 4,19,272         | 7.10              | 3,13,972                                  | 1,00,000        | 4,13,972         | 6.71              | (1.26)                   |
| c) NBFCs Registered with RBI  | 700   | -               | 700              | 0.01              | 0   | -               | 0                | 0                 | (100)                    |
| d) (Non Resident Indian non-repeat/ Non Resident Indian repeat / OCB)             | 82,907  | 68,800          | 1,51,707         | 2.56              | 1,12,808                                  | 68,800          | 1,81,608         | 2.94              | 19.71                    |
| e) Others (Clearing Member)   | 18,049  | -               | 18,049           | 0.31              | 11,362                                    | -               | 11,362           | 0.18              | (37.05)                  |
| <b>Sub Total (B)(2)</b>   | <b>21,77,523</b>                                | <b>2,11,725</b> | <b>23,89,248</b> | <b>40.47</b>      | <b>23,07,917</b>                          | <b>2,99,425</b> | <b>26,07,342</b> | <b>42.26</b>      | <b>9.13</b>              |
| <b>Total public shareholding (B)=(B)(1)+(B)(2)</b>                                | <b>21,90,514</b>                                | <b>2,11,725</b> | <b>24,02,239</b> | <b>40.69</b>      | <b>23,07,967</b>                          | <b>2,99,425</b> | <b>26,07,392</b> | <b>42.26</b>      | <b>8.54</b>              |
| <b>C. Shares held by Employee Benefit Trust</b>                                   | -   | -               | -                | -                 | <b>95,650</b>                             | -               | <b>95,650</b>    | <b>1.55</b>       | <b>100</b>               |
| <b>Grand Total (A+B+C)</b>  | <b>56,92,482</b>                                | <b>2,11,725</b> | <b>59,04,207</b> | <b>100</b>        | <b>58,69,782</b>                          | <b>2,99,425</b> | <b>61,69,207</b> | <b>100</b>        | <b>4.49</b>              |

## (ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name          | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|---------|-----------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |                             | No. of Shares                             | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares                       | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares |   |
| 1.      | CSL Capital Private Limited | 21,35,037                                 | 36.16                            | -  | 21,43,338                           | 34.74                            | -  | 0.39                                      |
| 2.      | Rohit Gupta                 | 12,54,799                                 | 21.25                            | -  | 12,58,114                           | 20.39                            | -  | 0.26                                      |
| 3.      | Deepak Gupta                | 26,814                                    | 0.45                             | -  | Nil                                 | 0                                | -  | (100)                                     |
| 4.      | Sat Paul Gupta              | 21,939                                    | 0.37                             | -  | 20,835                              | 0.34                             | -  | (5.03)                                    |
| 5.      | Ridhima Gupta               | 24,377                                    | 0.41                             | -  | 24,377                              | 0.40                             | -  | 0   |
| 6.      | Rachita Gupta               | 19,501                                    | 0.33                             | -  | 19,501                              | 0.32                             | -  | 0   |
| 7.      | Kanta Rani                  | 19,501                                    | 0.33                             | -  | Nil                                 | 0                                | -  | (100)                                     |

## (iii) Change in Promoters' Shareholding:

| Sl. No. | Name                        | Shareholding   |                                   | Date       | Increase/Decrease in share-holding | Reason   | Cumulative Share holding during the year (1.4.2018 to 31.3.2019) |                                  |
|---------|-----------------------------|--|-----------------------------------|------------|------------------------------------|----------|--|----------------------------------|
|         |                             | No. of Shares at the beginning (1.4.2018)/ end of the year (31.3.2019) | % of total shares of the Company" |            |                                    |          | No. of Shares  | % of total Shares of the Company |
| 1       | CSL Capital Private Limited | 21,35,037  | 36.16                             | 31.10.2018 | 4,274                              |          | 21,39,311  | 34.68                            |
|         |                             | 21,43,338  | 34.74                             | 02.11.2018 | 1,000                              |          | 21,40,311  | 34.69                            |
|         |                             |  |                                   | 05.11.2018 | 411                                |          | 21,40,722  | 34.70                            |
|         |                             |  |                                   | 01.01.2019 | 499                                |          | 21,41,221  | 34.71                            |
|         |                             |  |                                   | 18.02.2019 | 593                                |          | 21,41,814  | 34.72                            |
|         |                             |  |                                   | 19.02.2019 | 1,000                              |          | 21,42,814  | 34.73                            |
|         |                             |  |                                   | 21.02.2019 | 524                                | Purchase | 21,43,338  | 34.74                            |
| 2       | Rohit Gupta                 | 12,54,799  | 21.25                             | 01.10.2018 | 1,315                              |          | 12,56,114  | 20.36                            |
|         |                             | 12,58,114  | 20.39                             | 05.10.2018 | 1,000                              |          | 12,57,114  | 20.38                            |
|         |                             |  |                                   | 09.10.2018 | 1,000                              | Purchase | 12,58,114  | 20.39                            |
| 3       | Deepak Gupta                | 26,814   | 0.45                              |            |                                    |          |  |                                  |
|         |                             | Nil  | Nil                               | 04.06.2018 | 26,814                             | Sell     | 0  | -                                |
| 4       | Sat Paul Gupta              | 21,939   | 0.37                              |            |                                    |          |  |                                  |
|         |                             | 20,835   | 0.34                              | 04.06.2018 | 1,104                              | Sell     | 20,835   | 0.34                             |
| 5       | Kanta Rani                  | 19,501   | 0.33                              |            |                                    |          |  |                                  |
|         |                             | Nil  | Nil                               | 04.06.2018 | 19,501                             | Sell     | 0  | -                                |



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

| Sl. No. | For Each of the top ten shareholder | Shareholding at the beginning of the year |                                  | Date wise Increase/ (Decrease) in Shareholding during the year specifying the reason for increase /decrease  |   |  | Shareholding at the end of the year |                                  |
|---------|-------------------------------------|---|----------------------------------|--|---|--|-------------------------------------|----------------------------------|
|         | Name of the shareholder             | No. of Shares                             | % of total Shares of the Company | Date   | No. of Shares   | Reasons  | No. of Shares                       | % of total Shares of the Company |
|         |                                     |   |                                  |  |   |  |                                     |                                  |
| 1       | GEECEE HOLDINGS LLP                 | 3,85,000                                  | 6.52                             | -  | -   | -  | 3,85,000                            | 6.24                             |
| 2       | AADI FINANCIAL ADVISORS LLP         | 3,85,000                                  | 6.52                             | -  | -   | -  | 3,85,000                            | 6.24                             |
| 3       | AJAY RELAN                          | 1,41,242                                  | 2.39                             | 29.06.2018<br>17.08.2018<br>31.08.2018<br>28.09.2018<br>02.11.2018<br>09.11.2018<br>16.11.2018<br>23.11.2018<br>30.11.2018<br>07.12.2018<br>14.12.2018<br>21.12.2018<br>28.12.2018<br>04.01.2019<br>08.02.2019<br>15.02.2019<br>01.03.2019<br>08.03.2019<br>15.03.2019<br>22.03.2019               | 41,242<br>41,242<br>9,895<br>16,238<br>2,465<br>6,018<br>19,737<br>10039<br>1,146<br>4,395<br>200<br>26,399<br>18,529<br>36,666<br>22,509<br>10,969<br>3,523<br>22,966<br>11,558<br>2,800 | Sell<br>Purchase<br>Sell<br>Sell<br>Sell<br>Sell<br>Purchase<br>Sell<br>Sell<br>Sell<br>Purchase<br>Sell<br>Sell<br>Sell<br>Purchase<br>Sell<br>Sell<br>Purchase<br>Sell<br>Sell<br>Sell | 82                                  | 0.00                             |
| 4       | MADHURI MADHUSUDAN KELA             | 80,000                                    | 1.35                             | -  | -   | -  | 80,000                              | 1.30                             |
| 5       | RADHIKA SHARMA                      | 80,000                                    | 1.35                             | 01.02.2019<br>29.03.2019   | 533<br>4,473  | Purchase<br>Sell   | -<br>76,060                         | 1.23                             |
| 6       | SACHET SINGH                        | 57,000                                    | 0.97                             | 06.04.2018<br>13.04.2018<br>01.06.2018<br>06.07.2018<br>13.07.2018<br>27.07.2018<br>28.09.2018<br>05.10.2018<br>12.10.2018<br>26.10.2018<br>16.11.2018<br>07.12.2018<br>14.12.2018<br>28.12.2018<br>11.01.2019<br>18.01.2019<br>01.02.2019<br>08.02.2019<br>15.02.2019<br>08.03.2019<br>29.03.2019 | 2,000<br>30<br>970<br>600<br>400<br>1000<br>400<br>600<br>100<br>101<br>299<br>111<br>389<br>1000<br>100<br>100<br>1<br>799<br>2,000<br>2,000<br>1,000                                    | Purchase   | 71,000                              | 1.15                             |
| 7       | ENPRO EXPORTS PRIVATE LIMITED       | 37,133                                    | 0.63                             | -  | -   | -  | 37,133                              | 0.60                             |

| Sl. No. | For Each of the top ten shareholder | Shareholding at the beginning of the year |                                  | Date wise Increase/ (Decrease) in Shareholding during the year specifying the reason for increase /decrease  |  |          | Shareholding at the end of the year |                                  |
|---------|-------------------------------------|---|----------------------------------|--|--|----------|-------------------------------------|----------------------------------|
|         | Name of the shareholders            | No. of Shares                             | % of total Shares of the Company | Date   | No. of Shares  | Reasons  | No. of Shares                       | % of total Shares of the Company |
|         |                                     |   |                                  |  |  |          |                                     |                                  |
| 8       | GEECEE INVESTMENTS LIMITED          | 35,000                                    | 0.59                             | 22.03.2019   | 1,000  | Purchase | 36,000                              | 0.58                             |
| 9       | SANGEETHA S                         | 31,030                                    | 0.53                             | 06.04.2018   | 540  | Sell     | 30,490                              | 0.49                             |
| 10      | GAGAN DINANATH CHATURVEDI           | 30,000                                    | 0.51                             | -  | -  | -        | 30,000                              | 0.49                             |
| 11      | VINAY JAIPRAKASH AMBEKAR            | 13,100                                    | 0.22                             | 06.04.2018<br>25.05.2018<br>01.06.2018<br>08.06.2018<br>15.06.2018<br>29.06.2018<br>13.07.2018<br>03.08.2018<br>10.08.2018<br>31.08.2018<br>21.09.2018<br>28.09.2018<br>05.10.2018<br>12.10.2018<br>02.11.2018<br>16.11.2018<br>30.11.2018<br>07.12.2018<br>14.12.2018 | 450<br>500<br>1,250<br>750<br>974<br>1,476<br>1,500<br>1,499<br>82<br>419<br>1,000<br>1,000<br>53<br>947<br>1,900<br>600<br>53<br>797<br>1,650 | Purchase | 30,000                              | 0.49                             |

**v) Shareholding of Directors and Key Managerial Personnel:**

| Particulars  | Name of the Director/KMP               | Shareholding    |                                  |
|--|--|-----------------|----------------------------------|
|  |  | No. of Shares   | % of total Shares of the Company |
| At the beginning of the year   | Rohit Gupta<br>Naresh Chandra Varshney | 12,54,799<br>55 | 21.25<br>0                       |
| 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.) | Rohit Gupta                            | -               | -                                |
|  | Date                                   | No. of Shares   | Purchase/ Sell                   |
|  | 01.10.2018                             | 1315            | Purchase                         |
|  | 05.10.2018                             | 1000            | Purchase                         |
|  | 09.10.2018                             | 1000            | Purchase                         |
| At the end of the year   | Rohit Gupta<br>Naresh Chandra Varshney | 12,58,114<br>55 | 20.39<br>0                       |

None of the other Director/KMP hold any share in the company as on 31<sup>st</sup> March, 2019

**V. Indebtedness**

| Particulars   | Secured Loans excluding deposits (₹) | Unsecured Loans (₹) | Deposits (₹) | Total Indebtedness (₹) |
|---|--------------------------------------|---------------------|--------------|------------------------|
| Indebtedness at the beginning of the financial year |                                      |                     |              |                        |
| i) Principal Amount                                 | 10,231.55                            | -                   | -            | 10,231.55              |
| ii) Interest due but not paid                       | -                                    | -                   | -            | -                      |
| iii) Interest accrued but not due                   | 13.73                                | -                   | -            | 13.73                  |
| <b>Total (i+ii+iii)</b>                             | <b>10,245.28</b>                     | <b>-</b>            | <b>-</b>     | <b>10,245.28</b>       |
| Change in Indebtedness during the financial year    |                                      |                     |              |                        |
| Addition  | 2,500                                | -                   | -            | 2,500                  |
| Reduction   | 537.74                               | -                   | -            | 537.74                 |
| Net Change  | 1,962.26                             | -                   | -            | 1,962.26               |
| Indebtedness at the end of the financial year       |                                      |                     |              |                        |
| i) Principal Amount                                 | 12,193.81                            | -                   | -            | 12,193.81              |
| ii) Interest due but not paid                       | -                                    | -                   | -            | -                      |
| iii) Interest accrued but not due                   | 30.52                                | -                   | -            | 30.52                  |
| <b>Total (i+ii+iii)</b>                             | <b>12,224.33</b>                     | <b>-</b>            | <b>-</b>     | <b>12,224.33</b>       |

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

| Sl. No. | Particulars of Remuneration   | Rohit Gupta        |  |  | Amount             |
|---------|---|--------------------|--|--|--------------------|
| 1.      | Gross Salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 84,00,000          |  |  | 84,00,000          |
|         |   | Nil                |  |  | Nil                |
|         |   | Nil                |  |  | Nil                |
| 2.      | Stock Option  | -                  |  |  |                    |
| 3.      | Sweat Equity  | -                  |  |  |                    |
| 4.      | Commission<br>- as % of profit<br>- others, specify   | -                  |  |  |                    |
| 5.      | Others, please specify  |                    |  |  |                    |
|         | <b>Total(A)</b>   | <b>84,00,000</b>   |  |  | <b>84,00,000</b>   |
|         | <b>Ceiling as per the Act</b>   | <b>1,79,78,012</b> |  |  | <b>1,79,78,012</b> |

**B. Remuneration to other Directors:** No Remuneration paid to any Director other than Managing Director**C. Remuneration to Key Managerial personnel other than Managing Director/Manager/Whole Time Director**

| Sl. No. | Particulars of Remuneration   | Mr. Akash Gupta               |
|---------|---|-------------------------------|
| 1.      | Gross Salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 14,28,000<br>13,58,506<br>Nil |
| 2.      | Stock Option  | None granted during the year  |
| 3.      | Sweat Equity  |                               |
| 4.      | Commission<br>- as % of profit<br>- others, specify   |                               |
| 5.      | Others, please specify  |                               |
|         | <b>Total</b>  | <b>27,86,506</b>              |

**VII) Penalties/Punishments/Compounding of offences**

| Type                         | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ compounding fees imposed | Authority (RD/ NCLT/ Court) | Appeal made, if any (Give details) |
|------------------------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| A) COMPANY                   |                              |                   |  |                             |                                    |
| Penalty                      |                              |                   | None   |                             |                                    |
| Punishment                   |                              |                   |  |                             |                                    |
| Compounding                  |                              |                   |  |                             |                                    |
| B) DIRECTORS                 |                              |                   |  |                             |                                    |
| Penalty                      |                              |                   | None   |                             |                                    |
| Punishment                   |                              |                   |  |                             |                                    |
| Compounding                  |                              |                   |  |                             |                                    |
| C) OTHER OFFICERS IN DEFAULT |                              |                   |  |                             |                                    |
| Penalty                      |                              |                   | None   |                             |                                    |
| Punishment                   |                              |                   |  |                             |                                    |
| Compounding                  |                              |                   |  |                             |                                    |



## **'ANNEXURE-4' TO BOARD'S REPORT CONTINUATION CERTIFICATE ON NBFC BUSINESS**

To  
The Board of Directors  
CSL Finance Limited  
410-412, 18/12, 4<sup>th</sup> Floor, W.E.A., Arya Samaj Road, Karol Bagh, New Delhi-110005

Dear Sir,

On the basis of books of accounts and other records for the year ended 31<sup>st</sup> March, 2019 produced to us by the management of CSL Finance Limited.

We certify that

1. The Company had applied for registration as provided in section 45-IA of the Reserve Bank of India Act, 1934 and has been granted certificate of registration by the Reserve Bank of India on 3<sup>rd</sup> March 2003 having registration No. B-14.00652;
2. We certify that the Asset/ Income Pattern of the company makes it entitled to continue to hold certificate of registration. The company continue to undertake the business of NBFC during the year ended 31<sup>st</sup> March, 2019 requiring holding of certificate of registration issued to it by Reserve Bank of India under Section 45-IA of the Reserve bank of India Act, 1934;
3. The Company has passed a resolution for non-acceptance of public deposit as on 16.04.2018;
4. The Company has not accepted any public deposit and does not hold any public deposits during the year 2018-19.
5. The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and for provisioning of bad and doubtful assets as applicable to it in terms of Non-Banking Financial Company Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions 2016.

**For Aggarwal & Rampal  
Chartered Accountants  
FRN No: 003072N**

**Sd/-  
Aditya Aggarwal (Partner)  
Membership No.: 515644  
UDIN : 19515644AAAAAE1402**

**Place: New Delhi  
Date: 16<sup>th</sup> May, 2019**

## **ANNEXURE-5 TO BOARD'S REPORT DECLARATION ON CODE OF CONDUCT**

To,  
The Board of Directors  
CSL Finance Limited

I, Rohit Gupta, Managing Director of the Company, declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of the company laid down for them for the year ended 31<sup>st</sup> March, 2019.

**Place: New Delhi  
Date: 27<sup>th</sup> August, 2019**

**Sd/-  
Rohit Gupta  
Managing Director**

# **CORPORATE GOVERNANCE REPORT**

## BOARD'S REPORT ON CORPORATE GOVERNANCE

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

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

#### Prevention of Insider Trading

The company has duly complied with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time 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 at [www.csfinance.in](http://www.csfinance.in). The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

### 2. BOARD OF DIRECTORS

#### A. Composition of Board

The Company has a judicious mix of Executive, Non Executive and Independent Non-Executive Directors on its Board. As on 31<sup>st</sup> March, 2019, there are four (4) directors on the Board of the company, out of which one (1) director is a woman director, three (3) directors are Non-executive and two (2) amongst those are Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations')

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

The composition of the Board as on 31<sup>st</sup> March, 2019, is as under:

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

#### B. Meetings, Attendance & other details of Directors

The Board met 14 times in financial year 2018-19 viz., 16<sup>th</sup> April 2018, 23<sup>rd</sup> May 2018, 29<sup>th</sup> May 2018, 15<sup>th</sup> June 2018, 7<sup>th</sup> August 2018, 27<sup>th</sup> August, 2018, 22<sup>nd</sup> October 2018, 26<sup>th</sup> October 2018, 12<sup>th</sup> November 2018, 1<sup>st</sup> January 2019, 31<sup>st</sup> January 2019, 1<sup>st</sup> March 2019, 16<sup>th</sup> March 2019 & 30<sup>th</sup> March 2019. The attendance of the Directors 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                 | DIN      | Category   | No. of board meetings  |          | Attendance at the last AGM | Directorship*              |   |   | Committee Position** |        | Share-holding (no. of shares) |
|----------------------|----------|--|------------------------|----------|----------------------------|----------------------------|---|---|----------------------|--------|-------------------------------|
|                      |          |  | Held during the tenure | Attended |                            | Total no. of directorships | No. of Directorships in Listed companies other than the present | Name of Listed Companies & Category of Directorship | Chairman             | Member |                               |
| Rohit Gupta          | 00045077 | Executive Promoter Director (Managing Director)      | 14                     | 14       | Yes                        | 3                          | 0   | NA  | Nil                  | Nil    | 12,58,114                     |
| Ashok Kumar Kathuria | 1010305  | Non-Executive Promoter Director                      | 14                     | 14       | Yes                        | 0                          | 0   | NA  | Nil                  | Nil    | 0                             |
| Manoj Gupta          | 01160953 | Non-Executive Independent Director                   | 14                     | 14       | Yes                        | 4                          | 0   | NA  | Nil                  | Nil    | 919                           |
| Anjna Mittal         | 07143461 | Non-Executive Independent Director (Woman Director)" | 14                     | 14       | Yes                        | 0                          | 0   | NA  | Nil                  | Nil    | 0                             |

#### C. Familiarisation Programme

In compliance with the requirement of Regulation 25 of Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them about the Company and their roles, rights, responsibilities in the Company. The details of the familiarisation programme are available on the website of the Company at [www.csfinance.in](http://www.csfinance.in).

#### D. Director's Profile

A brief resume of Directors, nature of their expertise and experience and other details are provided in the Annual Report.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:

- Knowledge:
  - Industry knowledge/ experience & technical expertise;
  - Understanding methods of strategic analysis, Company's strategic objectives, and changes of relevance to the Company's strategy and future direction;
  - Corporate Governance: Understanding the roles and responsibilities of a Board member within the larger governance framework;
  - Risk: Knowledge and experience of risk management models.
- Skills:

- Strategic thinking and decision making;
  - Interpersonal skills;
  - Leadership;
  - Analysis and Reporting;
  - Ability to determine appropriate levels of remuneration of Executive Directors, KMPs and play a prime role in appointing and where necessary, recommending removal of Executive Directors and KMPs;
  - Ability to oversee strategic human resource management.
- iii) Mind-Set:
- Ethics
  - Commitment;
  - Instinct & Business Acumen;
  - Independent and Awareness (self and other) – ability to display independence by willing to disagree and take an independent stance in the face of dissenting views.

#### E. Code of Conduct

The Board of Directors has laid down a code of conduct for all the board members and senior executives of the Company under the Listing Regulations, 2015. The Code of conduct is also uploaded at the website of the Company [www.csfinance.in](http://www.csfinance.in).

The Code has been circulated to all the board members and senior executives of the company who have affirmed compliance with this Code for the year ended 31<sup>st</sup> March, 2019.



## F. Independent Directors

In terms of the Companies Act and listing regulations, the Board of Directors is of the opinion that Mr. Manoj Gupta and Ms. Anjna Mittal fulfill the conditions specified in the listing regulations and companies act and are independent of the management.

## 3. COMMITTEES

As on 31<sup>st</sup> March, 2019, CSL Finance Limited has six Committees of the Board: -

- Audit Committee
- Nomination & Remuneration Committee
- Investor Relations & Share Transfer Committee
- Stakeholders Relationship Committee
- CSR Committee
- Internal Complaints Committee

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

### 3.1 Audit Committee

#### Terms of Reference

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

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

#### a) Financial Matters:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the Financial Statements are correct, sufficient and credible;
- Reviewing with the management, the quarterly Unaudited Financial Statements

and Annual Audited Financial Statements alongwith Limited Review Report/ Auditors Report thereon before submission to the Board for the approval. Reviewing of Annual Financial Statements inter alia including reviewing changes in Accounting Policies if any, major accounting entries involving estimates, significant adjustments made in Financial Statements, qualifications in draft Audit Report, if any etc.

- Valuation of assets of the company as and when required.
- Monitoring the end use of funds already raised and related matters.
- Reviewing Management Discussion and Analysis of financial condition and results of operations; and
- Scrutinising the inter-corporate loans and investments.

#### b) Internal Controls, Audit and Auditors:

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

#### c) Other Matters:

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

The Audit Committee also has all the powers as

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

### Composition of Audit Committee and Attendance during the year:

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

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer shareholders query. During the year under review, the Audit Committee met 5 (five) times to deliberate on various matters and the gap between any two meetings was not more than 120 (one hundred and twenty) days. The required quorum was present in all such meetings.

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

| Members                           | Meeting Held During the year and Attendance |          |          |          |          |
|-----------------------------------|---|----------|----------|----------|----------|
|                                   | 15.05.18                                    | 29.05.18 | 07.08.18 | 12.11.18 | 31.01.19 |
| Mr. Manoj Gupta (Member)          | Yes   | Yes      | Yes      | Yes      | Yes      |
| Ms. Anjna Mittal (Chairman)       | Yes   | Yes      | Yes      | Yes      | Yes      |
| Mr. Ashok Kumar Kathuria (Member) | Yes   | Yes      | Yes      | Yes      | Yes      |
| Mr. Akash Gupta (Secretary)       | Yes   | Yes      | Yes      | Yes      | Yes      |

## 4. NOMINATION & REMUNERATION COMMITTEE

### Terms of Reference

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

### Review of matters by the Committee

- Specify the manner for effective evaluation of performance of all the directors, its committees

and individual directors to be carried out by the board of the Company;

- Review overall compensation philosophy and framework of the Company;
- Review outcome of the annual performance appraisal of the employees of the Company;
- Examine and ensure 'fit and proper' status of the directors of the Company.

### Approval of matters by the Committee

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

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

- Devising a policy on Board diversity and recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company.
- Identifying, evaluating and recommending to the Board:
  - Persons who are qualified for appointment as Independent and Non-Executive Directors/ Executive Directors/ Whole time Directors/ Managing Directors in accordance with the criteria laid down;
  - Appointment of Senior Management

Personnel in accordance with the criteria laid down;

- c. Removal of Directors and Senior Management Personnel.
3. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
4. Recommending Budget for Board related expenses;
5. To devise a Policy on remuneration including any compensation related payments of the directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company;
6. Based on the Policy as aforesaid, determine remuneration packages for the following:
  - a. Recommend remuneration package of the Directors of the Company, including Commission, Sitting Fees and other expenses payable to Non- Executive Directors of the Company.
  - b. Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Whole-time Director/Executive Director.
7. Recommend & review succession plans for Managing Directors;

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

The NRC comprises of 3 (Three) Non-Executive Directors as its members, out of which 2 (Two) are independent directors.

**Meeting and Attendance during the year:**

| Members                           | Meeting Held During the year and Attendance |            |
|-----------------------------------|---|------------|
|                                   | 17.05.2018                                  | 09.08.2018 |
| Mr. Manoj Gupta (Member)          | Yes   | Yes        |
| Ms. Anjna Mittal (Chairman)       | Yes   | Yes        |
| Mr. Ashok Kumar Kathuria (Member) | Yes   | Yes        |
| Mr. Akash Gupta (Secretary)       | Yes   | Yes        |

**Performance evaluation criteria for Independent Directors:**

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

- i. Invests time in understanding the company and its unique requirements;
- ii. Brings in external knowledge and perspective to the table for discussions at the meetings;
- iii. Expresses his/her views on the issues discussed at the Board; and
- iv. Keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

**5. INVESTOR RELATIONS & SHARE TRANSFER COMMITTEE**

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

The Committee deals with the following:

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

During the year under review, no investor complaints were received. As on 31<sup>st</sup> March, 2019, no investor complaint was pending.

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

- a) Composition:  
The Committee consists of two members i.e. Mr. Ashok Kumar Kathuria & Mr. Akash Gupta. Ashok Kumar Kathuria, a Non-Executive Director, is acting as the Chairman of the Committee.
- b) Compliance Officer: Mr. Akash Gupta, Company Secretary of the Company is the Compliance Officer in this respect.
- c) During the year under review, no investor complaints were received as on 31<sup>st</sup> March, 2019, no investor complaint was pending. The Committee deals with resolving the grievances of security holders of the Company.

**7. CSR COMMITTEE**

Pursuant to the provisions of Companies Act & Listing Regulations, the Board had constituted a separate Committee named as "Corporate Social Responsibility ("CSR") Committee" for monitoring and implementation of the CSR projects/programmes/activities of Your Company and also for approving the annual CSR Budget, implementation of CSR projects and other such related activities.

The Company has also formulated a CSR Policy which is available on the website of the company at [www.csfinance.in](http://www.csfinance.in)

**Composition:**

The CSR Committee comprises of 4 (four) directors as members the composition of the committee is as follows:

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

**Meeting and attendance during the year:**

During the year under review, the CSR met once on 11<sup>th</sup> March, 2019, to deliberate on various matters and all the Members of the Committee were present for the meeting.

**Brief description of terms of reference:**

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

**8. REMUNERATION OF DIRECTORS:**

**Criteria of Making Payments to Non-Executive Directors:**

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company. The criteria of making payments to non-executive directors have been put on the Company's website ([www.csfinance.in](http://www.csfinance.in)).

**Sitting Fee:**

Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Listing Regulations 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 KMPs (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 to time.

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

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

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

**9. GENERAL BODY MEETINGS**

The last three annual general meetings were held as under:

| AGM              | Year    | Date       | Venue  | Time       | Special resolution(s) passed |
|------------------|---------|------------|--|------------|------------------------------|
| 26 <sup>th</sup> | 2017-18 | 29.09.2018 | Hotel Oodles, 759-762, Main Road, Chattarpur, New Delhi-110074 | 10:30 a.m. | Nil                          |
| 25 <sup>th</sup> | 2016-17 | 05.09.2017 | Hotel Oodles, 759-762, Main Road, Chattarpur, New Delhi-110074 | 11:30 a.m. | 4                            |
| 24 <sup>th</sup> | 2015-16 | 30.09.2016 | Hotel Jivitesh, 11, Pusa Road, New Delhi-110005                | 11:00 a.m. | 3                            |

**Postal Ballot**

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

**Extra-Ordinary General Meeting (EOGM)**

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

**10. DISCLOSURES**

- a) During the year 2018-19, 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.

- b) 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.
- c) 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.
- d) 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.
- e) 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.csfinance.in".

**12. GENERAL INFORMATION FOR SHAREHOLDERS****12.1 : Forthcoming Annual General Meeting**

Date, Day & Time : 30<sup>th</sup> September, 2019  
(Monday, 10:30 a.m.)

Place : 23, Tania Farm Complex, Kh. No.268/2-272/2, Chattarpur Mandir Road, Chattarpur, Asola, Sat Bari, New Delhi-110074

**12.2 : Financial Calendar 2019-20 (tentative)****Approval of quarterly/Annual Results**

For the quarter ending June, 2019 :

August/September, 2019

For the quarter ending September, 2019 :

November/December, 2019

For the quarter ending December, 2019 :

January/ February, 2020

For the quarter/year ended March, 2020 :

April/ May, 2020

**12.3 Book Closure dates**

Tuesday, 24<sup>th</sup> September, 2019 to Monday, 30<sup>th</sup> September, 2019 (both days inclusive)

**12.4 Dividend Payment Date**

Dividend on Equity Shares, if declared at the meeting, payment of such dividend shall be made on or before 30<sup>th</sup> October, 2019 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on 23<sup>rd</sup> September, 2019 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on 23<sup>rd</sup> September, 2019 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').

**12.5 Meeting of Independent Directors**

During the year under review, the Independent Directors in their meeting held on 30<sup>th</sup> March, 2018 reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the company; and also assessed the quality, quantity and timelines of flow of information between the company management and the Board in line with the requirement of Listing Regulations,



2015 read with applicable provisions of Schedule IV of the Companies Act, 2013.

#### 12.6 The Company is listed at the following stock exchange:

BSE Limited  
25<sup>th</sup> Floor, P. J. Towers, Dalal Street  
Mumbai-400001  
Annual Listing Fees for the Financial Year 2019-20 has been duly paid to BSE Ltd.

#### 12.7 Stock Code

BSE Limited : 530067  
CIN : L74899DL1992PLC051462

#### 12.8 Stock Market Data

BSE Scrip Code: 530067  
For the period: April 2018-March 2019

| Month     | Year | Open Price | High Price | Low Price | Close Price | No. of Shares |
|-----------|------|------------|------------|-----------|-------------|---------------|
| April     | 2018 | 594        | 700        | 589       | 663.95      | 32,545        |
| May       | 2018 | 671        | 681.75     | 560       | 591.7       | 65,670        |
| June      | 2018 | 572.5      | 655        | 536       | 562.25      | 1,51,438      |
| July      | 2018 | 572        | 595        | 477.05    | 519.55      | 28,383        |
| August    | 2018 | 521        | 609.95     | 510.05    | 543.15      | 63,794        |
| September | 2018 | 554.9      | 593.95     | 430       | 440.95      | 43,666        |
| October   | 2018 | 430        | 435        | 304.4     | 365.1       | 1,08,606      |
| November  | 2018 | 354        | 400        | 306.5     | 327.55      | 58,189        |
| December  | 2018 | 327.55     | 352.5      | 286.25    | 305         | 83,720        |
| January   | 2019 | 305        | 345        | 295       | 320.65      | 1,15,498      |
| February  | 2019 | 335        | 335        | 273       | 280         | 57,580        |
| March     | 2019 | 289        | 323        | 280       | 306.85      | 90,323        |

#### 12.9 Performance in comparison with BSE

| Month  | Sensex Closing | CSL Close Price |
|--------|----------------|-----------------|
| Apr-18 | 35,160.36      | 663.95          |
| May-18 | 35,322.38      | 591.70          |
| Jun-18 | 35,423.48      | 562.25          |
| Jul-18 | 37,606.58      | 519.55          |
| Aug-18 | 38,645.07      | 543.15          |
| Sep-18 | 36,227.14      | 440.95          |
| Oct-18 | 34,442.05      | 365.10          |
| Nov-18 | 36,194.30      | 327.55          |
| Dec-18 | 36,068.33      | 305             |
| Jan-19 | 36,256.69      | 320.65          |
| Feb-19 | 35,867.44      | 280             |
| Mar-19 | 38,672.91      | 306.85          |

#### 12.10 SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (SEBI) administers a centralised web based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website [www.scores.gov.in](http://www.scores.gov.in). It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES.

#### 12.11 Registrar and Share Transfer Agent

MAS Services Limited  
T-34, 2<sup>nd</sup> Floor,  
Okhla Industrial Area Phase-2,  
New Delhi-110 020  
Tel: 011-26387281, 82, 83  
Fax: 011-26787384  
Email: [info@masserv.com](mailto:info@masserv.com)

#### 12.12 Share Transfer System

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

#### 12.13 Distribution of shareholding

Distribution of shareholding as on 31<sup>st</sup> March, 2019 is as under:-

| Range (No. of Shares) | No. of Shareholders | %          | No. of Shares    | %          |
|-----------------------|---------------------|------------|------------------|------------|
| 1 TO 5000             | 2,186               | 83.181     | 2,62,256         | 4.251      |
| 5,001 TO 10,000       | 195                 | 7.42       | 1,47,021         | 2.383      |
| 10,001 TO 20,000      | 103                 | 3.919      | 1,49,094         | 2.417      |
| 20,001 TO 30,000      | 41                  | 1.56       | 1,01,802         | 1.65       |
| 30,001 TO 40,000      | 25                  | 0.951      | 88,729           | 1.438      |
| 40,001 TO 50,000      | 15                  | 0.571      | 68,244           | 1.106      |
| 50,001 TO 1,00,000    | 29                  | 1.104      | 2,14,189         | 3.472      |
| 1,00,001 AND ABOVE    | 34                  | 1.294      | 51,37,872        | 83.283     |
| <b>Total</b>          | <b>2,628</b>        | <b>100</b> | <b>61,69,207</b> | <b>100</b> |

#### Shareholding pattern of the Company as on 31<sup>st</sup> March 2019 was as under:

| Category                 | No. of shares held | % of Equity Capital |
|--------------------------|--------------------|---------------------|
| Promoters                | 34,66,165          | 56.18               |
| Mutual Funds             | Nil                | Nil                 |
| Bodies Corporate         | 10,22,791          | 16.58               |
| Non-Resident Indians/OCB | 1,81,608           | 2.95                |
| Others                   | 14,98,643          | 24.29               |
| <b>Total</b>             | <b>61,69,207</b>   | <b>100</b>          |

#### 12.14 Dematerialization of shares

As on 31<sup>st</sup> March, 2019, 95.15% of the Share Capital stands dematerialized. The break-up of equity shares held in demat and physical form as on 31<sup>st</sup> March, 2019 is as follows:

| Particulars                         | No. of shares    | % of shares |
|-------------------------------------|------------------|-------------|
| Held in dematerialized form in NSDL | 52,39,664        | 84.93       |
| Held in dematerialized form in CDSL | 6,30,118         | 10.22       |
| Physical                            | 2,99,425         | 4.85        |
| <b>TOTAL</b>                        | <b>61,69,207</b> | <b>100</b>  |

The Company's shares are traded at BSE.

The promoters hold their entire shareholding in dematerialized form.

#### 12.15 Address for Investor's Correspondence

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

MAS Services Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area Phase-2,  
New Delhi-110 020  
Tel: 011-26387281, 82, 83  
Email: [info@masserv.com](mailto:info@masserv.com)

#### For General Correspondence:

Secretarial Department  
CSL Finance Limited  
716-717, 7<sup>th</sup> Floor, Tower - B World Trade Tower,  
Sector - 16 Noida 201301  
Tel: 120-4290652-54  
Email id for investor grievance:  
[investor@cslfinance.in](mailto:investor@cslfinance.in)  
Compliance Officer  
Mr. Akash Gupta,  
Company Secretary & Legal Head

#### 12.16 Credit Rating

During FY 2018-19, CARE Ratings Limited ('CARE') reaffirmed its ratings on the Company's long term bank facilities at CARE BBB; Stable.

**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, 2<sup>nd</sup> 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](http://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 2019 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 AGGARWAL & RAMPAL  
CHARTERED ACCOUNTANTS  
FRN 003072N**

**Sd/-  
Vinay Aggarwal  
(Authorized)  
Partner  
M. No. 082045**

**Place: New Delhi  
Date: 27<sup>th</sup> August, 2019**

**CFO CERTIFICATE**

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

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

**Sd/-**

**Naresh Chandra Varshney  
(Chief Financial Officer)  
CSL Finance Limited**

PRACTICING COMPANY SECRETARY'S CERTIFICATE PURSUANT TO  
SCHEDULE V (C) (10) (I) OF SECURITIES & EXCHANGE BOARD OF INDIA  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,  
The Members of CSL Finance Limited,

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the management, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified by Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority, from being appointed or continuing as Director of Companies.

Place: New Delhi  
Date: 26<sup>th</sup> July, 2019

Sd/-  
Sanjay Kumar  
FCS-5569  
CP No.5177

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of CSL Finance Limited,

I, Sanjay Kumar, Practicing Company Secretary have examined the compliance of conditions of Corporate Governance by CSL Finance Limited ('the Company') for the year ended 31<sup>st</sup> March, 2019 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year ended on 31<sup>st</sup> March, 2019.

I further 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.

Place: New Delhi  
Date: 26<sup>th</sup> July, 2019

Sd/-  
Sanjay Kumar  
FCS-5569  
CP No.5177

# FINANCIAL STATEMENTS



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS' OF CSL FINANCE LIMITED

### Report on the Audit of the Standalone Financial Statements

#### OPINION

We have audited the standalone financial statements of **CSL FINANCE LIMITED ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019 and the statement of Profit and Loss, and Cash Flow Statement for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31<sup>st</sup> March, 2019 and profit/loss and its cash flows for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE 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 standalone 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Also Refer "Annexure A" to this audit report.

#### 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 Companies Act, 2013, we give in the "Annexure B", 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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 standalone 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 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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 C".
  - (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 to Note 22(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 required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Aggarwal & Rampal**  
**Chartered Accountants**  
**FRN: 003072N**

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

**Place: New Delhi**  
**Date: 16<sup>th</sup> May, 2019**

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Aggarwal & Rampal  
Chartered Accountants  
FRN: 003072N

Place: New Delhi  
Date: 16<sup>th</sup> May, 2019

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

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE-B REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE OF CSL FINANCE LIMITED, PURSUANT TO THE COMPANIES (AUDITORS' REPORT) ORDER 2016 ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019

- (a) The Company has updated its records of fixed assets showing full particulars including quantitative details and situation of Fixed Assets.
- (b) According to information and explanations given to us, the fixed assets are physically verified by the management on annual basis which is our opinion is reasonable, having regard to the size of the company and nature of its assets. As per information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us on the basis of the company does not have any immovable property as its fixed assets, hence clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
- According to information and explanations given to us, during the financial year there is no inventory of shares held as stock-in-trade. Accordingly, paragraph 3(ii) of the Order is not applicable.
- The Company has granted unsecured loan to one company covered in the Register maintained under section 189 of the Companies Act, 2013.
  - In our opinion the rate of interest and other terms and conditions on which loan has been granted to the body corporate covered in the register maintained under section 189 of the Companies, Act 2013 were not prima facie , prejudicial to the interest of the Company.
  - 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.
  - The principal and interest has been received in full and no amount is outstanding.
- 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.
- In our opinion and according to the information and explanation given to us, the company has not accepted any deposits in terms of the relevant provisions of the Companies Act, 2013 (and rules made thereunder) and/or the guidelines/provisions laid down by the RBI.
- 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.
- The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise-duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues were outstanding as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.
  - According to the information and explanations given to us, there are no dues of income tax/Sales tax/Wealth tax/Service tax/Custom duty/Excise duty/Cess which have not been deposited on account of any dispute except the following:

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

- viii. According to the information and explanations given to us the company has not defaulted in repayment of loan or borrowing from any financial institution or bank or dues to debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). And term loans raised during the year were applied for the purpose for which those are raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the company, The Company had made an 1,50,000 allotment of warrants in the previous year which are to be converted to equity shares on payment of balance consideration on private placement basis. During the year company has allotted 1,00,000 equity shares upon the conversion of the 1,00,000 warrants and balance 50,000 warrants on account of non-receipt of balance payment is forfeited by the company & transferred to Capital Reserve Fund of the company. Refer Note-3 to the financial statements.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is Non Banking Finance Company and is already registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Aggarwal & Rampal**  
**Chartered Accountants**  
**FRN: 003072N**

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

**Place: New Delhi**  
**Date: 16<sup>th</sup> May, 2019**

## ANNEXURE – C TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **CSL FINANCE LIMITED** ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

#### AUDITORS' RESPONSIBILITY

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

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

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

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

#### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over financial Reporting issued by the Institute of Chartered Accountants of India.

**For Aggarwal & Rampal, Chartered Accountants, FRN: 003072N**

**Place: New Delhi,**  
**Date: 16<sup>th</sup> May, 2019**

**Vinay Aggarwal, Partner, M.No.- 082045**



## BALANCE SHEET as at 31<sup>st</sup> March, 2019

| (Amount in `)  |       |                       |                       |
|--|-------|-----------------------|-----------------------|
| Particulars  | Notes | As at<br>31.03.2019   | As at<br>31.03.2018   |
| <b>I. EQUITY AND LIABILITIES</b>                                       |       |                       |                       |
| <b>(1) Shareholders' Fund</b>  |       |                       |                       |
| (a) Share Capital  | 02    | 6,16,92,070           | 5,90,42,070           |
| (b) Reserves And Surplus   | 03    | 2,08,59,23,822        | 1,76,46,88,501        |
| (c) Money Received Against Share Warrants                              |       | -                     | 1,46,25,000           |
| <b>(2) Non Current Liabilities</b>                                     |       |                       |                       |
| (a) Long Term Borrowings   | 04    | 34,92,82,612          | 37,03,52,004          |
| (b) Deferred Tax Liabilities (net)                                     |       | -                     | 3,170                 |
| (c) Long-term Provisions   | 05    | 1,01,44,219           | 34,78,446             |
| <b>(3) Current Liabilities</b>   |       |                       |                       |
| (a) Short Term Borrowings  | 06    | 61,98,55,522          | 51,21,53,812          |
| (b) Trade Payables   |       |                       |                       |
| (i) Total Outstanding Dues To MSME                                     | 07    | -                     | -                     |
| (ii) Total Outstanding Dues Of Creditors Other Than MSME               | 07    | 8,07,039              | 2,34,699              |
| (c) Other Current Liabilities  | 08    | 26,06,05,994          | 14,70,04,345          |
| (d) Short-term Provisions  | 09    | 55,54,280             | 61,55,024             |
| <b>Total</b>   |       | <b>3,39,38,65,558</b> | <b>2,87,77,37,070</b> |
| <b>II. ASSETS</b>  |       |                       |                       |
| <b>(1) Non Current Assets</b>  |       |                       |                       |
| (a) Property, Plant & Equipment  |       |                       |                       |
| (i) Tangible Assets  | 10    | 1,60,99,152           | 74,69,347             |
| (ii) Intangible Assets   | 10    | 4,54,071              | 4,24,678              |
| (b) Non Current Investments  | 11    | 18,20,032             | 56,81,372             |
| (c) Deferred Tax Assets (net)  |       | 294,652               | -                     |
| (d) Long Term Loans And Advances                                       | 12    | 2,38,02,13,497        | 1,16,06,27,624        |
| <b>(2) Current Assets</b>  |       |                       |                       |
| (a) Cash And Bank Balances   | 13    | 9,66,29,840           | 2,67,66,282           |
| (b) Short Term Loans And Advances                                      | 14    | 88,24,70,083          | 1,65,36,71,067        |
| (c) Other Current Assets   | 15    | 1,58,84,231           | 2,30,96,700           |
| <b>Total</b>   |       | <b>3,39,38,65,558</b> | <b>2,87,77,37,070</b> |
| Significant Accounting Policies  | 01    |                       |                       |
| Other Additional Information   | 22    |                       |                       |
| The note nos 1 to 22 are integrated part of these financial statements |       |                       |                       |

As Per Our Report Attached

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

Sd/-  
Vinay Aggarwal  
Partner  
Membership No: 082045

Place: New Delhi  
Date: 16<sup>th</sup> May, 2019

FOR &amp; ON BEHALF OF THE BOARD

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

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

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

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

## STATEMENT OF PROFIT & LOSS for the year ended 31<sup>st</sup> March, 2019

| (Amount in `)   |  |       |                          |                          |
|---|--|-------|--------------------------|--------------------------|
| S. No.  | Particulars                                | Notes | Year Ended<br>31.03.2019 | Year Ended<br>31.03.2018 |
| I.  | Revenue From Operations                    | 16    | 59,50,09,585             | 41,36,13,239             |
| II.   | Other Income                               | 17    | 20,17,919                | 10,04,889                |
| III.  | Total Revenue                              |       | 59,70,27,504             | 41,46,18,128             |
| IV.   | <b>Expenses:</b>                           |       |                          |                          |
|   | Employee Benefit Expenses                  | 18    | 7,03,04,894              | 4,23,03,834              |
|   | Finance Costs                              | 19    | 11,92,89,803             | 6,32,66,377              |
|   | Depreciation & Amortisation                | 20    | 24,50,732                | 15,24,142                |
|   | Other Expenses                             | 21    | 4,54,21,836              | 4,96,96,230              |
|   | <b>Total Expenses</b>                      |       | <b>23,74,67,265</b>      | <b>15,67,90,583</b>      |
| V.  | <b>Profit Before Tax</b>                   |       | <b>35,95,60,239</b>      | <b>25,78,27,545</b>      |
| VI.   | <b>Tax Expense:</b>                        |       |                          |                          |
|   | (1) Current Tax                            |       | 10,82,70,111             | 7,69,73,955              |
|   | (2) Deferred Tax                           |       | 2,97,822                 | 41,066                   |
|   | (3) For Earlier Years                      |       | 38,064                   | 1,17,681                 |
|   | <b>Profit (Loss) For The Period (V-VI)</b> |       | <b>25,15,49,886</b>      | <b>18,07,76,975</b>      |
| VII.  | Basic Earnings Per Share of ` 10/- Each    |       | 41.65                    | 33.88                    |
|   | Diluted Earnings Per Share of ` 10/- Each  |       | 41.36                    | 32.02                    |
|   | Significant Accounting Policies            | 01    |                          |                          |
|   | Other Additional Information               | 22    |                          |                          |
| The note nos. 1 to 22 are integrated part of these financial statements |  |       |                          |                          |

In terms of our report of even date attached herewith

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

Sd/-  
Vinay Aggarwal  
Partner  
Membership No: 082045

Place: New Delhi  
Date: 16<sup>th</sup> May, 2019

FOR &amp; ON BEHALF OF THE BOARD

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

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

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

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

# NOTES TO THE ACCOUNTS

## NOTE - 1

### SIGNIFICANT ACCOUNTING POLICIES

#### a) System of Accounting

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

#### b) Revenue Recognition

- 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.
- 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.
- Processing fees on processing of loans are recognized upfront as income.
- Dividend income is recognized when right to receive is established.

#### c) Investment

##### Valuation

- Investments are classified into non-current investments and current investments.
- Non-current investments are stated at cost and provision wherever required, made to recognize any decline, other than temporary, in the value of such investments.
- Current investments are carried at lower of cost and fair value.
- In case bonus shares are received against existing holding, bonus shares are valued at Nil cost.

#### d) Property, Plant & Equipment (Tangible Assets)

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

#### e) Intangible Assets

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

#### f) Depreciation & Amortization

- Depreciation on the assets has been provided to the extent of depreciable amount on SLM basis. Depreciation has been provided based on useful life of the assets as prescribed in the Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during the year is proportionately charged.
- Intangible assets are amortized on SLM Basis over their respective individual estimated useful lives. The amortization period and amortization method are reviewed at every reporting period. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.
- Leasehold improvements are amortised over the period of lease

#### g) Retirement Benefits

- Leave encashment entitlements are recognised as a liability, in the year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability using the projected unit credit method is recognised at the actuarially determined value by an appointed actuary.
- The company has defined benefit plan for post-employment benefit in the form of gratuity for eligible employees, which is administered through a Group Gratuity Policy with Kotak Mahindra Life Insurance Company Limited. The liability for the above defined benefit plan is provided on the basis of an actuarial valuation as carried out by Kotak Mahindra Life Insurance Company Limited. The actuarial method used for

measuring the liability is the Projected Unit Credit Method.

- The employee and company make monthly fixed contribution to Government of India employee's provident fund equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.

#### h) Inventories

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

#### i) Impairment of Assets

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

#### j) Earning Per Share

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

#### k) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liability is disclosed for:

- Possible obligations which will be confirmed by future events not wholly within the control of the company, or

- Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.  
Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

#### l) Accounting for Taxes on Income

- Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- 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.
- Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which during the specified period gives future economic benefits in the from of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

#### m) Borrowing costs

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

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

#### n) Employee Stock Option Scheme

The company has formulated Employee Stock Option Scheme (ESOS) in accordance with the Security and Exchange Board of India (Share based Employee Benefit Scheme) Regulations, 2014. The scheme provides for grant of options to employees of the

company to acquire equity shares of the company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Regulations, the excess, if any, of the closing market price on the day of the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

**o) Cash Flow Statement**

Cash flows are reported using indirect method, whereby Profit/ (Loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

**p) Cash and cash equivalent**

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand and balance with bank including fixed deposit and short-term highly liquid investment with an original maturity of three months or less.

**q) Operating Cycle**

Based on the nature of business of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**r) Provisioning Norms**

Provisioning for non-performing assets is recorded at rates which are equal to or higher than the rates specified by the Reserve Bank of India in their guidelines on prudential norms. The rates used by the company are as follows.

| Asset Classification   | Period of Arrears (in months) | Rates as per Company (% of portfolio) | Rates as per RBI (% of Portfolio) |
|------------------------|-------------------------------|---------------------------------------|-----------------------------------|
| <b>Standard Assets</b> |                               |                                       |                                   |
| Standard Assets        | 0-3                           | 0.35                                  | 0.25                              |

| Asset Classification   | Period of Arrears (in months) | Rates as per Company (% of portfolio) | Rates as per RBI (% of Portfolio) |
|--|-------------------------------|---------------------------------------|-----------------------------------|
| <b>Sub-Standard Assets</b>   |                               |                                       |                                   |
| SME Loans -Retail Loans Secured (As a prudent matter we provided extra provisioning over and above RBI guidelines in our SME portfolio to mitigate risk contingencies faced in Tier III & Tier IV markets) |                               |                                       |                                   |
| -  | 4-6                           | 20                                    | 0                                 |
| -  | 7-12                          | 20                                    | 10                                |
| -  | 13-21                         | 30                                    | 10                                |
| -  | 22-33                         | 50                                    | 20                                |
| -  | 34-48                         | 50                                    | 30                                |
| -  | Above 48                      | 100                                   | 50                                |

| Asset Classification   | Period of Arrears (in months) | Rates as per Company (% of portfolio) | Rates as per RBI (% of Portfolio) |
|--|-------------------------------|---------------------------------------|-----------------------------------|
| <b>Wholesale -Secured Loans</b>  |                               |                                       |                                   |
| As per existing provisions as specified by the Reserve Bank of India in their guidelines on prudential norms |                               |                                       |                                   |

| Asset Classification  | Period of Arrears (in months) | Rates as per Company (% of portfolio) | Rates as per RBI (% of Portfolio) |
|---|-------------------------------|---------------------------------------|-----------------------------------|
| <b>Loss Assets</b>  |                               |                                       |                                   |
| -   | More than 90 days             | 100                                   | 0                                 |
| -   | More than 180 days            | 100                                   | 100                               |
| <b>Note:</b> Company considers all unsecured loans as "Loss Assets" after they become overdue for 90 days |                               |                                       |                                   |

s) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles

| Particulars   | As at 31.03.2019        | As at 31.03.2018        |
|---|-------------------------|-------------------------|
| <b>NOTE-2</b>   |                         |                         |
| <b>SHARE CAPITAL</b>  |                         |                         |
| <b>AUTHORISED SHARE CAPITAL</b>   |                         |                         |
| 94,00,000 Equity Shares of Par Value ₹ 10/- each (Pr. Yr 94,00,000 Equity Shares of Par Value ₹ 10/- each) (24,00,000 Equity shares of the CSL Holdings Private Limited was included in the Authorised Share Capital of the Company during the year by order dated 31-05-2017 of Hon'ble National Company Law Tribunal Principal Bench New Delhi against the approval of the Scheme of Amalgamation | <b>9,40,00,000</b>      | 9,40,00,000             |
| <b>ISSUED SUBSCRIBED AND PAID UP</b>  |                         |                         |
| 61,69,207 Equity Shares of ₹ 10/- each fully paid up (Pr. Yr 59,04,207 Equity Shares of ₹ 10/- each fully paid up)  | <b>6,16,92,070</b>      | 5,90,42,070             |
|   | <b>6,16,92,070</b>      | <b>5,90,42,070</b>      |
| <b>SHARE RECONCILIATION STATEMENT</b>   |                         |                         |
| <b>PARTICULARS</b>  | <b>AS AT 31.03.2019</b> | <b>AS AT 31.03.2018</b> |
|   | <b>EQUITY</b>           | <b>EQUITY</b>           |
| Shares outstanding at the beginning of the year   | <b>59,04,207</b>        | 46,82,207               |
| Shares Issued during the year   | <b>2,65,000</b>         | 12,22,000               |
| Shares bought back during the year  | -                       | -                       |
| Shares outstanding at the end of the year   | <b>61,69,207</b>        | 59,04,207               |

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

| SHAREHOLDER   | As at 31.03.2019<br>No. of shares | As at 31.03.2018<br>No. of shares | As at 31.03.2019<br>Percentage | As at 31.03.2018<br>Percentage |
|---|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| CSL Capital Pvt Ltd                                 | 21,43,338                         | 21,35,037                         | 34.74%                         | 36.16%                         |
| Rohit Gupta   | 12,58,114                         | 12,54,799                         | 20.39%                         | 21.25%                         |
| Geecee Holdings LLP (formerly Kothari Ventures LLP) | 3,85,000                          | 3,85,000                          | 6.24%                          | 6.52%                          |
| AADI Financial Advisors LLP                         | 3,85,000                          | 3,85,000                          | 6.24%                          | 6.52%                          |

| Year (Aggregate No. of Shares)   |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Particulars  | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
| <b>Equity Shares :</b>   |         |         |         |         |         |
| Fully paid up pursuant to contract(s) without payment being received in cash | -       | -       | -       | -       | -       |
| Fully paid up by way of bonus shares   | -       | -       | -       | -       | -       |
| Shares bought back   | -       | -       | -       | -       | -       |

The company has only one class of shares having face value of ₹ 10/- each. The company has issued 2,65,000 equity shares of ₹ 10/- each during the year ended 31<sup>st</sup> March 2019 and they rank parri passu with the existing shares.



| Particulars   | As at<br>31.03.2019          | As at<br>31.03.2018          |
|---|------------------------------|------------------------------|
| <b>NOTE-3</b>   |                              |                              |
| <b>RESERVE &amp; SURPLUS</b>  |                              |                              |
| General Reserve   |                              |                              |
| As per last Balance Sheet   | 4,00,000                     | 4,00,000                     |
|   | <u>4,00,000</u>              | <u>4,00,000</u>              |
| <b>Statutory Reserve U/S 45 IC of Reserve Bank of India Act, 1934</b> |                              |                              |
| As per last Balance Sheet   | 20,94,14,014                 | 17,32,58,619                 |
| Add : Transferred from Profit & Loss account                          | 5,03,09,977                  | 3,61,55,395                  |
|   | <u>25,97,23,991</u>          | <u>20,94,14,014</u>          |
| <b>Capital Redemption Reserve</b>                                     |                              |                              |
| As per last Balance Sheet   | 62,15,930                    | 62,15,930                    |
|   | <u>62,15,930</u>             | <u>62,15,930</u>             |
| <b>Capital Reserve</b>  |                              |                              |
| As per last Balance Sheet   | 1,57,74,165                  | -                            |
| Add : During the year   | 48,75,000                    | 1,57,74,165                  |
|   | <u>2,06,49,165</u>           | <u>1,57,74,165</u>           |
| <b>Security Premium</b>   |                              |                              |
| As per last Balance Sheet   | 50,98,60,000                 | 4,55,00,000                  |
| Add : On issue of shares  | -                            | 464,360,000                  |
| Add : On issue of shares under ESOP's                                 | 3,56,40,000                  | -                            |
| Add : Transfer from Share Option Outstanding account                  | 36,60,750                    | -                            |
| Add : On conversion of warrants into 100000 equity shares             | 3,80,00,000                  | -                            |
|   | <u>58,71,60,750</u>          | <u>50,98,60,000</u>          |
| <b>Share Option Outstanding Account</b>                               |                              |                              |
| As per last Balance Sheet   | 83,61,575                    | -                            |
| Add : Employee Compensation Expenses                                  | 21,27,782                    | 83,61,575                    |
| Less : Transfer to Security Premium Account                           | 36,60,750                    | -                            |
| Balance at the end of the year  | <u>68,28,607</u>             | <u>83,61,575</u>             |
| <b>Profit &amp; Loss account:</b>                                     |                              |                              |
| As per last Balance Sheet   | 1,01,46,62,817               | 87,00,41,237                 |
| Add : Profit of Current Year  | 25,15,49,886                 | 18,07,76,975                 |
| Less : Appropriations   | -                            | -                            |
| Statutory Reserve U/S 45 IC of Reserve Bank of India Act, 1934        | 5,03,09,977                  | 3,61,55,395                  |
| Dividend Paid during the year   | 91,03,811                    | -                            |
| Tax on Dividend   | 18,53,536                    | -                            |
|   | <u>1,20,49,45,379</u>        | <u>1,01,46,62,817</u>        |
| <b>Total</b>  | <u><u>2,08,59,23,822</u></u> | <u><u>1,76,46,88,501</u></u> |

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

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

General Reserve

The reserve is created out of Profit

Share Premium

Share Premium during the year of `7,73,00,750/- is on allotment of 265000 equity shares of `10/- each out of which 100000 equity shares were allotted at `390/- each And 165000 shares were allotted under ESOP at `226/- each

Capital Reserve

Capital Reserve of `1,57,74,165/- is created on transfer of assets and liabilities of M/s CSL Holdings Pvt Ltd at the time of amalgamation with the company during the financial year 2017-18. During financial year 2018-19 the company has forfeited `48,75,000/- on non conversion of warrants

| Particulars  | Sanctioned<br>amount | Rate of<br>Interest | As at<br>31.03.2019 | As at<br>31.03.2018 |
|--|----------------------|---------------------|---------------------|---------------------|
| <b>NOTE-4</b>  |                      |                     |                     |                     |
| <b>LONG TERM BORROWINGS</b>  |                      |                     |                     |                     |
| <b>SECURED</b>   |                      |                     |                     |                     |
| <b>Term Loan</b>   |                      |                     |                     |                     |
| <b>State Bank of India</b>   | 18,00,00,000         | 9.50%               | 12,10,05,959        | 18,14,54,038        |
| (Ag. Book Debts, Equitable mortgage of Properties of Managing Director and relatives and also the Personal guarantee of Managing Director also the Corporate guarantee of group company) |                      |                     |                     |                     |
| <b>AU Small Finance Bank Ltd</b>   | 10,00,00,000         | 12.40%              | 4,44,44,440         | 7,77,77,776         |
| (Ag. Book Debts and also personal guarantee of Managing Director)  |                      |                     |                     |                     |
| <b>AU Small Finance Bank Ltd</b>   | 20,00,00,000         | 11.88%              | 17,77,77,779        | -                   |
| (Ag. Book Debts and also personal guarantee of Managing Director)  |                      |                     |                     |                     |
| <b>Tourism Finance Corporation of India</b>  | 25,00,00,000         | 11.45%              | 21,25,00,000        | 25,00,00,000        |
| (Ag. Book Debts and also personal guarantee of Managing Director and corporate guarantee of the group company)   |                      |                     |                     |                     |
| <b>Tata Capital Financial Services Ltd</b>   | 5,00,00,000          | 11.75%              | 4,24,99,850         | -                   |
| (Ag. Book Debts and also personal guarantee of Managing Director and corporate guarantee of the group company)   |                      |                     |                     |                     |
| <b>Car Loan</b>  |                      |                     |                     |                     |
| <b>Toyota Finance Services (I) Ltd</b>   |                      |                     | 9,19,012            | 12,33,306           |
| (Ag. Hypothecation of Car)   |                      |                     |                     |                     |
| <b>ICICI Bank Ltd</b>  |                      |                     | 3,78,484            | 5,35,933            |
| (Ag. Hypothecation of Car)   |                      |                     |                     |                     |
| Less : Amount disclosed under head other current liabilities ( Note -8)  |                      |                     | 25,02,42,912        | 14,06,49,049        |
|  |                      |                     | <u>34,92,82,612</u> | <u>37,03,52,004</u> |

The company has not defaulted in repayment of loans and interest thereon during the period.

An amount of `25,02,42,912/- (Pr. Year `14,06,49,049/-) relating to instalments on long term borrowings falling due for repayment in next 12 months from reporting date has been disclosed under other current liability (Refer note no. 8) as Current Maturities of Long term borrowings

| Particulars   | Sanctioned amount | Rate of Interest | As at 31.03.2019 | As at 31.03.2018 |
|---|-------------------|------------------|------------------|------------------|
| <b>NOTE - 5</b>   |                   |                  |                  |                  |
| <b>LONG TERM PROVISIONS</b>   |                   |                  |                  |                  |
| Contingent Provisions against Standard Assets                       |                   |                  | 1,14,01,812      | 84,39,290        |
| Contingent Provisions against Sub Standard Assets                   |                   |                  | 8,01,208         | -                |
| Less : Amount disclosed under head short term provisions ( Note -9) |                   |                  | 30,74,624        | 49,60,844        |
| Provision for leave encashment                                      |                   |                  | 10,15,823        |                  |
|   |                   |                  | 1,01,44,219.34   | 34,78,446.00     |

| Particulars  | Limit        | Rate of Interest | As at 31.03.2019 | As at 31.03.2018 |
|--|--------------|------------------|------------------|------------------|
| <b>NOTE-6</b>  |              |                  |                  |                  |
| <b>SHORT TERM BORROWINGS SECURED</b>   |              |                  |                  |                  |
| Cash Credit from AU Small Finance Bank Ltd<br>(Ag. Book Debts and also personal guarantee of Managing Director)  | 10,00,00,000 | 12.38%           | 9,07,77,012      | 1,20,07,684      |
| Overdraft from Kotak Mahindra Bank Ltd<br>(Ag. Pledge of Fixed Deposits)   | 8,00,000     | 9.20%            | 6,48,252         |                  |
| Cash Credit Limit from State Bank of India<br>(Ag. Book Debts, Equitable mortgage of Properties of Managing Director and relatives and also the Personal guarantee of Managing Director also the Corporate guarantee of group company)           | 20,00,00,000 | 11.00%           | 15,53,19,216     | 12,72,86,743     |
| Working Capital Demand Loan from State Bank of India<br>(Ag. Book Debts, Equitable mortgage of Properties of Managing Director and relatives and also the Personal guarantee of Managing Director also the Corporate guarantee of group company) | 37,00,00,000 | 9.90%            | 37,31,11,042     | 37,28,59,385     |
|  |              |                  | 61,98,55,522     | 51,21,53,812     |

| Particulars  | Sanctioned amount | Rate of Interest | As at 31.03.2019 | As at 31.03.2018 |
|--|-------------------|------------------|------------------|------------------|
| <b>NOTE-7</b>  |                   |                  |                  |                  |
| <b>TRADE PAYABLES</b>                                    |                   |                  |                  |                  |
| (i) Total Outstanding dues to MSME                       |                   |                  | -                | -                |
| (ii) Total outstanding dues to creditors other than MSME |                   |                  | 8,07,039         | 2,34,699         |
|  |                   |                  | 8,07,039         | 2,34,699         |
| <b>NOTE-8</b>  |                   |                  |                  |                  |
| <b>OTHER CURRENT LIABILITIES</b>                         |                   |                  |                  |                  |
| Current Maturities of Long Term Borrowings (Note -4)     |                   |                  | 25,02,42,912     | 14,06,49,049     |
| Interest Accrued But not due                             |                   |                  | 30,51,533        | 13,72,743        |
| Salary Payable   |                   |                  | -                | 29,42,927        |
| Unpaid Dividend  |                   |                  | 5,35,460         | -                |
| Advance EMI received from customers                      |                   |                  | 2,83,431         | 21,642           |
| Other Liabilities  |                   |                  | 64,92,658        | 20,17,984        |
|  |                   |                  | 26,06,05,994     | 14,70,04,345     |
| <b>NOTE - 9</b>  |                   |                  |                  |                  |
| <b>SHORT TERM PROVISIONS</b>                             |                   |                  |                  |                  |
| Contingent Provisions against Standard Assets (Note 5)   |                   |                  | 30,74,624        | 49,60,844        |
| Provision for leave encashment                           |                   |                  | 41,176           |                  |
| Provision for Income Tax (Net of Advance Tax & TDS)      |                   |                  | 24,38,480        | 11,94,180        |
|  |                   |                  | 55,54,280        | 61,55,024        |

**NOTE-10**

(Amount in `)

| Particulars<br>(Assets) | GROSS BLOCK                 |             |                   |                           | DEPRECIATION        |                    |                     |                           | NET BLOCK           |                     |
|-------------------------|-----------------------------|-------------|-------------------|---------------------------|---------------------|--------------------|---------------------|---------------------------|---------------------|---------------------|
|                         | Balance as on<br>01.04.2018 | Additions   | Sale/<br>Transfer | Total as on<br>31.03.2019 | As on<br>01.04.2018 | During<br>the year | Sale/<br>Adjustment | Total as on<br>31.03.2019 | As on<br>31.03.2019 | As on<br>31.03.2018 |
| Tangible Assets         |                             |             |                   |                           |                     |                    |                     |                           |                     |                     |
| Fur. & Fixture          | 9,40,684                    | 37,88,102   |                   | 47,28,786                 | 1,33,667            | 2,38,711           |                     | 3,72,378                  | 43,56,408           | 8,07,017            |
| Vehicle                 | 93,95,030                   |             |                   | 93,95,030                 | 41,97,644           | 11,41,341          |                     | 53,38,985                 | 40,56,047           | 51,97,386           |
| Mobile                  | 71,000                      | 1,70,071    |                   | 2,41,071                  | 24,821              | 33,033             |                     | 57,854                    | 1,83,217            | 46,179              |
| Office Equipment        | 2,78,167                    | 3,60,875    |                   | 6,39,042                  | 74,102              | 81,851             |                     | 1,55,953                  | 4,83,088            | 2,04,064            |
| Air conditioner         | 1,94,510                    | 1,80,897    |                   | 3,75,407                  | 27,282              | 55,128             |                     | 82,410                    | 2,92,997            | 1,67,228            |
| Computer                | 12,92,102                   | 8,05,678    |                   | 20,97,780                 | 3,48,415            | 5,29,596           |                     | 8,78,011                  | 12,19,769           | 9,43,687            |
| Electrical Installation | -                           | 24,54,879   |                   | 24,54,879                 | -                   | 71,135             |                     | 71,135                    | 23,83,744           | -                   |
| Leasehold Improvement   | -                           | 30,84,384   |                   | 30,84,384                 | -                   | 81,782             | -                   | 81,782                    | 30,02,602           | -                   |
| Printer                 | 1,12,523                    | 45,922      |                   | 1,58,445                  | 8,737               | 28,428             |                     | 37,166                    | 1,21,281            | 1,03,786            |
| TOTAL A                 | 1,22,84,016                 | 1,08,90,807 | -                 | 2,31,74,823               | 48,14,669           | 22,61,005          | -                   | 70,75,674                 | 1,60,99,152         | 74,69,347           |
| Pr. Year A              | 1,09,37,936                 | 27,34,078   | 13,87,998         | 1,22,84,016               | 44,71,008           | 14,98,420          | 11,54,759           | 48,14,669                 | 74,69,347           | 64,66,928           |
| Intangible              |                             |             |                   |                           |                     |                    |                     |                           |                     |                     |
| Software                | 4,50,400                    | 2,10,120    |                   | 6,60,520                  | 25,722              | 1,89,477           | -                   | 2,15,199                  | 4,45,321            | 4,24,678            |
| Company Logo            |                             | 9,000       | -                 | 9,000                     | -                   | 250                | -                   | 250                       | 8,750               | -                   |
| Total B                 | 4,50,400                    | 2,19,120    | -                 | 6,69,520                  | 25,722              | 1,89,727           | -                   | 2,15,449                  | 4,54,071            | 4,24,678            |
| Pr. Year B              | -                           | 4,50,400    | -                 | 4,50,400                  | -                   | 25,722             | -                   | 25,722                    | 4,24,678            | -                   |
| Total A+B               | 1,27,34,416                 | 1,11,09,927 | -                 | 2,38,44,343               | 48,40,391           | 24,50,732          | -                   | 72,91,123                 | 1,65,53,223         | 78,94,025           |
| Pr. Year A+B            | 1,09,37,936                 | 31,84,478   | 13,87,998         | 1,27,34,416               | 44,71,008           | 15,24,142          | 11,54,759           | 48,40,391                 | 78,94,025           | 64,66,928           |

| Particulars | No. of shares<br>as on 31.03.2019 | No. of shares<br>as on 31.03.2018 | As at<br>31.03.2019 | As at<br>31.03.2018 |
|-------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
|-------------|-----------------------------------|-----------------------------------|---------------------|---------------------|

**NOTE - 11**

**NON CURRENT INVESTMENTS**  
**OTHER INVESTMENTS**  
**INVESTMENT IN EQUITY SHARES**

## UNQUOTED

## Investment in Associate Company

|   |   |          |   |           |
|---|---|----------|---|-----------|
| CSL ADVISORY SERVICES PVT LTD<br>(F. Value ` 10 each) | 0 | 24,500   | 0 | 2,45,000  |
| CSL CAPITAL PVT LTD *<br>(F. Value ` 10 each)         | 0 | 1,03,325 | 0 | 36,16,340 |

## INVESTMENT IN PROPERTY

## Investment in Property

|                  |                  |
|------------------|------------------|
| 18,20,032        | 18,20,032        |
| <b>18,20,032</b> | <b>18,20,032</b> |

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

|  |   |           |
|--|---|-----------|
| Aggregate value of Quoted Investment in Equity Shares        | - | -         |
| Aggregate market value of Quoted Investment in Equity Shares | - | -         |
| Aggregate value of Unquoted Investment                       | - | 38,61,340 |

| Particulars | As at<br>31.03.2019 | As at<br>31.03.2018 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

**NOTE-12**

### LONG TERM LOAN AND ADVANCES

|                                       |                              |                              |
|---------------------------------------|------------------------------|------------------------------|
| Wholesale & LAP (Secured)             | <b>1,89,04,12,082</b>        | 1,02,49,15,850               |
| SME Loans ( Secured )                 | <b>45,72,56,405</b>          | 12,52,49,548                 |
| SME Loans (Unsecured considered good) | <b>3,15,28,181</b>           | 93,16,726                    |
| Security Deposit (Rent)               | <b>10,16,829</b>             | 11,45,500                    |
|                                       | <b><u>2,38,02,13,497</u></b> | <b><u>1,16,06,27,624</u></b> |

**NOTE - 13**

### CASH & BANK BALANCES

### CASH & CASH EQUIVALENTS

|                    |                    |                 |
|--------------------|--------------------|-----------------|
| Cash in Hand       | 1,36,458           | 92,528          |
| Balance with Banks | 6,83,41,242        | 3,37,393        |
|                    | <u>6,84,77,700</u> | <u>4,29,922</u> |



| Particulars  | As at<br>31.03.2019 | As at<br>31.03.2018   |
|--|---------------------|-----------------------|
| <b>OTHER BANK BALANCES</b>                                     |                     |                       |
| Fixed deposits with banks                                      | 2,76,16,681         | 2,63,36,361           |
|  | 5,35,460            |                       |
|  | 2,81,52,141         | 2,63,36,361           |
|  | <u>9,66,29,840</u>  | <u>2,67,66,282</u>    |
| <b>NOTE-14</b>   |                     |                       |
| <b>SHORT TERM LOANS &amp; ADVANCES</b>                         |                     |                       |
| Wholesale & LAP (Secured)                                      | 79,20,84,810        | 1,62,70,04,421        |
| Retail Loans (Unsecured considered good)                       | -                   | 9,28,730              |
| SME Loans (Secured)  | 5,03,13,370         | 1,79,41,962           |
| SME Loans (Unsecured considered good)                          | 1,35,14,437         | 77,39,504             |
| CSL Employees Welfare Trust                                    | 2,16,26,900         |                       |
| Staff Advance  | 49,30,566           | 56,450                |
|  | <u>88,24,70,083</u> | <u>1,65,36,71,067</u> |
| <b>NOTE-15</b>   |                     |                       |
| <b>OTHER CURRENT ASSETS</b>                                    |                     |                       |
| Accruals   |                     |                       |
| (i) Interest accrued & due on loans                            | 40,11,174           | 1,46,50,120           |
| (i) Interest accrued but not due on loans                      | 69,33,010           | -                     |
| Prepaid Expenses   | 2,46,188            | 74,914                |
| Other Receivables  | 76,120              |                       |
| Advance with Parties   | 2,51,115            | 1,69,778              |
| Amount Receivable (on a/c of Sale of Shares)                   |                     | 44,10,427             |
| Income Tax Deposit (Against Appeal)                            | 24,85,873           | 37,68,815             |
| Income Tax refund  | 18,80,751           | 22,646                |
|  | <u>1,58,84,231</u>  | <u>2,30,96,700</u>    |
| <b>NOTE-16</b>   |                     |                       |
| <b>REVENUE FROM OPERATIONS</b>                                 |                     |                       |
| Interest   | 54,97,37,169.40     | 39,50,95,694.23       |
| Processing Fees Retail   | -                   | 6,02,394.04           |
| Processing Fees SME  | 1,78,59,039.56      | 48,77,601.20          |
| Processing Fees Wholesale                                      | 2,53,71,866.91      | 1,30,37,549.16        |
| Loans written off earlier now recovered [Refer Note No 22 (o)] | 20,41,509           | -                     |
|  | <u>59,50,09,585</u> | <u>41,36,13,239</u>   |

| Particulars                                 | As at<br>31.03.2019 | As at<br>31.03.2018 |
|---|---------------------|---------------------|
| <b>NOTE-17</b>                              |                     |                     |
| <b>OTHER INCOMES</b>                        |                     |                     |
| Income From Mutual Fund                     | 79,314              | 2,87,951            |
| Profit On Sale of assets                    | -                   | 20,074              |
| Interest On FDR                             | 15,28,204           | 5,12,564            |
| Misc. Income                                | 4,10,401            | 1,84,300            |
|   | <u>20,17,919</u>    | <u>10,04,889</u>    |
| <b>NOTE-18</b>                              |                     |                     |
| <b>EMPLOYEE BENEFIT EXPENSES</b>            |                     |                     |
| Salary & Bonus                              | 6,14,85,712         | 3,21,76,517         |
| PF Contribution                             | 22,48,734           | 10,96,469           |
| ESIC Contribution                           | 2,83,049            | 2,20,833            |
| Employee Compensation Expenses              | 21,27,782           | 83,61,575           |
| Leave Encashment Expenses                   | 10,56,999           | -                   |
| Gratuity Paid                               | 20,45,947           | -                   |
| Staff Medical Insurance                     | 4,13,452            | -                   |
| Staff Welfare                               | 6,43,219            | 4,48,440            |
|   | <u>7,03,04,894</u>  | <u>4,23,03,834</u>  |
| <b>NOTE-19</b>                              |                     |                     |
| <b>FINANCE COSTS</b>                        |                     |                     |
| Bank Charges                                | 2,94,303            | 77,017              |
| Interest on Car Loan                        | 1,54,784            | 1,89,261            |
| Interest paid on Cash Credit                | 1,29,37,393         | 1,29,76,271         |
| Processing Fees                             | 26,96,731           | 27,55,750           |
| Interest On Term Loan                       | 6,50,75,027         | 1,61,21,875         |
| Interest on Working Capital Demand Loan     | 3,45,93,826         | 2,86,83,597         |
| Other Interest                              | 35,37,740           | 24,62,606           |
|   | <u>11,92,89,803</u> | <u>6,32,66,377</u>  |
| <b>NOTE-20</b>                              |                     |                     |
| <b>DEPRECIATION &amp; AMORTISATION</b>      |                     |                     |
| Depreciation of Property, Plant & Equipment | 22,61,005.18        | 14,98,420.00        |
| Amortisation of Intangible assets           | 1,89,727.01         | 25,722.00           |
|   | <u>24,50,732.19</u> | <u>15,24,142.00</u> |

| Particulars  | As at<br>31.03.2019 | As at<br>31.03.2018 |
|--|---------------------|---------------------|
| <b>NOTE-21</b>                                     |                     |                     |
| <b>OTHER EXPENSES</b>                              |                     |                     |
| Annual Listing Fees                                | 4,30,000            | 5,16,734            |
| Audit Fees   | 1,75,000            | 1,75,000            |
| Loans & Advances written off [Refer Note No 22(o)] | 10,09,253           | 41,34,196           |
| Books & Periodicals                                | 23,770              | 28,482              |
| Business Promotion                                 | 2,11,951            | 3,44,350            |
| CSR Expenses                                       | 46,00,000           | 36,00,000           |
| Software & Technical Services                      | 31,37,362           |                     |
| EDP Expenses                                       | 2,97,427            | 2,23,250            |
| Electricity Expenses                               | 9,47,586            | 5,49,644            |
| Festival Expenses                                  | 1,89,420            | 2,23,395            |
| Generator Repair & Maintenance                     | 41,672              | 28,394              |
| Insurance Expenses                                 | 1,02,698            | 1,23,173            |
| Legal & Professional Charges                       | 1,70,74,177         | 2,58,59,964         |
| Internal Audit Fees                                | 7,20,000            | 1,96,200            |
| Assets Written Off                                 | -                   | 55,313              |
| Prior Period Expenses                              |                     | 82,890              |
| Meeting & Conference Exp.                          | 84,130              | 78,000              |
| Misc. Expenses                                     | 7,658               | 2,47,969            |
| Short & Excess                                     | -                   | 9,840               |
| Office Expenses                                    | 13,45,633           | 7,38,109            |
| Postage & Courier Expenses                         | 4,24,945            | 2,05,426            |
| Printing & Stationery                              | 4,92,781            | 3,29,768            |
| Provision for Standard Assets                      | 29,62,522           | 50,41,074           |
| Provision for Sub Standard Assets                  | 8,01,208            | -                   |
| Advertisement Expenses                             | 3,83,343            | 85,341              |
| Rent   | 45,33,755           | 25,61,036           |
| Rebate On Interest                                 |                     | 13,02,357           |
| Repair & Maintenance (Office)                      | 13,55,893           |                     |
| Repair & Maintenance (Electricity)                 | 39,631              |                     |
| Repair & Maintenance (Others)                      | 11,573              | 71,783              |
| Telephone Expenses                                 | 4,73,437            | 2,98,197            |
| Traveling Expenses                                 | 23,47,089           | 17,22,389           |
| Conveyance   | 9,46,135            | 4,94,464            |
| Vehicle Running Expenses                           | 2,51,783            | 3,69,493            |
|  | <b>4,54,21,836</b>  | <b>4,96,96,230</b>  |

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

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

| Assessment Year | Demand ( ` ) | Deposit under protest ( ` ) | Forum where appeal is pending |
|-----------------|--------------|-----------------------------|-------------------------------|
| 2006-07         | 5,95,782     | 5,95,782                    | ITAT Delhi Branch             |
| 2009-10         | 9,07,413     | 1,26,112                    | CIT (Appeals)                 |
| 2014-15         | 88,19,863    | 17,63,979                   | CIT (Appeals)                 |

24,85,873/- deposited under protest is being shown as Income Tax deposit against appeal in Note no.15 i.e. Other Current Assets.

- 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.
  - Cash collateral (Fixed deposits) provided by the company for securitization of receivable Nil Previous year Nil
  - Over collateralization (MRR) provided by the company for securitization of receivable Nil Previous year Nil
- B) Commitments:**
- Uncalled liability on partly paid up shares- Nil; Previous Year- (Nil)
  - Estimated amount of contracts remaining to be executed on capital accounts- NIL; Previous Year- (Nil)
  - Other Commitments- Nil; Previous Year- Nil

- In the opinion of Board of Directors & best of their knowledge & belief the provisions of all known liabilities are adequate.
- 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.
- CIF value of Imports- NIL; Previous Year- (Nil)
- Earning & Expenditure in Foreign Currency- NIL; Previous Year- (Nil)
- The activities of the company do not involve conservation of energy or absorption of technology.
- Payments to Auditor's includes:

| Particulars              | 2018-19         | 2017-18         |
|--------------------------|-----------------|-----------------|
| Audit Fee                | 1,35,000        | 1,35,000        |
| Tax Audit Fees           | 40,000          | 40,000          |
| Other Certification Fees | 0.00            | 0.00            |
|                          | <b>1,75,000</b> | <b>1,75,000</b> |

- Director's remuneration:
 

|                             |                     |              |
|-----------------------------|---------------------|--------------|
|                             | 2018-19             | 2017-18      |
| h) Director's remuneration: | <b>84,00,000.00</b> | 84,00,000.00 |
- Deferred Tax Liabilities/Assets have been provided in accordance with AS-22. The break up of the deferred tax assets & liabilities are as under :

| Nature of Timing Difference | Deferred Tax Assets / (Liabilities) as at 01.04.2018 | Adjustment for the current year | Deferred Tax Assets / (Liabilities) as at 31.03.2019 |
|-----------------------------|--|---------------------------------|--|
| Depreciation                | (3,170)  | (9,976)                         | (13,146)   |
| Leave Encashment            | Nil  | 3,07,798                        | 3,07,798   |
| <b>Total</b>                | <b>(3,170)</b>                                       | <b>2,97,822</b>                 | <b>2,94,652</b>                                      |

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

| S. No. | Particulars  | Current Year 2019 | Previous Year 2018 |
|--------|--|-------------------|--------------------|
| 1      | Net Profit (loss) as per P/L A/c   | 25,15,49,886      | 18,07,76,975       |
| 2      | Average No. of equity shares used as denominator for calculating EPS (Basic)   | 60,38,961         | 53,35,056          |
| 3      | EPS (Basic) (₹)  | 41.65             | 33.88              |
| 4      | Average No. of equity shares used as denominator for calculating EPS (Diluted) | 60,81,875         | 56,46,131          |
| 5      | EPS (Diluted) (₹)  | 41.36             | 32.02              |
| 6      | Face value of each equity share (₹)  | 10                | 10                 |

- k) Related Party Disclosure:

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

Company's related parties and transactions are disclosed below:

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

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

- a) CSL Capital Pvt. Ltd.  
b) CSL Finance Employee Welfare Trust

- (2) Key Management Personnel:

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

- (3) Relatives of Key Management Personnel.

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

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

|   | Year ended 31 <sup>st</sup> March, 2019 | Year ended 31 <sup>st</sup> March, 2018 |
|---|---|---|
| <b>A. Managerial remuneration</b>             |   |   |
| <i>Key Managerial Personnel</i>               |   |   |
| Rohit Gupta                                   | 84,00,000                               | 84,00,000                               |
| Akash Gupta                                   | 14,28,000                               | 13,53,000                               |
| Naresh C. Varshney                            | 10,29,600                               | 9,15,761                                |
| <b>B. Salaries</b>                            |   |   |
| <i>Transactions with the relatives of KMP</i> |   |   |
| Rachita Gupta                                 | 5,15,520                                | 2,00,000                                |
| <b>C. Rent</b>                                |   |   |
| <i>Transactions with the relatives of KMP</i> |   |   |
| Piyush Gupta                                  | 7,00,000                                | 12,00,000                               |
| <b>D. Sale of Shares</b>                      |   |   |
| <i>Transactions with the relatives of KMP</i> |   |   |
| Ridhima Gupta                                 | 2,45,000                                | Nil                                     |

|   | Year ended 31 <sup>st</sup> March, 2019 | Year ended 31 <sup>st</sup> March, 2018 |
|---|---|---|
| <b>E. Loan provided to trust for purchase of shares</b> |   |   |
| CSL Finance Employee Welfare Trust                      | 3,72,90,000                             | Nil                                     |
| <b>F. Loans Provided**</b>                              |   |   |
| CSL Capital Pvt Ltd                                     | 3,60,00,000                             | 1,35,83,926                             |
| <b>G. Loan Received Back**</b>                          |   |   |
| CSL Capital Pvt Ltd                                     | 3,60,00,000                             | 1,35,83,926                             |
| <b>H. Interest Received</b>                             |   |   |
| CSL Capital Pvt Ltd                                     | 51,978                                  | 63,912                                  |
| <b>I. Loans Taken**</b>                                 |   |   |
| CSL Capital Pvt Ltd                                     | 9,61,00,000                             | 6,37,00,000                             |
| <b>J. Loan Repaid**</b>                                 |   |   |
| CSL Capital Pvt Ltd                                     | 9,61,00,000                             | 11,67,96,000                            |
| <b>K. Interest Paid</b>                                 |   |   |
| CSL Capital Pvt Ltd                                     | 6,65,916                                | 19,57,290                               |
| <b>Balance outstanding at the end of the year</b>       |   |   |
| I. CSL Finance Employee Welfare Trust                   | 2,16,26,900                             | Nil                                     |
| II. CSL Capital Pvt Ltd                                 | Nil                                     | Nil                                     |

\*\* Company used to take loan(s) from CSL Capital Pvt Ltd and sometimes it has also provided loan(s) to CSL Capital Pvt Ltd. These transactions are for a very short period and at arm's length and loan taken is repaid within a short span of seven- ten days and the same is in case of loan given. Balance outstanding as on 31 March 2019 is Nil

- L). Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

| Particulars  | 2018-19 | 2017-18 |
|--|---------|---------|
| The principal amount and the interest due there on remaining unpaid to any supplier at the end of each accounting year   | Nil     | Nil     |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year   | Nil     | Nil     |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006   | Nil     | Nil     |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | Nil     | Nil     |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | Nil     | Nil     |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.



## m) Employee Stock option Scheme

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

During the financial year 2016-17, the Compensation Committee in its meeting held on 03.02.2016 and 11.02.2016 has granted 4,50,000 options (aggregate) under ESOS to eligible employees of the company. Each option comprises one underlying equity share. The terms regarding vesting and exercise of options are governed by the grant letters issued to the eligible employees to whom options are granted. The Exercise price has been determined at `226/- per share for the grant of aforesaid 450000 options.

During the financial year 2017-18, the Compensation

Committee in its meeting held on 12.05.2017 and 07.07.2017 has granted 1,15,000 options (aggregate) under ESOS to eligible employees of the company. Each option comprises one underlying equity share. The terms regarding vesting and exercise of options are governed by the grant letters issued to the eligible employees to whom options are granted. The Exercise price has been determined at `240/- per share for the grant of aforesaid 1,15,000 options. During the financial year 2018-19, 69,350 options were exercised and 1,65,000 equity shares were allotted. However, 90,000 options were lapsed during the financial year 2018-19 and no fresh options were granted during the year.

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

| S. No. | Particulars  | Year ended 31.03.2019  |   | Year ended 31.03.2018 |   |
|--------|--|--|---|-----------------------|---|
|        |  | Options (In Numbers)   | Weighted Average exercise price per option (in `) | Options (In Numbers)  | Weighted Average exercise price per option (in `) |
| 1      | Options outstanding at beginning of the year   | 4,37,500   | 229.68/-  | 3,22,500              | 226/-   |
|        | Granted during the year  | 0  |   | 1,15,000              | 240/-   |
|        | Vested during the year   | 90,000   | 226/-   | 75,000                | 226/-   |
|        | Exercised during the year  | 69,350   | 226/-   | -                     | -   |
|        | Lapsed during the year   | 90,000   | 234/-   | -                     | -   |
| 2.     | Options outstanding at the end of the year   | 2,78,150   | 230.98/-  | 4,37,500              | 229.68/-  |
|        | Options available for grant  | 3,52,500   |   | 2,62,500              | -   |
|        | The Weighted Average share price of the date of exercise for stock options exercised during the year | 525.72   |   | -                     | -   |
|        | Range of the exercise price for options outstanding at the end of the Financial year                 | Few have exercise price of ` 226/-, few have exercise price of ` 240/- | 230.98/-  | -                     | 229.68/-  |

## n) Prior Period Expenses

| Particulars                             | 2018-19 | 2017-18 |
|---|---------|---------|
| Margin for retail Hyderabad delinquency | Nil     | 82,890  |

- o) Loans written off in earlier years recovered in financial year 2018-19 `20,41,509/- and loans written off during the year `10,09,253/-
- p) Since the Company is dealing in one segment, No separate Segment reporting is given.
- q) Balances are subject to confirmation
- r) Borrowing costs attributable to the acquisition or construction of qualifying assets amounting to `Nil (P. Year Nil)

In terms of our report of even date attached herewith

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

Sd/-  
Vinay Aggarwal  
Partner  
Membership No: 082045

Place: New Delhi  
Date: 16<sup>th</sup> May, 2019

- s) The company has not purchased/sold non performing financial assets in the current and previous year
- t) Securitization  
The company does not have any securitization transaction
- u) The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.
- v) The figures of the previous years have been regrouped and rearranged wherever it is considered necessary.

FOR & ON BEHALF OF THE BOARD

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

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

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

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

## CASH FLOW STATEMENT for the year ended 31<sup>st</sup> March, 2019

| Particulars  | As at<br>31.03.2019 | As at<br>31.03.2018 | Particulars   | As at<br>31.03.2019 | As at<br>31.03.2018 |
|--|---------------------|---------------------|---|---------------------|---------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>        |                     |                     | <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>       |                     |                     |
| Net Profit / (Loss) before Tax & Extraordinary items | 35,95,60,239        | 25,78,27,545        | Short Term Borrowings                               | 10,77,01,710        | 20,62,79,452        |
| Adjustment for :                                     |                     |                     | Long Term Borrowings                                | (2,10,69,391)       | 36,85,69,770        |
| Depreciation   | 24,50,732           | 15,24,142           | Interest Paid                                       | (11,62,98,770)      | (6,04,33,610)       |
| Provision for Standard Assets                        | 29,62,522           | 50,52,870           | Capital Reserve                                     | 48,75,000           | 1,57,74,165         |
| Provision for Sub Standard Assets                    | 8,01,208            |                     | Dividend Paid                                       | (1,09,57,347)       | (56,35,411)         |
| Provision for Leave encashment                       | 10,56,999           |                     | Issue of equity shares                              | 6,16,65,000         | 49,12,05,000        |
| Loss on sale of assets                               | -                   | 35,239              |   |                     | 2,59,16,202         |
| Employee compensation exp                            | 21,27,782           | 83,61,575           | Net Increase/ (Decrease) in cash & cash equivalents |                     | 6,98,63,558         |
| Interest Received on Investment                      | (15,28,204)         | (5,12,564)          | Cash & cash equivalents at the beginning of period  |                     |                     |
| Interest Paid  | 11,62,98,770        | 6,04,33,610         | Cash In Hand  | 92,528              | 5,12,531            |
| Profit / Loss on sale of investment                  | -                   | -                   | Balance with Bank                                   | 2,66,73,754         | 2,67,66,282         |
| Operating Profit before Working Capital changes      | 48,37,30,049        | 33,27,22,417        | Cash & cash equivalents at the end of period        |                     | 10,42,67,393        |
| Adjustment for Current Assets & Loans & Advances     |                     |                     |   |                     | 10,47,79,924        |
| 1) Trade Receivables                                 | -                   | -                   | Cash In Hand  | 1,36,458            | 92,528              |
| 2) Loans & Advances                                  | (44,83,84,890)      | (1,46,59,62,640)    | Balance with Bank                                   | 9,64,93,382         | 9,66,29,840         |
| 3) Stock In Hand                                     | -                   | -                   |   |                     | 2,66,73,754         |
| 4) Other Current Assets                              | 72,12,469           | 10,75,205           | Net (Outflow)/Inflow of Cash                        |                     | 6,98,63,558         |
| 5) Trade payable                                     | 5,72,340            |                     |   |                     | (7,80,13,642)       |
| 6) Current Liabilities                               | 11,36,01,646        | 14,08,73,104        |   |                     |                     |
| Cash generated from operations                       | 15,67,31,614        | (99,12,91,914)      |   |                     |                     |
| Direct Taxes Paid                                    | 10,70,63,875        | 9,63,90,838         |   |                     |                     |
|  |                     | 4,96,67,739         |   |                     |                     |
|  |                     | (1,08,76,82,752)    |   |                     |                     |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>        |                     |                     |   |                     |                     |
| Purchase of investments                              | -                   | (36,16,340)         |   |                     |                     |
| Sale of investments                                  | 38,61,340           | -                   |   |                     |                     |
| Sales of Fixed Assets                                | -                   | 1,98,000            |   |                     |                     |
| Interest Income                                      | 15,28,204           | 5,12,564            |   |                     |                     |
| Purchase of Fixed Assets                             | (1,11,09,927)       | (31,84,478)         |   |                     |                     |
|  |                     | (57,20,383)         |   |                     |                     |
|  |                     | (60,90,254)         |   |                     |                     |

In terms of our report of even date attached herewith

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

**Sd/-**  
**Vinay Aggarwal**  
Partner  
Membership No: 082045

**Place: New Delhi**  
**Date: 16<sup>th</sup> May, 2019**

FOR &amp; ON BEHALF OF THE BOARD

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

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

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

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

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

(as Required under the Non - Banking Financial (Non Deposit Accepting Or Holding)  
Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in Lakhs)

| Particulars  | Amount Outstanding | Amount Overdue |
|--|--------------------|----------------|
| <b>LIABILITIES SIDE</b>  |                    |                |
| <b>1. Loan and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:</b> | Nil                | Nil            |
| (a) Debentures : Secured   | Nil                | Nil            |
| : Unsecured  | Nil                | Nil            |
| (other than falling within the meaning of public deposits*)  |                    |                |
| (b) Deferred Credits   | Nil                | Nil            |
| (c) Terms Loans  | 5,995.26           | Nil            |
| (d) Inter-Corporate Loans and Borrowing  | Nil                | Nil            |
| (e) Commercial Paper   | Nil                | Nil            |
| (f) Public Deposit*  | Nil                | Nil            |
| (g) Others (Cash Credit & Working Capital Demand Loan)   | 6,198.56           | Nil            |
| * Please see Note 1 below  |                    |                |
| <b>2 Break up of (1)(f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid)</b>           |                    |                |
| (a) In the form of Unsecured Debentures  | Nil                | Nil            |
| (b) In the form of partly secured debentures i.e debentures where there is shortfall in the value of security                | Nil                | Nil            |
| (c) Other Public Deposits  | Nil                | Nil            |
| <b>ASSETS SIDE</b>   |                    |                |
| <b>3. Break-up of Loans and advances including bills receivables [other than those including in (4) below] :</b>             |                    |                |
| (a) Secured  | 31,900.67          |                |
| (b) Unsecured  | 716.00             |                |
| <b>4. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>                       |                    |                |
| (i) Lease assets including lease rentals under sundry debtors :  |                    |                |
| (a) Financial lease  | Nil                |                |
| (b) Operating lease  |                    |                |
| (ii) Stock on hire including hire charges under sundry debtors   |                    |                |
| (a) Assets on hire   |                    |                |

(₹ in Lakhs)

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



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

Please see note 2 below

| Category                        | Amount net of provisions |               | Total            |
|---------------------------------|--------------------------|---------------|------------------|
|                                 | Secured                  | Unsecured     |                  |
| 1. Related Parties **           |                          |               |                  |
| (a) Subsidiaries                | Nil                      | Nil           | Nil              |
| (b) Companies in the same group | Nil                      | Nil           | Nil              |
| (c) Other related parties       | Nil                      | 215.51        | <b>215.51</b>    |
| 2. Other than related parties   | 31,789.01                | 490.11        | <b>32,279.12</b> |
| <b>Total</b>                    | <b>31,789.01</b>         | <b>705.62</b> | <b>32,494.63</b> |

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

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

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

**8. Other information**

| Particulars                                   | Amount |
|---|--------|
| (i) Gross Non-Performing Assets               |        |
| (a) Related Parties                           | Nil    |
| (b) Other than related parties                | 40.06  |
| (ii) Net Non-Performing Assets                |        |
| (a) Related Parties                           | Nil    |
| (b) Other than related parties                | 32.05  |
| (iii) Assets acquired in satisfaction of debt | Nil    |

**Notes:**

- a) As defined in paragraph 3 of chapter 2 of these directions.
- b) Provisioning norms shall be applicable as prescribed in these directions.
- c) All Accounting Standards and guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets required in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

In terms of our report of even date attached herewith

**FOR & ON BEHALF OF THE BOARD**

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

**Sd/-**  
**Vinay Aggarwal**  
**Partner**  
**Membership No: 082045**

**Place: New Delhi**  
**Date: 16<sup>th</sup> May, 2019**

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

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

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

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



**CIN: L74899DL1992PLC051462**

Regd. Office: 410-412, 18/12, 4<sup>th</sup> Floor, W.E.A., Arya Samaj Road, Karol Bagh, New Delhi -110005  
Website: www.csfinance.in • Email Id: investor@csfinance.in • Tel No.: 0120-4290650-52-53-54

## ATTENDANCE SLIP

(To be presented at the entrance of the meeting hall)

Regd. Folio No./Client ID No.: .....

DP ID No.: .....

No. of Shares held: .....

I/We hereby record my/our presence at Twenty Seventh Annual General Meeting of CSL Finance Limited, held on Monday, 30<sup>th</sup> September, 2019 at 10.30 a.m. at Radiance Motel, 23, Tania Farm Complex, Kh. No.268/2-272/2, Chattarpur Mandir Road, Chattarpur, Asola, Sat Bari, New Delhi-110074.

Member's/ Proxy's name in BLOCK Letters

Signature(s) of the Member or Proxy

**NOTE:** Please fill up this attendance slip and hand it over at the entrance of the venue for the meeting. Members are requested to bring their copies of the Annual Report to the meeting.



**CIN: L74899DL1992PLC051462**

Regd. Office: 410-412, 18/12, 4<sup>th</sup> Floor, W.E.A., Arya Samaj Road, Karol Bagh, New Delhi -110005  
Website: www.csfinance.in • Email Id: investor@csfinance.in • Tel No.: 0120-4290650-52-53-54

## PROXY FORM

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

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

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

|          |  |           |
|----------|--|-----------|
| Name     |  | Signature |
| Address  |  |           |
|          |  |           |
| Email-id |  |           |

OR FAILING HIM;

|          |  |           |
|----------|--|-----------|
| Name     |  | Signature |
| Address  |  |           |
|          |  |           |
| Email-id |  |           |

OR FAILING HIM;

|          |  |           |
|----------|--|-----------|
| Name     |  | Signature |
| Address  |  |           |
|          |  |           |
| Email-id |  |           |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of CSL Finance Limited, held on Monday, 30<sup>th</sup> September, 2019 at 10.30 a.m. at Radiance Motel, 23, Tania Farm Complex, Kh. No.268/2-272/2, Chattarpur Mandir Road, Chattarpur, Asola, Sat Bari, New Delhi-110074 and at any adjournment thereof in respect of such resolutions as are indicated below:

\* I wish my above Proxy to vote in the manner as indicated below:

| Resolution No. | RESOLUTIONS   | For | Against |
|----------------|---|-----|---------|
| 1.             | Adoption of Annual Financial Statements for the Financial Year 2018-19 together with report of Board of Directors and Auditors thereon    |     |         |
| 2.             | Declaration of Dividend   |     |         |
| 3.             | Re-appointment of Mr. Ashok Kumar Kathuria (DIN: 01010305), who retires by rotation and being eligible, offers himself for re-appointment |     |         |

Signed this.....day of .....2019.

Signature of Shareholder : .....

Signature of Proxy holder(s): .....

(First proxy holder)

(Second proxy holder)

(Third proxy holder)

- Notes:**
- i. 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.
  - ii. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/ Depository Participant.
  - iii. A Proxy need not be a Member.

\* This is only optional. Please put ‘x’ in the appropriate column against the resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

# ROUTE MAP TO THE VENUE OF 27<sup>th</sup> ANNUAL GENERAL MEETING OF THE COMPANY





## NOTES