

24th annual report

**CSL Finance
Limited**

2015-2016



**CSL Finance
Limited**

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LETTER FROM MANAGING DIRECTOR

Dear Shareholders,

India's GDP grew 7.6 per cent in 2015-16, up from 7.2 per cent a year ago. India now is the world's fastest growing major economy, outpacing even China. In spite of this growth, India has been facing a number of headwinds - deficient monsoons for the last 2 years, sluggish capital investments and a comatose real estate sector.

Since 2008-09, our focus has shifted from making long term strategic investments in small and midsize companies to investment strategies & structured lending products that gave us annual compounding of between 18-24% with low risk. We focused on arbitrage opportunities like participation in open offers, opportunities arising from special situations on account of merger and demerger, delistings and buybacks.

In 2011 we started providing short term funds to small and midsize companies specially in real estate and education sector and over last 5 years we have increased our penetration in the NCR region.

Your company has performed very well in the year gone by, given the challenges in its core area of operations - secured lending to small & medium sized builders and education sector.

Since our operations are in two segments, secured lending and investing in capital markets (special situations like mergers, demergers, buybacks and open offers) our overall revenues historically have been volatile. Going forward we have substantially scaled down our operations in the capital markets and are increasingly focused on scaling up our lending operations.

Our Revenues declined by 52% to Rs 44.67 Cr in FY2015-16 compared to Revenue of Rs 93.77 Cr in FY2014-15. This was largely due to scale down in activities in the capital markets. Our Profit Before Tax increased by 51% to Rs 18.49 Cr in FY 2015-16 compared to Rs 12.26 Cr in FY 2014-15 and Profit After Tax increased by 63% to Rs 13.06 Cr in FY 2015-16 compared to Rs 7.99 Cr in FY 2014-15. Our total Lending book increased by 55% to Rs 106.47 Cr in FY 2015-16 compared to Rs 68.51 in FY 2014-15.

This change in profitability was driven by our efforts to enhance our lending book, and further increase our operational efficiencies. We have build our team in this segment and have also shifted to a larger premises to support the future growth.

We have changed our Company's name from Consolidated Securities Limited to CSL Finance Limited to better reflect our core area of operations. The Company has divested its non-core assets, to make the balance sheet more capital efficient and cleaner.

We are in the process of merging our holding company with the company to make the share holding pattern more transparent. This is being done without increasing the share capital and in a totally transparent manner.

We are enthused by the opportunities emerging for the NBFCs in India, given the huge focus of the government to provide financial services to the unbanked segment of the population. The rapidly falling costs of transactions and increased usage of technology is driving huge innovation and rapid emergence of new business models. Going by the media reports, India has become a fertile ground for hundreds of Fintech companies which are trying new business models. Over the last year we have tied up with 2 fintech companies to help them validate their business models. We are working closely them to help them rapidly deploy their offering in the market and tap new customer segments.

We aim to further grow our lending book by 25-30% in the coming financial year and are looking at other lending segments where we can grow meaningfully.

I would like to thank our employees for their efforts to drive our growth and all our shareholders for their continued encouragement and support.

Rohit Gupta
Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kapil Aggarwal	Chairman
Rohit Gupta	Managing Director
Ashok Kumar Kathuria	Director
Anjna	Director

REGISTERED OFFICE

8/19, Ground Floor, W.E.A.
Pusa Lane, Karol Bagh
New Delhi-110005
Tel: 011-42503441-444
Fax: 011-42503444
E-mail: info@consec.in

AUDITORS

R. Mahajan & Associates
Chartered Accountants
402, Jain Bhawan, W.E.A
Karol Bagh
New Delhi-110005

BANKERS

HDFC Bank Limited
Kotak Mahindra Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

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

COMPANY SECRETARY & LEGAL HEAD

Mr. Akash Gupta

CHIEF FINANCIAL OFFICER

Mr. Naresh Chandra Varshney

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of CSL Finance Limited (formerly known as, 'Consolidated Securities Limited') will be held on Friday, 30th day of September 2016 at 11:00 a.m. at Hotel Jivitesh, 11, Pusa Road, New Delhi-110005, to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. 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.
3. To appoint M/s.R. Mahajan & Associates, Chartered Accountants, the retiring auditors of the company as Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard to consider and if, thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and 142(1) of the Companies Act, 2013 and the rules made thereunder, M/s. R. Mahajan & Associates, (Firm Registration No. 011348N) Chartered Accountants, New Delhi, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** for approval of charges for service of documents on the shareholders.

"RESOLVED THAT pursuant to the provision of section 20 of the Companies Act, 2013 and other applicable provisions, if any and rules made thereunder, whereby a document may be served on any shareholders by Company by sending it to him by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the shareholders be and is hereby accorded to charge from the shareholders the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company in advance of the dispatch of document by the Company.

RESOLVED FURTHER THAT Mr.Ashok Kumar Kathuria, Director and Mr.Akash Gupta, Company Secretary of the Company be and are hereby severally authorised to do all such acts, things, deeds as may be deemed necessary for giving effect to the above resolution."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** for approval and Implementation of the CSL Employee Stock Option Scheme, 2016, through Trust Route

“RESOLVED THAT in accordance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014, and other applicable provisions, if any, of the Companies Act, 2013, (“Act”) read with the applicable rules, as may be amended from time to time and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Companies (Share Capital and Debentures) Rules, 2014, and the Articles of Association of the Company, and other applicable laws, rules and regulations for the time being in force, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors including any committee constituted by the Board (hereinafter referred to as the “Board”), consent of the Company be and is hereby accorded to the Board to adopt and implement proposed CSL Employee Stock Option Scheme, 2016 (CSL ESOS, 2016) through Trust Route and to grant, offer and issue such number of options, not exceeding 7,00,000 in aggregate, to the present and future employees of the Company, who are in permanent employment of the Company as selected on the basis of criteria prescribed by the Board in accordance with the SEBI Regulations (collectively referred as the “Eligible Employees”), except a promoter or a person who belongs to the promoter group, Independent director(s) and director who directly or indirectly holds more than 10% of the issued capital, exercisable by employees to apply to such number of equity shares of the Company not exceeding 7,00,000 shares, under the proposed CSL Employee Stock Option Scheme, 2016, as per the limits and provisions of the Regulations at such price, in such manner, in one or more tranche(s) and on such other terms & conditions as the Board may decide.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the CSL Employee Stock Option Scheme, 2016, on such terms and conditions as contained in the relevant statement pursuant to Section 102(1) in the notice and to make any modification(s), change(s), variation(s), revision(s) in the terms and conditions of the scheme from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, including providing financial assistance to the Trust for acquisition of equity shares from secondary market or for subscribing to fresh allotment of equity share and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable in connection with formation, funding, including any contributions to be made by the Company, administration, operation, etc. of a Trust, if the Board deems necessary or desirable, through which the options may be granted to the Eligible Employees of the Company.

RESOLVED FURTHER THAT the Board may, at its discretion, or in order to comply with any applicable rules or guidelines, add, amend or put restrictions or any other conditions as it may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage, without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** for approval of Grant of Options to the Identified Employees during any one-year, equal to or exceeding 1% of the issued capital of the Company at the time of grant of Options.

“RESOLVED THAT in accordance with Regulation 6(3)(d) of SEBI (Share Based Employee Benefit) Regulations, 2014, consent of the members be and is hereby accorded for Grant of Options to the Identified Employees during any one year, equal to or exceeding 1% of the issued capital, subscribed and paid-up capital of the Company at the time of grant of Options.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors including the Compensation Committee be and is hereby authorized on behalf of the company to finalize the list of employees to whom options are to be granted equal to or exceeding 1% of the issued capital, subscribed and paid-up capital of the Company at the time of grant and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, on behalf of the company, to settle all questions, difficulties and doubt, that may arise in this regard, as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the member(s).”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** for authorization to the Trust for implementation of CSL ESOS Scheme by acquiring Equity Shares of the Company either through fresh allotment or secondary market acquisition.

“RESOLVED THAT in accordance with the provisions of Regulation 3(6) of SEBI (Share Based Employee Benefits) Regulations, 2014, and Section 62(1)(b) of the Companies Act, 2013, other applicable provisions, if any, of the Companies Act, 2013, (“Act”) read with the applicable rules, as may be amended from time to time and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Companies (Share Capital and Debentures) Rules, 2014, and the Articles of Association of the Company, and other applicable laws, rules and regulations for the time being in force, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors including any committee constituted by the Board (hereinafter referred to as the “Board”), the consent of the Company be and is hereby accorded to CSL Employee Welfare Trust (hereinafter referred to as the “Trust”) of the Company for acquisition and holding by the trust upto 7,00,000 equity shares (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable for time to time), acquired either by way of fresh allotment by the company or from the secondary market from time to time, in one or more tranche(s), for implementation of the CSL Employee Stock Option Scheme, 2016, at such price and on such terms and conditions as may be decided by the Trust.

RESOLVED FURTHER THAT approval of members of the company be and is hereby accorded to the Board to allot upto 7,00,000 Equity Shares of the Company (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable for time to time) to the Trust pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013, for the implementation of the Scheme in due compliance with the provisions of the Companies Act, 2013 (including rules framed thereunder) at such price as deem fit which shall not go below the par value of the share.

RESOLVED FURTHER THAT the Secondary market acquisition in a financial year by the trust shall not exceed 2% of the paid up equity capital as at the end of the immediate previous financial year and at no time exceed 5% of the paid-up capital as at March 31, 2016, which number shall, in case of any corporate action such as right issue, bonus issue, corporate restructuring, other issues, reduction of share capital, buy back of shares, split or consolidation of shares of the Company or like events, be calculated with reference to adjusted capital and number of Equity Shares to be acquired from secondary market by the Trust shall be adjusted accordingly.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to comply with the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution.”

CSL Finance Limited

(formerly, 'Consolidated Securities Limited')

Regd. Office:

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

Place: New Delhi

Date: 1st September 2016

For and on behalf of the Board

Rohit Gupta
Managing Director
(DIN: 00045077)