

September 07, 2021

The Manager
Department of Corporate Services
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001

Scrip Code: 530067

Dear Sir/Ma'am,

Sub: Intimation of Book Closure Date/Record Date and Notice of the 29th Annual General Meeting alongwith Annual Report for FY 2020-21 of CSL Finance Limited ('the Company')

This is with reference to the provisions of Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and our letter dated August 11, 2021 informing about the Twenty-Ninth (29th) Annual General Meeting ('AGM') of the Company scheduled to be held on Thursday, September 30, 2021 at 02.00 p.m. (IST) through Video Conferencing/Other Audio Visual Means ('VC/OAVM'), in accordance with the relevant circulars issued by Ministry of Corporate Affairs and SEBI. In this regard, we wish to inform the following:

1. Pursuant to the said circulars, AGM Notice and Annual Report for the financial year 2020- 21 are being sent through electronic mode to those Members whose email ids are registered with the Company/Registrar and Transfer Agent ('RTA')/Depository Participant ('DP'). These documents are also available on the Company's website at www.cslfinance.in.
2. The Company has provided the facility to its Members to cast their vote electronically, through the remote e-Voting facility (before the AGM) and e-Voting facility (at the AGM), on all the resolutions set out in the Notice of AGM to the Members, who are holding shares on the **Cut-off date i.e. Thursday, September 23, 2021**. The **remote e-voting** will commence at **Monday, September 27, 2021 (09.00 a.m. IST)** and end on **Wednesday, September 29, 2021 (05.00 p.m. IST)**. Detailed instructions for registering email address(s) and e-voting/ attendance at the AGM are given in the AGM Notice.



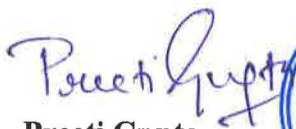
3. Pursuant to Section 91 of the Companies Act, 2013, Regulation 42 and other applicable provisions of SEBI Listing Regulations, the **Register of Members shall remain closed from Friday, September 24, 2021 to Thursday, September 30, 2021 (both days inclusive)** for the purpose of AGM and determining the eligibility for the payment of dividend, subject to approval of shareholders in the ensuing AGM.
4. The AGM Notice and Annual Report for the financial year 2020-21 are enclosed herewith

This is for your kind information and records.

Thanking you,

Yours faithfully,

For **CSL Finance Limited**



Preeti Gupta
(Company Secretary & Compliance Officer)



Encl: A/a

**REGISTERED OFFICE**

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

CORPORATE OFFICE

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

Phone: 0120 - 4290650-52-53-54

Email id: info@cslfinance.in

Website: www.cslfinance.in





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Company Information

CORPORATE IDENTITY NUMBER (CIN)

L74899DL1992PLC051462

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. Rohit Gupta

DIRECTORS

Mr. Ashok Kumar Kathuria
(Non-Executive Director)
Mr. Manoj Gupta
(Independent Director)
Ms. Anjna Mittal
(Independent Director)
Mr. Ayush Mittal
(Independent Director)
Ms. Rachita Gupta
(Whole Time Director)

CHIEF FINANCIAL OFFICER

Mr. Naresh Chandra Varshney

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Preeti Gupta

LISTED AT

BSE Limited

BANKERS

State Bank of India

HDFC Bank Limited
AU Small Finance Bank
Kotak Mahindra Bank
Punjab National Bank

STATUTORY AUDITOR

Aggarwal & Rampal,
Chartered Accountants

INTERNAL AUDITOR

R. Mahajan & Associates,
Chartered Accountants

SECRETARIAL AUDITOR

N. Panchal & Associates, Company
Secretaries

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited
(Formerly known as GDA
Trusteeship Limited)
Office No. 604, 6th Floor, Windsor,
C.S.T. Road, Kalina, Santacruz (East),
Mumbai-400098, Maharashtra.

REGISTRAR & SHARE TRANSFER AGENT

MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase-2, New Delhi-110020
Phone: 011-26387281-82-83
Email id: info@masserv.com



REGISTERED OFFICE:

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

CORPORATE OFFICE:

716-717, 7th Floor, Tower B, World Trade Tower,
Sector 16, Noida, Uttar Pradesh-201301
Phone: 0120 - 4290650-52-53-54
Email id: investor@cslfinance.in

Email id: info@cslfinance.in

Website: www.cslfinance.in

Perseverance Driving Progress

There's a great example of the power of perseverance in the way Chinese bamboo grows.

When farmers plant the seeds and tend to the soil day after day and year after year, they see no visible results. Four years can go by before they see any growth. But in the fifth year, a bud pops through the soil and it's said this particular type of bamboo can grow ninety feet in five weeks. This begs the question: Is the bamboo comparable to an overnight success doing all that growing in just five weeks, or does it take five years for the bamboo to reach this height?

Of course, the bamboo is growing the whole time even though it's not apparent to anyone other than the wise farmer. Over the first four long years, the bamboo is busy developing a solid root system necessary to support its height and weight over a lifetime. But in the fifth year, all the upfront work becomes apparent as the bamboo practically grows before your eyes.

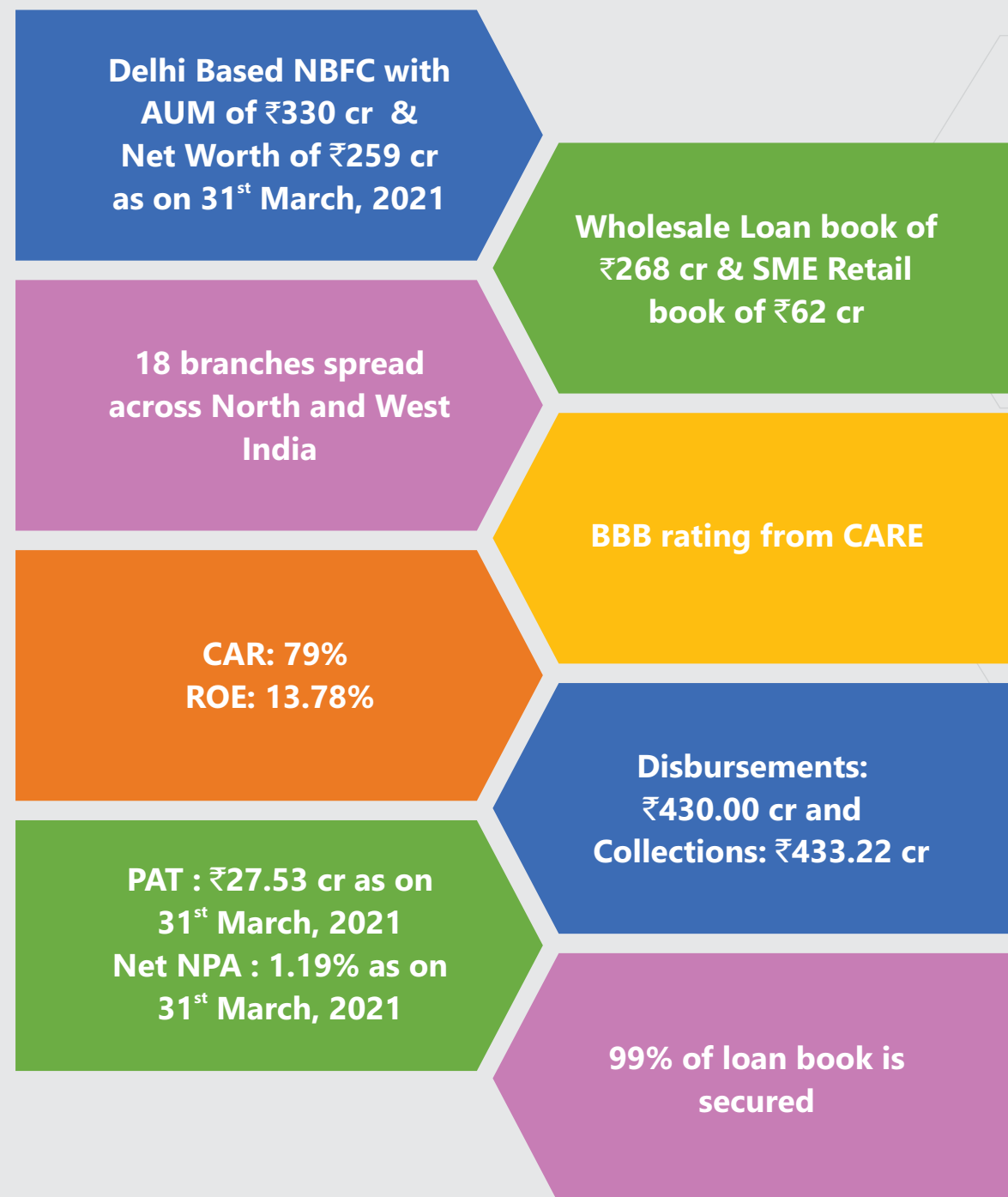
This story illustrates the power of perseverance and at CSL Finance through hard work and perseverance the Company has been able to drive its growth.



"Many of life's failures are people who did not realize how close they were to success when they gave up"

Thomas Edison

Company Snapshot



Business Strategy



Niche Segments

Good segmental knowledge leading to niche product offerings.

Costs

Optimisation of operating profits through continuous cost controls and monitoring

Portfolio Quality

Prudent risk management and continuous monitoring of portfolio

Focused Approach

Pragmatic build up of portfolio in chosen geographies through cluster approach

Flexibility

Flexible offerings in line with customer needs

Customer Focus

Focus on building customer relationships to ensure repeat business



PERSEVERANCE
Driving Progress

Company Milestones



Our Goals & Principles

COMPANY'S GOALS

In order to achieve its objective to be strong and viable in the long run, CSL Finance Ltd. 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%.
- 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.



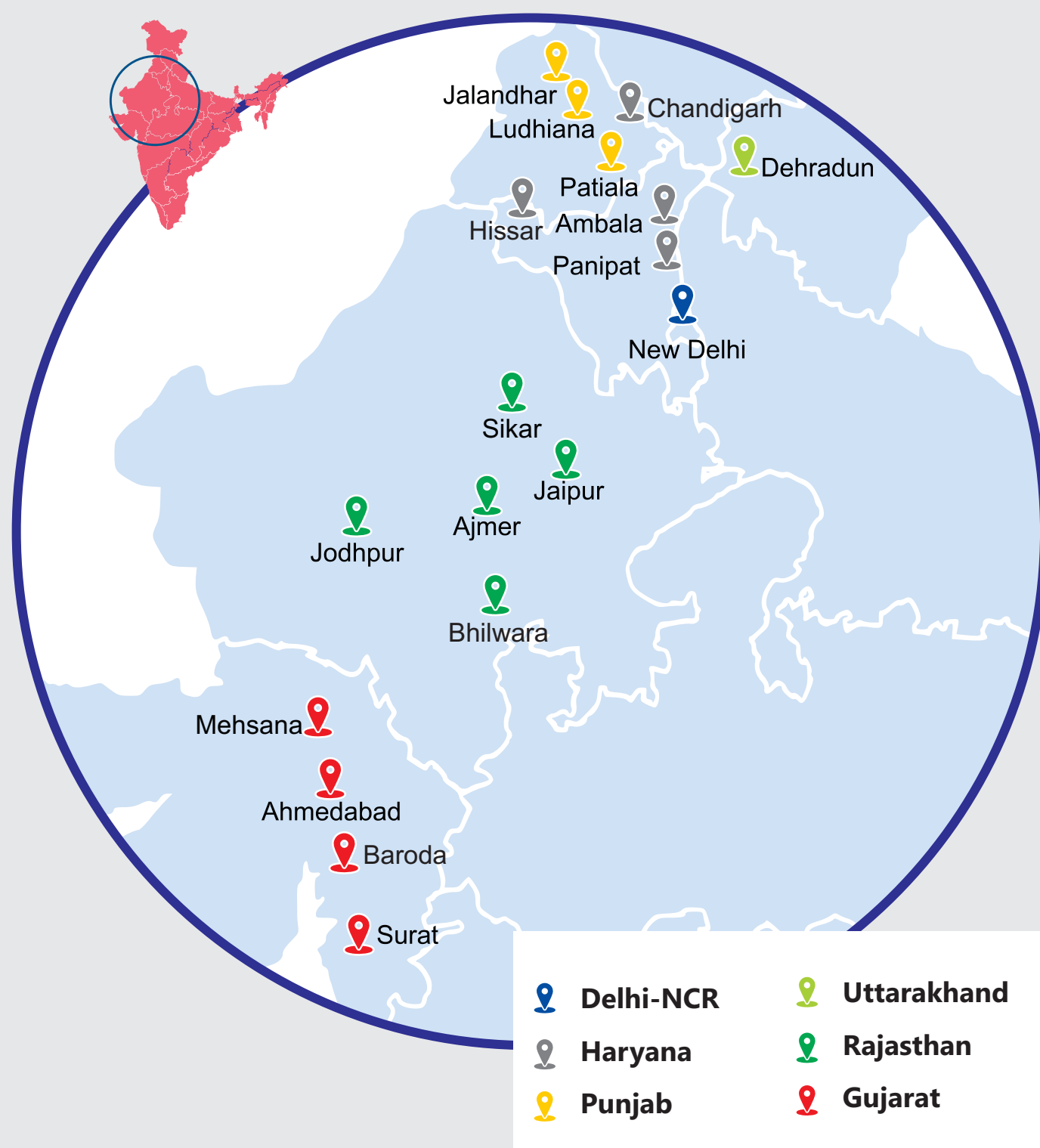
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Since inception, CSL Finance Limited has been following certain guiding principles on which the foundation of the Company has been built. The Company believes in maintaining the highest level of integrity in its operations and processes and aspires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

The company believes in driving progress with perseverance”

”

Company Presence



Product Portfolio



Wholesale Financing

Wholesale – Large
(Affordable Group Housing)

Wholesale – Small
(Builder Floor Financing)

Wholesale – LAP
(Corporates & Education Sector)



Retail Financing

Secured Business Loans

Unsecured Business Loans



Board of Directors

Board of Directors

MR. ROHIT GUPTA (MANAGING DIRECTOR)

Mr. Rohit Gupta has over two decades of 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 to develop and execute turnaround and growth strategies 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 envisioned Company's foray into SME lending. He is a qualified Chartered Accountant.



Board of Directors



MR. ASHOK KUMAR KATHURIA
(DIRECTOR)

Mr. Kathuria has been associated with the Company since its inception. He has served the Company as a Director since 2005 and holds experience in managing back-end operations, documents processing, liasoning and administration across various projects and assignments. He has handled various assignments single handedly and led his work in a way that is highly appreciable.



MR. MANOJ GUPTA
(INDEPENDENT DIRECTOR)

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



MR. AYUSH MITTAL
(INDEPENDENT DIRECTOR)

Mr. Ayush manages the day to day operations of various professional advisory firms. Having spent more than 5 years in capital and forex markets, he is actively involved in algorithmic software trading of forex in Singapore and other countries. He also has experience in the field of taxation, corporate litigation and corporate restructuring. He is a qualified Chartered Accountant.



MS. RACHITA GUPTA
(WHOLETIME DIRECTOR)

Ms. Rachita has done her Masters of Business Finance from Warwick Business School, UK and is a commerce graduate. She started her career with EY and has experience in Analytics, Data Management, Digital Marketing & Corporate Branding. She played a key role in the rollout of the Retail lending segment of the company along with the entire technological implementation for smooth operations. She has been a key person in driving the various MIS reports and setting up of the Marketing and CSR dept of CSL.



MS. ANJNA MITTAL
(INDEPENDENT DIRECTOR)

Ms. 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



MR. NARESH VARSHNEY
(CHIEF FINANCIAL OFFICER)

Mr. Naresh Varshney has over two decades of 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. He is a qualified Chartered Accountant.



MR. CHANDAN KUMAR
(WHOLESALE CREDIT HEAD)

Mr. Chandan has over 15 years of rich experience in diverse facets of banking and financial services industry. He has expertise in the field of Credit Policy & Underwriting, Collection Management, Fraud Control, Risk Analytics and Portfolio Management. Prior to joining CSL, he has worked at various levels with organizations like HDFC, SIB, PNB Housing and has been instrumental in setting up and implementing new processes and products in the interest of the organization and changing needs. He has done his MBA and is also a CAIIB from Indian Institute of Banking.



MR. AMIT RANJAN
(CHIEF OPERATING OFFICER)

Mr. Amit has a diverse work experience of over 17 years in managing strategy and planning of various businesses across the BFSI sector including pioneering credit services. He has a rich domain knowledge and experience in MSME lending business along with operational and credit risk, fraud management, collections, internal audit and compliance controls. His earlier stints were with Save Financial Services Ltd. (VP & NSH), Karvy financials (SVP & BH), Deutsche Bank, HSBC Bank, ICICI bank. Currently he is heading the Retail lending vertical at CSL Finance.



MR. S. B. TIWARI
(CHIEF MANAGER- ACCOUNTS)

Mr. Tiwari, the longest serving employee of CSL Finance Ltd. He takes care of the finance and accounting matters and has over 22 years of valuable experience in the same field. He heads the back-end operations and is responsible for managing the team for finance and accounts for the company.



MR. NIKHIL SINGH
(VP- OPERATIONS)

Mr. Nikhil has over 15 years of domain knowledge in the field of lending operation both at the front end and the back end in the BFSI sector. His earlier stints were with SAVE Financial Services, Eduvanz, Ziploan, ICICI Bank, Crane Bank, BBW Australia based KPO, HDFC Bank, and. His core expertise lies in lending operations and has managed & set up operations at Branch, Regional & Central operations.



MR. SAURABH PRIYADARSHI
(SR. MANAGER - LEGAL)

Mr. Saurabh Priyadarshi is Law and Commerce graduate and a qualified Company Secretary. He initially gained experience with a consultancy firm and continued his career with National Skill Development Corporation where he handled legal and corporate compliance works including legal due diligence of proposal for obtaining loan/grant/equity, drafting of business agreements/investment/loan agreements, Litigations, Arbitration, Insolvency Proceedings.



MS. SHALINI AGGARWAL
(VP-FINANCE)

Ms. Shalini has over 6 years of experience in the field of accounting, audit, valuation, taxation, fund raising, various compliance and business development as well as management. At CSL Finance, she is responsible for handling the financial accounts, treasury and managing various compliances of the company. She also coordinates with the Statutory and Internal Auditor of the company, submitting reports to the RBI and IT department. She is a qualified Chartered Accountant and is a commerce graduate.



MS. PREETI GUPTA
(COMPANY SECRETARY & COMPLIANCE OFFICER)

Ms. Preeti is a qualified company secretary having more than 5 years of experience. She holds a Law degree and is a Commerce graduate. She has vast experience in SEBI /Exchange Compliances, Corporate Laws, RBI/FEMA/NBFC and Secretarial Compliances. Prior to joining CSL Finance Limited, she has worked with listed entities Ganga Papers India Limited & Integrated Capital Services Limited and Corporate Consultancy Firms as well.

Letter from the Managing Director

Dear Shareholders,

I hope you and your loved ones are safe during the unprecedented Covid-19 Pandemic. Globally Covid-19 has had significant impact on health, economic activity and social interactions.

In India the Covid-19 spread started in February 2020 and in last week of March 2020, the central government of India announced a strict lockdown across the country shutting down all non-essential activities. While the lockdown helped in curbing the Covid-19 spread and saved many lives but economic activities came to standstill and businesses were significantly impacted. Sales and profits of businesses were impacted and some industries like tourism, entertainment and hotels were severely hit. In the first half of the year the economic activities remained negligible due to graded lockdowns in various parts of the country and general sense of fear amid

rising cases of Covid-19. However in the second half of the year, with the ease in Covid-19 restrictions and government stimulus package, economic activities started to show sign of revival.

NBFCs sector was one the worst effected sector and has had to face many challenges during the year. The financial sector is largely dependent on the steady state of business activities in the economy, which was severely impacted during the Covid-19 pandemic. Overall the growth of NBFCs was impacted as the disbursements declined due to lockdowns and increasing stress among borrowers as the pandemic progressed. Collections were significantly impacted due to the moratorium allowed by RBI and customers dwindling cash flows restricting their ability to pay on time. On the liability side raising funds at competitive rates became more challenging, especially for smaller NBFCs.



Banks avoided lending to lower rated NBFCs, and largely NBFCs with ratings above AA were able to raise funds.

This prompted RBI to support the struggling NBFC sector. RBI had given the facility to borrowers to seek for moratorium from lenders. In this respect, your company had provided moratorium to the customers on their request basis. It also infused liquidity in the sector and set up special purpose vehicle to support the funding requirement of NBFCs and HFCs. We were also a beneficiary of RBI liquidity infusion and were able to raise money by private placement of NCD at competitive rates.

Operational update

Given the challenges faced during the year we think our performance was satisfactory. Our growth was muted but we were able to maintain the strength of our balance sheet. Our income grew by 1.5% to ₹61.86 Cr in FY2021 from ₹60.95 Cr in FY2020. Our PAT increased by 22.46% to ₹27.53 Cr in FY2021 from ₹22.48 Cr in FY2020. Our AUM was increased by 3.78% from ₹318 Cr in FY2020 to ₹330 Cr in FY2021. Our net Worth increased by 11.45 % to ₹259.18 Cr

in FY2021 from ₹232.55 Cr in FY2020. Our book value increased to ₹422.60 as on 31st March 2021 from ₹381.33 as on 31st March 2020.

In the beginning of the year our branches were closed for 3 months due to lockdown. The pandemic had severely affected businesses of our clients and there was a high risk of default in repayment. Our primary focus was on collections and we stopped fresh lending during that period. Due to high uncertainty our disbursements were limited to existing creditworthy clients. Our collection team remained in touch with our clients through telecalls and face to face meetings, and we were able to manage our loan book prudently.

Our Gross NPA increased to 2.11% in FY2021 from 0.69% in FY2020. We have no NPA in our wholesale segment and the NPAs in SME segment are also well in control. Our Gross NPA increased largely on account of challenges faced in our school loan book. As a prudent risk management practice we have already provided the ECL provision under Stage-1 & Stage-2 of ₹4.84 Cr and ₹3 Cr respectively during the year. Given the



provisions made in the last year, we are fairly confident of maintaining our NPAs under control as the economy recovers from the impact of the pandemic.

Our wholesale segment comprises of Mid-Income Group Housing, Affordable Group Housing and Small Builder Floors. AUM in the wholesale segment have increased by 9.38% from ₹245 Cr in FY2020 to ₹268 Cr in FY2021. Within the wholesale lending segment, Group Housing projects AUM increased by 6%

from ₹133 Cr in FY2020 to ₹141 Cr in FY2021. In Small Builder Floor segment AUM increased by 9.27% to ₹106 Cr in FY2021 as compared to ₹97 Cr in FY2020. Our LAP AUM increased by 40% to ₹21 Cr in FY2021 from ₹15 Cr in FY2020. In our wholesale segment we do last mile funding with minimal execution risk. These loans are fully secured with collaterals which are 2-2.5 times the loan amount. The impact of Covid-19 on real estate sector was quite bad and sales

declined with dwindling cash flows. However, in the second half year, sales and collections were very good and we had collections of ₹316 Cr and did disbursements of ₹302 Cr. We expect the demand for housing will continue to improve in the coming year and with new projects coming with RERA in force from day one, builders have become more prudent and are going for full financial closure of the projects. The sector has seen consolidation and now, both builders and lenders have become more prudent and going forward the delays and defaults will be much less as compared to what we have witnessed in the last 10 years.

In our retail segment we provide loans to general merchants, traders, K-12 schools, diaries and salaried personnel. More than 90% of our Retail book is secured and ticket size ranges from 2 lakhs to 50 lakhs with average ticket size of ₹7 lakhs. Currently we have 18 operational branches and we are present in Delhi NCR, Haryana, Punjab, Uttarakhand, Rajasthan and Gujarat. Our retail segment was affected badly after covid-19 as small businesses

were hit hard during lockdown as they had limited liquidity and their cash flows were disrupted. As we stopped disbursement during the first half of the year, our AUM in retail segment declined by 13.89% from ₹72 Cr in FY2020 to ₹62 Cr in FY2021. Our total disbursement remained low at ₹6.27 Cr during the year. Growth in AUM was also impacted due to foreclosure of some accounts.

Our school portfolio was most affected sub-segment as most of our loans are to schools in semi urban and rural areas where internet connectivity is not the best and the online infrastructure for providing education is not easily available. So these schools were not able to conduct classes and collect fees from students. This has impacted their repayment capability. Our AUM in schools segment has declined by 11.71% to ₹22.6 Cr in FY2021 from ₹25.6 Cr in FY2020. We did not disburse any new loan in this segment and focused only on collection. Our schools loans have performed well in past and before Covid-19 pandemic we never faced any challenge in this

segment. We expect once the schools are open the repayment will become more regular and many of the accounts will become standard. Furthermore, as prudent risk management practice we have made 100% provisions for accounts in 90+DPD for unsecured loans and made more than adequate provision in this segment. With the opening of schools, we will see a write back from FY 2022-23.

Last year raising funds at competitive rates was quite tough. Overall we raised ₹53 Cr during the year. We were able to reduce our weighted average cost of borrowings to 9.40% in FY2021 as compared to 10.50% in FY2020. We repaid high interest debt of around ₹40 Cr including pre-payment of ₹10.5 Cr. We have maintained adequate liquidity of ₹47.82 Cr including Cash & Cash equivalents and undrawn Credit facilities as on March 2021 which is 7.48 % of total AUM. We have enough liquidity and will not face any ALM mismatch in next 24 months. We have total repayment obligations of ₹39 Cr including credit

facilities for FY2022. The cash flows from our wholesale operations are sufficient to meet those obligations. We will continue to engage with the lenders and will aim to borrow at competitive rates to fund our future growth.

This year has been challenging for the NBFCs and its growth was impacted significantly. Now the business activities are improving with the ease in Covid-19 restriction. Furthermore RBI has reduced repo rates to historical lows and that has helped the NBFCs to keep their cost of borrowing down. We expect to do well in the current year and expect our loan book to grow at a healthy pace, provided we do not face any further lockdowns due to new Covid-19 waves. We are continuously investing in technology and training our employees. We have significantly increased our retail sales team and expect to scale our Retail loans AUM over time.

I thank all our shareholders and our employees for their continued support during these tough times.



Management Discussion & Analysis Report

Management Discussion & Analysis Report

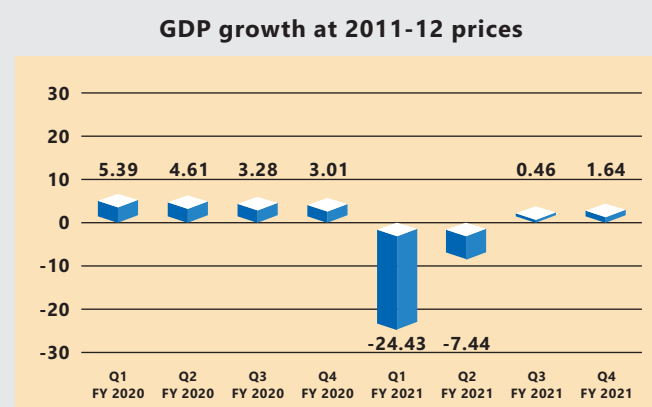
INDIAN ECONOMY

Year 2020 has been challenging year for the global economy. It started with the outbreak of Covid-19 across the world triggering lockdowns and healthcare crises, which in turn reduced the economic activity across the world.

2020 was a year of unprecedented crisis for almost every section of the society which led to India's economy at a vulnerable stage. Indian government announced lockdown from last week of March 2020 till May 2020 to curb the spread of disease. Contact-based services, manufacturing, construction were hit hardest. Consumption and production declined sharply and millions were left unemployed which posed a risk of recession. Covid-19 induced lockdowns impacted the economy and India's GDP growth was minus 7.3% in FY2021 compare to growth of 3.1% in FY2020.

However fiscal support from Indian Government boosted the economy and economy showed a U-shape recovery. Timely discovery of vaccine followed by a

vaccination drive gave the government room for easing lockdown restrictions and helped business in returning to normalcy. Measures taken by RBI by slashing interest rates, loan restructuring and allowing loan moratorium, among others also stabilised the economy.



In the first half of the year economy was under the shock of covid-19 and economic activities were significantly reduced and GDP growth in Q1FY2021 and Q2FY2021 declined by 24.43% and 7.44% respectively. In the second half of the year economic activities revived and economy showed sign of revival. GDP stopped declining and shown sign of revival and grew by 0.46% and 1.64% in Q3FY2021 and Q4FY2021 respectively

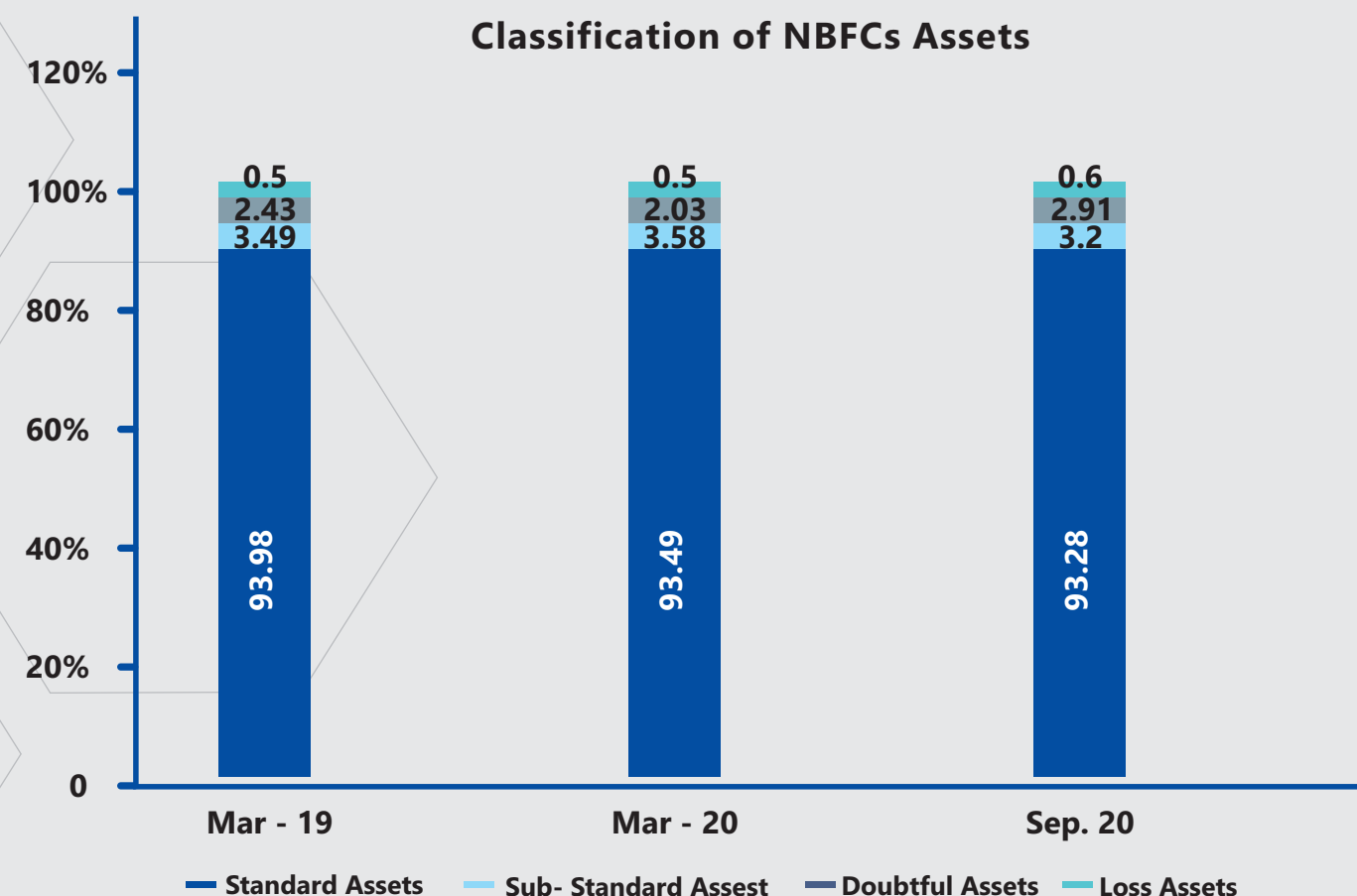
NBFC SECTOR

NBFCs have played significant role in the growth of Indian economy. Over the last decade NBFCs have significantly contributed to government initiative of financial inclusion in India. NBFCs have been able to grow faster than mainstream banks due to their customized products, ability to reach in most remote and inaccessible areas and greater risk taking capacity. NBFCs have significantly captured market in unbanked segment which were neglected by banks due to the poor/unavailable credit history or inability to provide sufficient collateral. Underserved segment such as MSMEs,

vehicle financing, microfinance and small ticket housing finance are some of the key segments where NBFCs have been able to gain significant market share.

Year 2020 has been disrupting year for the global economy. Covid-19 induced lockdown impacted all non-essential businesses specially hotels, tourism and MSMEs. Shutting down of economy due to lockdown impacted financials of small businesses and their capability to repay debt. Businesses due to lack of liquidity had to defer the repayment obligation increasing the NPAs risk of default for banks and NBFCs.

Classification of NBFCs Assets



NBFCs were impacted due to liquidity crunch as the source of funds dried up. For small and mid-sized NBFCs, the situation was worse as banks were reluctant to increase exposure in Non-rated or low rated assets. On the asset side of balance sheet, disbursements were impacted due to uncertainty in the economy and finding credit worthy customers in the uncertain times.

RBI took major decisions to support NBFCs during the pandemic. To ease the pain of repayment of borrowers RBI announced moratorium till 31st August 2020, and RBI also allowed debt restructuring where loan moratorium was allowed upto 2 years. This dispensation of RBI resulted in 44.9% of outstanding loans of NBFCs to go under moratorium. To infuse liquidity into the system, RBI set up special purpose vehicle to reduce liquidity constraints faced by NBFCs. A subsidiary of SBI set up an SPV and purchased investment grade commercial paper and non-convertible debenture of NBFCs and HFCs of ₹30,000 Cr.

Liquidity enhancing measures of RBI helped the NBFC sector through the pandemic troubles. The policy push resulted in the pick-up in debenture issuances by NBFCs, helping them raise debt to manage the short term liquidity challenges. Mutual funds started

investing in higher rated NBFC commercial papers and banks subscription of the same also increased at a steady pace in the second half of the year.

Overall NBFCs are now placed for strong revival in the coming year.

Recovery in the economy – Economic activities are picking up and showing U-shape recovery in businesses. Collection efficiency is slowly improving with the ease in lockdown in various states. The risk of high NPAs is also going down with business activities going up and borrowers making delayed payments. Additionally disbursement are improving and likely to return to pre lockdown levels by first half of FY2021-22.

Stronger Balance sheet with higher bank borrowing - On the liability side NBFCs are well placed and bank borrowing has significantly gone up, in the last few months. NBFCs dependence on short term borrowing and market borrowing has gone down. Bank borrowing share in NBFCs have increased from 23.6% in March 2018 to 31.2% in September 2020 while the Market borrowing have gone down from 58.4% in March 2018 to 42.7% in September 2020.

Increase in Net interest Margins – RBI has significantly cut repo rate from 6% in March 2019 to 4% in March 2021. Incremental borrowing cost from banks have significantly reduced for NBFCs which has resulted in better spreads.

Change in business model due to technology – Covid-19 induced lockdown has expedite speed of technology embracement in NBFCs. NBFCs are shifting to online platform for easy and contact free lending. NBFCs are partnering with FinTech firms for data analytics and customized products offering to customers. Use of financial software for customer management, data management and risk management has significantly increased and has helped NBFCs in reducing cost and increasing efficiency in operations.

The year started with a great shock for the financial sector, with the Banks and NBFCs facing a scenario of higher defaults and rising NPAs. The situation has improved from second half of the year, with the government and RBI intervention. This gives the hope that the sector will perform better in the coming year FY2021-22.

CSL FINANCE LIMITED

CSL Finance Limited is a non-deposit

taking NBFC based in Noida, Uttar Pradesh. It has two business segments - Wholesale Lending and SME Retail Lending. In Wholesale Lending, CSL is engaged in providing last mile funding solutions to real estate developers. CSL forayed into SME Retail financing in FY2018 and since then has quickly scaled up its SME - Retail operations opening 18 branches in 6 states.

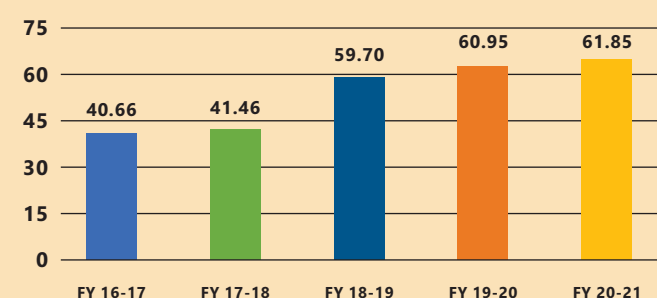
Performance during the year

During the year, company's growth was muted given the challenging industry dynamics. Its income during the year grew by 1.50% to ₹61.86 Cr in FY21 from ₹60.95 Cr in FY20. Profit After Tax (PAT) increased by 22.46 % i.e. ₹27.53 Cr in FY21 vs ₹22.48 Cr in FY20. AUM of the company was increased by 3.78% from ₹318 Cr in FY20 to ₹330 Cr in FY21. Net Worth increased by 11.45 % from ₹232.55 Cr in FY20 to ₹259.18 Cr in FY21.

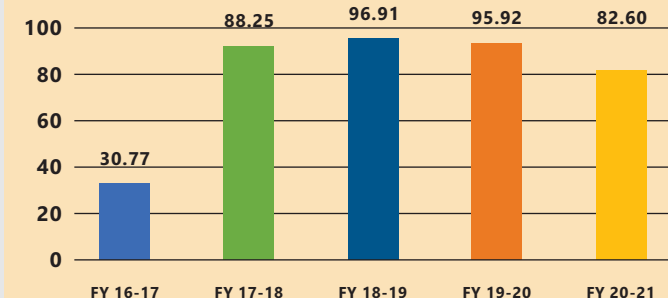
As a prudent risk management practice, the company has already provided the ECL provision under Stage-1 & Stage-2 of ₹4.84 Cr and ₹3 Cr respectively. GNPA has risen to 2.11% in FY21 as compared to 0.69% in FY20. GNPA of the company largely increased due to the NPA's in school loan in SME segment. The company has been able to maintain a stable credit rating of BBB from CARE ratings.

SEGMENTAL PERFORMANCE

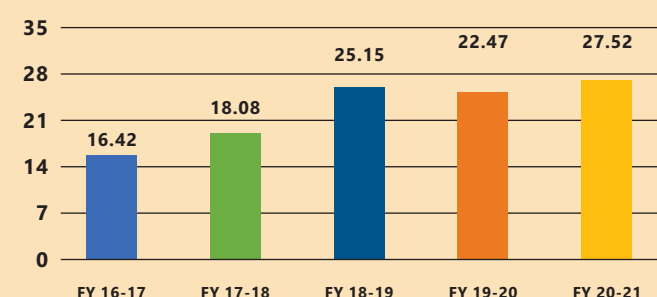
Total Income



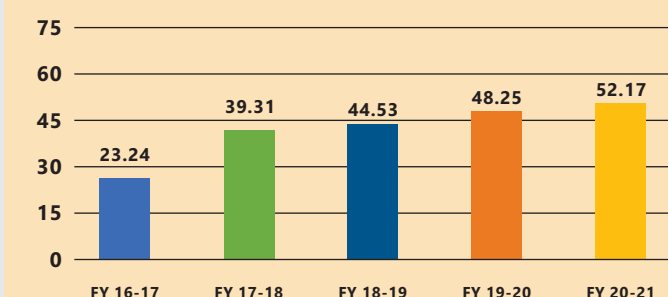
Borrowings



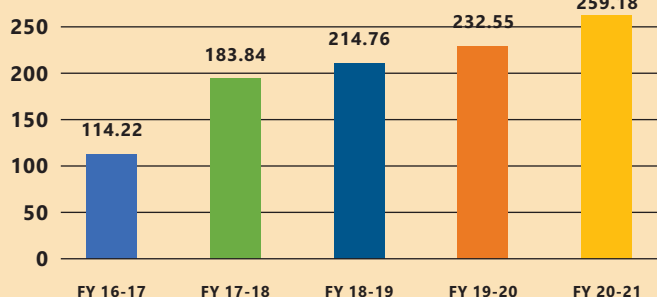
Profit After Tax (PAT)



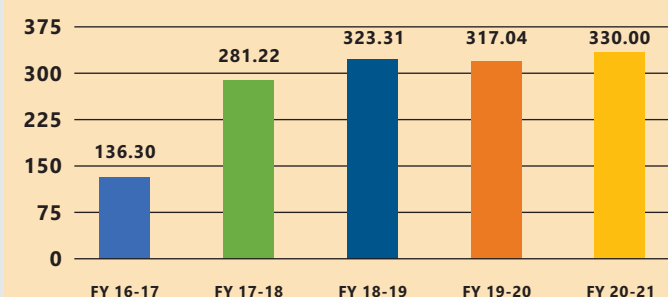
Net Interest Income (NII)



Net Worth



AUM



WHOLESALE LENDING BOOK

CSL started its journey of lending business in 2011 with small exposures in the Loan against property (LAP) and the wholesale lending segment. Company focused on the limited geography of Delhi-NCR gradually building its domain expertise. Slowly it started expanding its customer base & exposure in this segment. Over the years as the company gained experience it kept increasing the size of its loan book, and now the wholesale lending segment and it has become the largest contributor to CSL's Revenue.

The wholesale segment comprises large ticket size loans (₹2-20 Cr) which includes working capital finance and structured loans to businesses engaged in the real estate sector. The company also provides short term construction finance to builders for development and re-development of housing projects. These loans are majorly last mile funding to completed or nearly completed projects. Another set of loans are given to the affordable housing segment where demand is high and sales happen quickly. Following its focused strategy, the company has built its portfolio of wholesale lending in

and around Delhi-NCR only.

The wholesale book has been built over the time with good domain knowledge and in depth understanding of the local laws. The wholesale book as on date is completely secured, with loan to value (LTV) of less than 50%. The company has developed robust underwriting parameters and has a strong in-house legal team, supported by outsourced vendors to conduct extensive due diligence. Regular monitoring of accounts and robust early warning system helps to closely track client's cash flows to detect any stress and helps to take remedial steps to manage the exposures.

Key aspects of Wholesale Lending Portfolio

- Concentrated portfolio in Delhi-NCR in order to have direct access to the borrowers by the credit team to enable regular monitoring over the entire loan cycle.
- Last mile funding which significantly reduces the project completion risk
- Reputed outsourced vendors on panel to do all the necessary credit and legal checks to support the credit underwriting teams.
- Robust post disbursement monitoring



in order to assess and monitor the projects performance to detect any early warning signals and take necessary actions

- Fully secured portfolio with LTV of over 2 times and continuous monitoring and management of cash flows

Segmental highlights

Since September 2020 the real estate sector in the NCR region has seen a turnaround and has seen an upsurge in sales & collection. The positive trend is mainly observed in the affordable housing

segment or the projects which are at the last mile or finishing stage. This is also very much evident from our collections in wholesale books i.e. ₹307 cr. The main segments of wholesale books are:-

Mid-Income Group Housing

- Mid-Income Group Housing includes projects which are completed or nearing completion with focus on last mile funding. These projects are located in Delhi-NCR.
- AUM under Mid-Income Group Housing Consists of 30% of Wholesale

loan book.

- 66% of AUM under Mid-Income Group Housing belongs to 8 projects which are either 100% complete or are nearing completion.
- Average ticket size of the residential units is less than ₹50 Lacs.
- Committed Receivables is 4x of existing POS.

Affordable Group Housing

- Affordable Group Housing includes projects which are approved under the Affordable Group Housing Policy of Haryana Government.
- Time-linked payment plan.
- AUM under Affordable Group Housing consists of 23% of Wholesale loan book.
- 81% of AUM under Affordable Group Housing belongs to 2 projects which are more than 90% Sold.
- 1 Project where sales are less than 50% of the inventory is one where the allotment process has not started. 100% allotment is expected in the first draw.
- Average ticket Size of units is less than ₹25 Lakhs.
- Committed Receivables are 3x of existing POS

Small Builder Floors

- Small Builder Floors consists of real estate developers engaged in Construction & Development of G+4 Floor structure buildings in South Delhi & Gurugram
- In these projects the construction cost is a small part of the project cost and the average project tenure is 15-18 months
- These loans are generally given for a period of 36 months or less
- The feedback loop is fast and demand supply equation corrects quickly, adjusting to the dynamics of the market
- Risk of non-completion of projects is minimal. Also, there are minimal regulatory compliances as these projects do not fall under RERA ambit
- Sales in this segment have shown a good pick up specially in Gurugram Region and we are expecting the good growth in this segment in coming year

Operational Update

AUM of the wholesale lending book has increased by 9.38% from ₹245 Cr to ₹268 Cr. This segment has performed well because of our strong domain knowledge and regular monitoring of loans. Post

PERSEVERANCE

Driving Progress

COVID-19, there has been a surge in demand for affordable housing and is expected to continue in the coming year.

Within the wholesale lending segment, the large loans are mainly given to group Housing projects. The total AUM grew to ₹141 Cr in FY21 which has seen a jump of 6.02% from ₹133 Cr in FY20.

The company has also expanded its AUM by 9.28 % in the small builder floor segment with a total AUM of ₹106 Cr in FY21 as compared to ₹97 Cr in FY20. This segment has very low risk, as the feedback loop is fast and demand supply mismatch corrects quickly. These projects do not fall under

RERA compliance and non-completion risk of the project is minimal. The exposure in this segment is concentrated in Delhi-NCR region, primarily in South Delhi and Gurugram (Gurgaon) Market. The company funds - only those projects where the promoter equity is more than 50% and sales velocity is expected to be good. Since these projects are expected to get completed within 12-18 months, their sales are fast and cash flow starts coming in quickly. Furthermore, projects are located in marquee areas where demand is always robust. The company is quite positive in this segment and aims to scale up AUM in this segment over time.

SME RETAIL LENDING BOOK

CSL has been engaged in the business of SME Retail loans since FY2018. It aims to provide loan products that specifically serve the needs of the SME & Retail customers. The challenges faced by small and medium business owners in the current macro environment are not restricted only to capital requirements but also require handholding across various functions of their business so that they can manage their cash flows and be successful. Financial inclusion of the unbanked and underserved population is the key for success of CSL Finance foray in SME Retail lending.

In retail loans CSL finance gives loans to General merchants, traders, K-12 Schools, Dairy businesses, Salaried employees and other businesses. These loans are backed by secured collaterals. As on 31st March 2021 92% of the SME Book is secured which ranges from a ticket of ₹2 lakhs to ₹50 lakhs with an average ticket size of ₹7 lakhs. We do unsecured lending to K-12 schools in Tier 2 and Tier 3 cities, with ticket size of upto ₹5 lakhs. Post COVID-19, given the challenge posed by school closures, CSL has stopped disbursement to schools till the situation comes back to normal. The company has focused on increasing its market presence and has

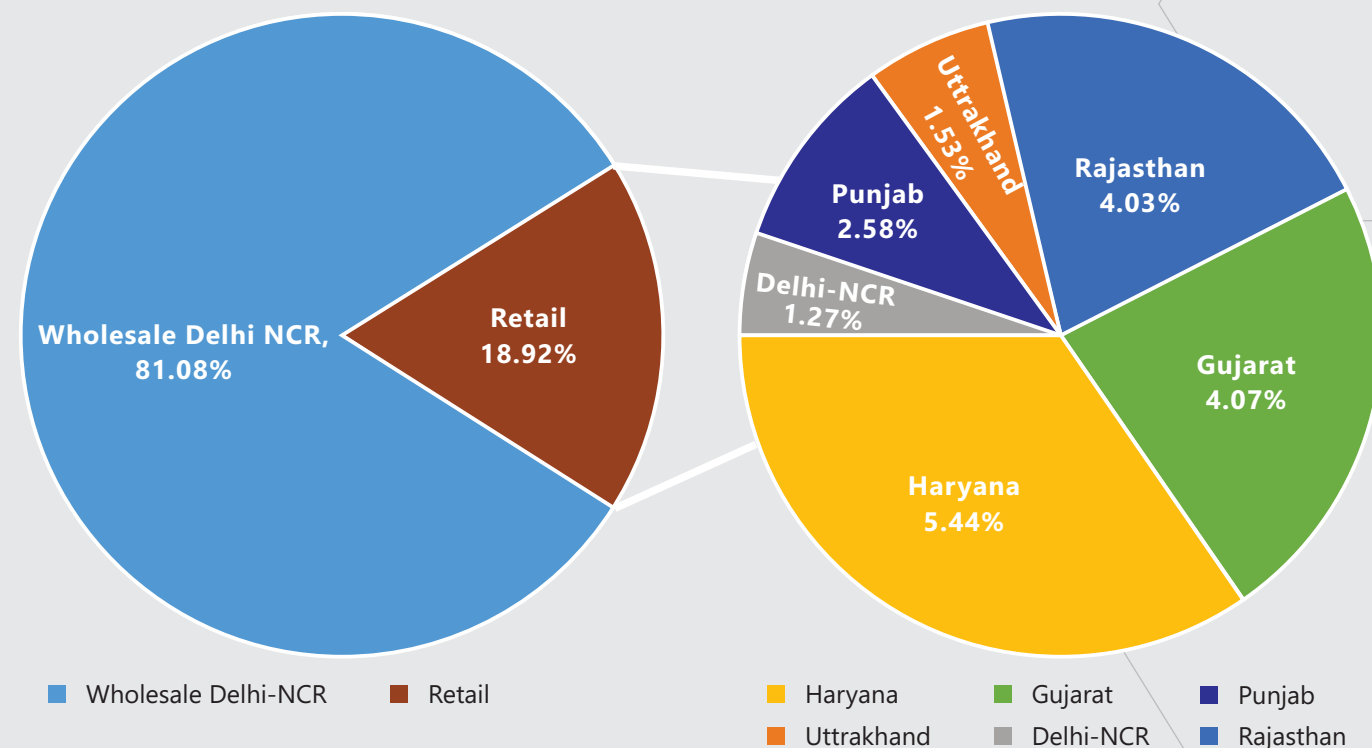
opened a total of 18 branches in Delhi NCR, Haryana, Punjab, Uttarakhand, Rajasthan and Gujarat.

Key aspects of SME Retail Lending Portfolio:

CSL finance current focus is to create differentiated scoring & grading method, moving away from traditional assessment of client's eligibility to build a high quality underwriting process. It has introduced more digital verification tools and is working on its own customer acquisition model. SME retail book includes both secured and unsecured loans with an AUM of ₹62 Cr as on 31st March 2021 which has gone down by 17.74% as compared to ₹73 Cr as on 31 March 2020. Disbursements in this segment had been severely curtailed due to COVID-19. Overall a total of ₹6.27 Cr has been disbursed for the entire financial year 2021. The first two quarters of FY21 had no disbursements due to the fear and uncertainty relating to COVID-19 pandemic. With the unlocking process disbursements started picking up in Q4 FY21.

92% of the SME book is secured with an AUM of ₹57.59 Cr. 36% of the total SME AUM comprises school loans amounting to ₹22.60 Cr.

LOAN ASSETS DISTRIBUTION ACROSS STATES



Operational Update

- SME AUM has de grown primarily due to the fear and uncertainty brought by COVID-19 pandemic and a foreclosures of about 170 accounts amounting to ₹8.29 Cr in FY2020-21
- Overall collection efficiency has been improving. During Q4 FY21 it was 89% as compared to 78% in Q3 FY21. Collections in the School Loan segment started picking up from Dec2020 but due to lockdown restrictions and COVID-19 second wave, collections in the school segment were impacted.
- As a matter of prudence, we have made 100% provisions for accounts in 90+DPD for unsecured loans and NPA in the retail segment is about ₹6.94 Cr out of which ₹4.09 Cr pertains to school loans.
- The company is using data analytics and technology tools and is working on re-engineering its processes, products, policies, and credit underwriting processes in order to improve turnaround time and increase disbursal volumes and improve collections

Treasury Update

FY2020-21 was a year of unprecedented

upheaval and uncertainty. The economies were at a standstill in the beginning of FY21 on account of the pandemic. Even as FY21 progressed, there was uncertainty on the business outlook. The company kept its ALM in focus. It tracked RBI's commentaries, observed the market dynamics and engaged in continuous dialogue with lenders to ensure healthy liquidity and smooth ALM process, even when the economy was locked down. Market borrowings were attractive on account of benign interest rate outlook and company raised market borrowings to take advantage of the downward trend in interest rate.

The company has been able to raise ₹53 Cr. The weighted average cost of borrowings was 9.40% in FY21 as compared to 10.50% in FY20. The company is actively looking to raise more debt to drive its expansion. Company's total repayment obligations including credit facilities for FY22 is ₹39 Cr, even the cash flows from our wholesale operations are sufficient to meet those obligations. Also, the company has repaid debt of about ₹40 Cr including Pre Payment of ₹10.50 Cr of high cost loans in FY21.

The company monitored liquidity closely and ensured availability of funds at the best rates throughout the year. The

company maintained an optimum level of liquid assets to ensure a comfortable ALM position and as on 31st March 2021 liquidity of ₹47.82 Cr including Cash & Cash equivalents and undrawn Credit facilities. The liquidity pool is 7.48 % of total AUM.

Human Resources

CSL finance considers its human resource as the most integral part of organizational success. The company had created a formal HR department after the foray in retail lending space. The company has focused to improve and maintain the employee satisfaction across branches. The company has supported its employees by enabling Work from Home (WFH) for most of its employees during lockdown.

CSL has also been involved in conducting various training & development and motivational programs for its employees especially when the entire country was under a complete lockdown in order to boost the morale of the employees. CSL aims to promote a culture of constant training and learning supported by individual's professional and personality growth. The company has started a monthly Rewards & Recognitions (R&R) programs. As on 31st March 2021, the employee strength at CSL was 128.

Information Technology

With rapid technological advancements happening so fast, it has become very crucial for any organization to become tech savvy, to remain relevant. CSL has been constantly working on improving and increasing its technological capabilities to improve sales and disbursements turnaround times, improve customer on boarding and manage customer post disbursal service experience. The company has put in place a detailed roadmap in order to make the entire workflow seamless with respect to lending, accounting, HR and DMS and better operational efficiency. The company started to deploy on-cloud analytic engines in order to eliminate possible fraudulent activities at each step and authenticate the data with the available credit databases in the market. The company is currently working on Finnone Neo LOS & LMS by Nucleus Software. In addition to this, the company had successfully deployed an integrated HR ERP system to handle the attendance, payroll and expense reimbursement activities on the cloud system.

Going forward several digital initiatives are going to be centered on making the customer onboarding and servicing seamless and smooth. A MIS team is

working on the rollout of a software to generate extensive MISs and dashboards to track and monitor the business more effectively.

The company is also implementing business intelligence dashboards for high level analytics to help the management make data driven decisions.

Opportunities and Threats

Opportunities:

- Despite the current economic downturn being exacerbated by the

Pandemic, the long term growth story of India remains in place.

- NBFCs have also taken various steps to navigate through the pandemic induced headwinds. They have tightened their lending criteria, started using alternate data sources for Lending. They have quickened the pace of digitalisation through use of UPI APIs, Customer Bots, and IVR's. They have strengthened their collection teams and shifted focus on safer loan products.

- For NBFCs greater focus on asset quality, digitalisation across customer lifecycle, co-lending partnerships, effective utilisation of structured financing and strengthening of capital base will hold NBFCs in good stead as they navigate towards a more benign economic environment that is expected in the latter part of fiscal 2022 and beyond.
- The Real Estate sector had started stabilizing and growing in beginning of 2020 after facing many regulatory

challenges like Real Estate Regulatory Authority (RERA) and Goods and Services Tax (GST) reforms and Demonetisation. The onset of Covid-19 pandemic again disrupted the sector and after a challenging year, we again are seeing signs of growth in the sector. There is improvement in demand for residential units, with absorption outpacing new supply, thus leading to a decline in unsold residential inventory. This has allowed for the developers to launch new



projects which will create more business opportunities for the company.

- Loan defaults have reduced as the year progressed and are expected to drop further as the economy recovers from the Covid-19 induced slowdown. In FY2021-22, NBFCs can expect high growth in Wholesale structured loans as the real estate sector recovers.

Threats:

While the opportunities landscape is promising in the medium-term, the following threats could dampen the growth of the financial services sector in India:

- COVID-19 pandemic continues to impact the economy adversely in FY22
- Slower than expected recovery of macro-economy, domestically as well as globally
- RBI could follow a more hawkish approach, which might impact liquidity for NBFC sector.
- Higher defaults by the borrowers as the stress induced by Covid-19 lockdowns plays out.
- Global liquidity reverses forcing central bankers to raise interest rates

OUTLOOK AND FUTURE STRATEGY

The pandemic continues to pose a major challenge to the entire world including India. However, it appears that the countries have now learnt the technique of adapting to the new normal- the new way of life. The scale and effectiveness of implementation of the ongoing vaccination program and the efficacy of monetary and fiscal policy actions of Indian Government are the important factors impacting the pace of economic recovery.

Our performance in the wholesale sector has been good. We have managed a high quality book even in a challenging environment because of our strong domain knowledge and geographic focus in the NCR region. Our current strategy has been to fund small and mid-sized companies in the real estate sector and Builder Floors in A Grade colonies in NCR. We are currently operational out of Delhi NCR but going forward we will aim to increase our geographical spread. One of the key challenges is to raise debts at reasonable rates. Our future strategy is to increase our geographical presence and also increase our penetration within affordable housing segment and small builder loans.

In the SME Segment, we have been a new entrant and the initial period of 2017-2020 has been a learning curve for us. We have adopted a measured approach to understand our market segments better. Our target segment which is primarily located in Tier 2 and Tier 3 segments of the country i.e. the semi-rural and rural areas, has been hit due to numerous factors such as demonetisation, slowing economy and COVID-19. This has made the entire space challenging in the last few years. The school loan segment has been hit especially hard due to Covid-19 pandemic. Till the time schools achieve normal operations we will not be funding the school segment. Our SME sales team is now geared up for disbursements in other retail segments especially essential services such as Kirana shops, chemists, dairy etc. We have also re-engineered our existing processes and products to improve productivity and turnaround times. We have hired senior management across functions to drive these changes and have made the organization more digitally compliant and flexible. With SARFAESI provisions being enabled for NBFCs in FY2020-21 budget for loans over and above ₹20 lakhs, we are now adding a new secured product line of loans above ₹20 lakhs. We are also working towards operational efficiency

and building policies, products and procedures to make disbursements, operations and customer experience better and faster.

With the Indian GDP growth sliding down to 4.2% for FY20 and real GDP growth likely to fall into the negative territory in FY21, the outlook in the short-term is uncertain. However, our belief in the long-term India story continues to remain the same and opportunities to grow will emerge, sooner than later.

CAUTIONARY STATEMENT/DISCLAIMER

Statements in the Management Discussion and Analysis describing our objective, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our Company operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which we operate, changes in government regulations, tax laws and other statutes and incidental factors.



NOTICE



NOTICE

NOTICE is hereby given that the Twenty Ninth (29th) Annual General Meeting of the members of CSL Finance Limited will be held on Thursday, 30th September, 2021 at 2:00 p.m. IST through video conferencing ("VC") / Other Audio Visual Means ("OAVM") organized by the Company, to transact the following businesses: -

ORDINARY BUSINESS(ES): -

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of Directors and Auditors thereon.
2. To declare a final dividend on equity shares for the financial year ended 31st March, 2021
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.

SPECIAL BUSINESS: -

4. To re-appoint Mr. Rohit Gupta (DIN: 00045077) as Managing Director of the Company

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 recommendation of Nomination & Remuneration Committee and approval of the Board of Directors and subject to the provisions of Sections 196, 197, 198, 203 and any

other applicable provisions of the Companies Act, 2013 (the "Act") and the rules made thereunder read with Schedule V of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force) and the applicable provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Rohit Gupta as Managing Director not liable to retire by rotation, for a period of 5 (five) years i.e., from 10th August, 2022 to 09th August, 2027 on the terms and conditions including the payment of remuneration, as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors, to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Rohit Gupta.

RESOLVED FURTHER THAT the remuneration payable to Mr. Rohit Gupta, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Act or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution and to do all things incidental and ancillary thereto."

By order of the Board of Directors
For **CSL Finance Limited**

Sd/-
Preeti Gupta
(Company Secretary & Compliance Officer)
M. No. 43593

Place: Noida
Date: 11th August, 2021



1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a new norm to be followed and pursuant to the Circular No. 14/2020 dated 08th April, 2020, Circular No.17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 05th May, 2020 and Circular No. 02/2021 dated 13th January, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing 29th AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated 08th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.csfinance.in. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
6. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 08th April, 2020 and MCA Circular No. 17/2020 dated 13th April, 2020, MCA Circular No. 20/2020 dated 05th May, 2020 and MCA Circular No. 2/2021 dated 13th January, 2021.
7. The Explanatory Statement, pursuant to Section 102 of the Act, setting out material facts concerning the special business under Item no. 4 of the Notice is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India respectively, in respect of Directors seeking appointment/re-appointment at the AGM are also annexed.
8. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address at npanchalassociates@gmail.com with copies marked to the Company at investor@csfinance.in
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act will be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send their requests to the Company at investor@csfinance.in
10. The Register of Members and Share Transfer Books of the Company will be closed from Friday, 24th September, 2021 to Thursday, 30th September, 2021 (both days inclusive) for the purpose of the Twenty Ninth AGM of the Company and for the payment of Dividend.

11. 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 herein 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
2016-2017	5 th Sept., 2017	12 th Oct., 2024
2017-2018	29 th Sept., 2018	5 th Nov., 2025
2018-2019	30 th Sept., 2019	7 th Nov., 2026
2019-2020	28 th Sept., 2019	4 th Nov., 2027

The Company has uploaded the information in respect of the unpaid/ unclaimed dividend amounts lying with the Company, as on the 31/03/2020, on the website of the Company viz., www.csloffinance.in

12. The Directors recommended final Dividend of 30% i.e., ₹3.00/- per equity share of ₹10/- each fully paid up for financial year 2020-21 in its meeting held on 25th June, 2021 on pre Bonus share capital i.e., ₹6,16,92,070/- which is proportionately adjusted to 10% which works out to Re. 1.00/- per equity share of ₹10/- each fully paid up post bonus issue capital of the Company i.e., ₹18,50,76,210/-.

Dividend, if approved at the meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members on the close of Thursday, 23rd September, 2021 in the following manner:-

a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on 23rd September, 2021;

b) To all Members in respect of shares held in physical form after giving effect to valid transfer/transmission in respect of transfer/transmission requests properly lodged with the Company on or before the close of business hours on 23rd September, 2021.

1. Payment of Dividend through electronic means-

- The Company provides the facility to the Members for remittance of dividend directly in electronic mode through National Automated Clearing House (NACH). In view of the outbreak of the COVID-19 pandemic and resultant difficulties involved in dispatching of physical dividend warrants, Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), along with their Folio Number, to RTA. Members holding shares in dematerialized form are requested to provide the said details to their respective Depository Participants.
- In line with the MCA Circulars issued by the MCA, in case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), the Company shall dispatch the dividend warrant/ cheque to such shareholder by post.
- Members holding shares in dematerialized form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company/ RTA cannot act on any request received directly from the Members holding shares in dematerialized form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Shareholders.
- Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after 01st April, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. In order to enable us

to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of the IT Act.

2. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be:-
 - a) the change in the residential status on return to India for permanent settlement, and
 - b) the particulars of the NRE account with a Bank in India, if not furnished.
3. Members holding shares in physical form are advised to furnish, on or before 23rd September, 2021 particulars of their bank account, if not done or if it has changed, to the Company to incorporate the same in the dividend warrants/ payment instruments
4. In respect of cases, where the payments to the shareholders holding shares in de-materialized form are made by dividend warrants / payment instruments, particulars of bank account registered with their Depository Participants would be considered by the Company for printing the same on the dividend warrants/ payment instruments.

13. Members are requested to:

- (i) Register their correct email ID and correct Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/ Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- a) In the case of Shares held in physical mode:
The shareholder may please email to RTA at info@masserv.com or the Company at investor@cslfinance.in
- b) In the case of Shares held in Demat mode:
The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

- (ii) Intimate the Registrar and Share Transfer Agent, M/s, MAS Services Limited for consolidation into a single folio Members, if they have shares in physical form in multiple folios in identical names or joint holding in the same order of names.
- (iii) Convert their holdings in dematerialised form to eliminate risks associated with physical shares and better management of the securities. Members can write to the company's registrar and share transfer agent in this regard.
14. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to M/s. MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-2, New Delhi-110020.
16. A copy of Audited Financial Statements for the year ended on 31st March, 2021 together with the Board's and Auditor's Report thereon are enclosed herewith.
17. Members intending to require information about financial statements to be explained at the meeting are requested to write to the Company at least ten days in advance of the AGM at investor@cslfinance.in
18. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
19. Pursuant to Reg. 40 of Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialised form with effect from 01st April, 2019, except in case of transmission or transposition of securities. In view of the above and to eliminate all risks associated with physical shares, members holding shares in physical form are advised to dematerialise shares held by them in physical form. Members can contact the Company or Company's RTA Mas Services Private Limited., for any assistance in this regard.

20. Since the Twenty Ninth AGM will be held through VC/OAVM, the route map for the AGM venue is not annexed.

21. Voting through electronic means (Remote E-voting):

- i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 08th April, 2020, 13th April, 2020 and 05th May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
- ii. A person who has acquired shares & become a member of the company after the dispatch of notice of AGM & holding shares as of cut-off date, may obtain the login ID & password by sending a request at evoting@nsdl.co.in. However, if the person is an individual shareholder and holding shares in demat mode please read e-voting instructions to generate password for casting vote.
- iii. The remote e-voting period begins on **Monday, 27th September, 2021 at 9.00 A.M.** and ends on **Wednesday, 29th September, 2021 at 5.00 P.M.**
- iv. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 23rd September, 2021, may cast their vote electronically.
- v. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 23rd September, 2021.
- vi. The Company has appointed Mr. Nitin Panchal (COP: 19534), Proprietor of M/s. N. Panchal & Associates, Company Secretaries, Delhi as Scrutinizer, to scrutinize the entire e-voting

process in a fair and transparent manner.

- vii. The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, would first unblock the e-voting at the meeting, thereafter unblock the votes cast through remote e-voting and make within a period not exceeding two (2) days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any and submit forth with to the Managing Director of the Company or Company Secretary who shall countersign the same.
- viii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <http://www.csfinance.in> and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE"), where the shares of the Company are listed.
- ix. The Resolution shall be deemed to be passed on the date of AGM i.e. 30th September, 2021 subject to receipt of sufficient votes.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 09th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p>1. If you are already registered for NSDL IDeAS facility, please visit the e Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click athttps://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with cost	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices 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	Your User ID is:
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 1 and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

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

a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

8. Now, you will have to click on "Login" button.

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

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting"

3. Now you are ready for e-Voting as the Voting page opens.

4. 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.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to npanchalassociates@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password?"** or **"Physical User Reset Password?"** option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-

voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Assistant Vice President at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please send signed request with Folio No., Name of shareholder, scanned copy of any one share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to info@masserv.com
2. In case shares are held in demat mode, please update your email id with your depository. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e . **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 09th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER: -

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will

not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor@csfinance.in. The same will be replied by the company suitably.

**By order of the Board of Directors
For CSL Finance Limited**

**Sd/-
Preeti Gupta**
(Company Secretary & Compliance Officer)
M. No. 43593

Place: Noida

Date: 11th August, 2021

Annexure to the Notice

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

Item No. 4-

Re-appointment of Mr. Rohit Gupta (DIN: 00045077) as Managing Director of the Company

Mr. Rohit Gupta was re-appointed as Managing Director of the Company for a period of 5 (five) years effective from 10th August, 2017 to 09th August, 2022 and his re-appointment was approved by the shareholders of the Company in the Annual General Meeting held on 05th September, 2017. His present term of office expires on 09th August, 2022.

As per Section 196 of the Companies Act, 2013 a person shall not be appointed as Managing Director of the Company for a term exceeding five years at a time and shall not be re-appointed earlier than one year before expiry of his term.

Mr. Rohit Gupta is a qualified Chartered Accountant and has over two decades of 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 to develop and execute turnaround and growth strategies 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.

The Board of Directors in their meeting held on 11th August, 2021, upon recommendation made by Nomination and Remuneration Committee of the Company, has approved the appointment of Mr. Rohit Gupta as Managing Director of the Company for a further term of 5 years i.e. from 10th August, 2022 to 09th August, 2027 upon terms and conditions including remuneration as set out below, subject to the approval of shareholders of the Company by way of Ordinary Resolution.

The details of remuneration payable to Mr. Rohit Gupta and terms and conditions of his re-appointment are given below:

1. Term: 5 years with effect from 10th August, 2022 subject to necessary approvals.
2. Basic Salary: ₹7,00,000/- (Rupees seven lacs only) per month payable monthly. The revision, if any shall be decided by the Board of Directors of the Company.
3. Perquisites/ Amenities: As per the policy applicable to senior executives of the Company and/or which may become applicable in the future and/or any other perquisites and/or amenities as the board may from time to time decide.
4. Gratuity and provident fund will be payable as per the Rules of the Company.
5. Reimbursement of expenses incurred by him on account of business of the Company in accordance with company policy.
6. The Managing Director shall be entitled to such increment from time to time as the Board may determine on the recommendations of the Nomination and Remuneration Committee.

The disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided at Annexure A to this Notice.

Keeping in view the rich and varied experience of Mr. Gupta, it would be in the interests of the Company to continue his employment as Managing Director.

Except Mr. Rohit Gupta and Ms. Rachita Gupta being related as father and daughter, none of the Directors and Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the resolution set out at **Item No. 4.**

The Board of Directors recommends the resolution proposing re-appointment of Mr. Rohit Gupta as Managing Director, as set out in Item No. 4 for approval of the Members by way of an Ordinary Resolution.



NOTES

Annexure-A to items 3 and 4 of the Notice

Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard-2 on General Meetings.

Name of Director	Mr. Ashok Kumar Kathuria (Non-Executive Director)	Mr. Rohit Gupta (Managing Director)
DIN	01010305	00045077
Date of Birth	24-02-1959	18-12-1967
Nationality	Indian	Indian
Original date of appointment on Board	29 th October, 2005	29 th October, 2005
Qualifications	Bachelor of Arts	Chartered Accountant
Experience and expertise in specific functional area	Mr. Kathuria has been associated with the Company since its inception. He has served the Company as a Director since 2005 and holds experience in managing back-end operations, documents processing, liasoning and administration across various projects and assignments. He has handled various assignments single handedly and led his work in a way that is highly appreciable.	Mr. Rohit Gupta has over two decades of 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 to develop and execute turnaround and growth strategies 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
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any other Director or Key Managerial Personnel of the Company.	Mr. Rohit Gupta and Ms. Rachita Gupta are related being father and daughter
Shareholding in the Company (as on 31 st March, 2021)	Nil	12,58,114 shares (20.39%)
Directorships held in other companies in India (as on 31 st March, 2021)	<ul style="list-style-type: none"> • CSLA Advisors Private Limited 	<ul style="list-style-type: none"> • CSL Capital Private Limited • CSL Advisory Services Private Limited • Piper Securities Private Limited • Foster Capital Ventures Limited • Kinsfolk Industries Private Limited • Klaxon Advisory India Private Limited

Chairperson/membership of the Indian public companies	CSL Finance Limited: <ul style="list-style-type: none"> • Nomination & Remuneration Committee – Member • Stakeholders Relationship Committee – Chairperson • Corporate Social Responsibility Committee – Member • Investor relation & Share Transfer Committee – Chairperson • Management Committee - Member 	CSL Finance Limited: <ul style="list-style-type: none"> • Management Committee -Chairman • Audit Committee- Member • Stakeholders Relationship Committee – Member • Corporate Social Responsibility Committee – Member • Investor relation & Share Transfer Committee- Member
Number of meetings of the Board attended during the last Financial Year	Attended all 15 (Fifteen) Board Meetings held during the Financial Year 2020-21	Attended all 15 (Fifteen) Board Meetings held during the Financial Year 2020-21



Directors' Report

DIRECTORS'S REPORT

To,

The Members of CSL Finance Limited

Your Company's Directors are pleased to present the (Twenty-Ninth) 29th Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31st March, 2021.

1. FINANCIAL HIGHLIGHTS

(₹ in Lacs)		
Particulars	Current Year 31-03-2021	Previous Year 31-03-2020
Revenue from operations	6167.31	6085.53
Other Income	18.65	9.53
Total Income	6185.96	6095.06
Expenses		
Operating Expenses	1856.32	2506.47
Depreciation, amortization and impairment	61.16	74.45
Other Expenses	332.47	339.89
Total Expenses	2249.95	2920.81
Profit /loss before Tax	3936.01	3174.25
Less: Tax Expenses	(1183.22)	(926.88)
Profit for the year	2752.79	2247.37
Other Comprehensive Income	8.21	11.53
Total Comprehensive Income for the year	2761.00	2258.90

2. OPERATIONAL PERFORMANCE/ THE STATE OF COMPANY'S AFFAIRS

During the year, the company had a muted performance given the challenging industry dynamics. Its income during the year grew by 1.50% to ₹61.86 Cr in FY21 from ₹60.95 Cr in FY20. Profit After Tax (PAT) increased by 22.46 % i.e. ₹27.53 Cr in FY21 vs ₹22.48 Cr in FY20, an increase of AUM by 3.78% from ₹318 Cr in FY20 to ₹330 Cr in FY21. The Net Worth increased by 11.45 % from ₹232.55 Cr in FY20 to ₹259.18 Cr in FY21. As a prudent risk management practice, the Company has already provided the ECL provision under Stage-1 & Stage-2 of ₹4.84 Cr and ₹3 Cr respectively. GNPA has risen to 2.11% in FY21 as compared to 0.69% in FY20 in the overall portfolio largely due to the NPA's observed in the school loans segment.

Depreciation and Finance Costs

During the year under review, Depreciation was ₹61.16 lacs as compared to ₹74.45 lacs for the previous year. Finance costs for FY 2020-21 was ₹700.80 lacs as compared to ₹1060.69 lacs for the previous year.

Borrowings

The total borrowings stood at ₹8260.41 lacs (including debt securities) as on 31st March, 2021 as against ₹9592.45 lacs as on 31st March, 2020.

Debt Securities (Redeemable, Non-Convertible Debentures)

During FY 2020-21, the Company raised 300, 10.25% Unsecured Non-Convertible Redeemable Debentures of face value ₹10 lacs each aggregating to ₹30.00 Crores and 100, 10.00% Unsecured Non-Convertible Redeemable Debentures of face value ₹10 lacs each aggregating to ₹10.00 crores. The Company has entered into Debenture Trustee Appointment Agreement with Catalyst Trusteeship Limited (CIN: U74999PN1997PLC110262) to act as the Debenture Trustee for the Debenture Holders of the Company for the both the NCD's issued.

The COVID-19 pandemic which is a once in a lifetime occurrence has brought with it an unimaginable suffering to people and to almost all sections of the economy. The nationwide lockdowns to curtail the transmission of disease, had put the global economy in extreme stress of the level not seen since the Great Depression and would have a long-lasting economic impact.

The dynamic and evolving nature of the pandemic with its resurgence (second wave) at the close of the year once again creates uncertainty, including economic impact. Hopefully, the outreach of vaccination drives across the country, additional efforts to set up medical infrastructure and obtain required medical supplies, in addition to continued adherence to COVID-19 specific protocols will help in overcoming this testing situation.

Like the greater economy, the pandemic coupled with the lockdown and relief measures provided by RBI had a bearing on the performance of the Company. The impact of the above on the performance of the Company and the measures adopted by the Company to steer through the pandemic have been discussed in detail in Management Discussion and Analysis Report.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the period under review, there is no change in the nature of business of the Company.

4. DIVIDEND

Yours Directors recommended final Dividend of 30% i.e., ₹3.00/- per equity share of ₹10/- each fully paid up for financial year 2020-21 in its meeting held on 25th June, 2021 on pre Bonus share capital i.e., ₹6,16,92,070/- which is proportionately adjusted to 10% which works out to Re. 1.00/- per equity share of ₹10/- each fully paid up post bonus issue capital of the Company i.e., ₹18,50,76,210/-, subject to approval of Members at the ensuing 29th Annual General Meeting of the Company and shall be paid within the statutory period to those members whose names appear in the register of members, holding shares either in physical form or in dematerialized form on the close of Thursday, 23rd September, 2021 (Previous year ₹2.5 per share was paid as final dividend to the members).

5. TRANSFER TO RESERVES

The company proposes to transfer ₹550.56 lacs to Statutory Reserves in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

6. SHARE CAPITAL

As on 31st March, 2021, the Share Capital of the Company stood at-

Authorised Capital	94,00,000 (Ninety Four Lacs) Equity Shares of Par Value ₹10 each.
Issued, Subscribed and Paid-Up Capital	61,69,207 (Sixty One Lacs Sixty Nine Thousand Two Hundred Seven) Equity Shares of Par Value ₹10 each.

7. CAPITAL ADEQUACY

Capital Adequacy as on 31st March, 2021 stood at healthy 78%, which is well above the minimum regulatory norms for Non-Deposit Accepting NBFCs as compared to 73% in the previous year.

8. CREDIT RATING

During F.Y. 2020-21, rating for Long-term Bank Facilities and Non- Convertible Debentures are re-affirmed at CARE BBB; Stable by CARE Rating Limited ("CARE").

9. CORPORATE GOVERNANCE

Your Company continues to lay a strong emphasis on transparency, accountability and integrity. The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance. As provided under Section 134 of the Companies Act, 2013 and Rules framed thereunder and pursuant to Regulation 34(2) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance along with necessary certificates is set out in **Annexure-"E"** and forms part of this Report.

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 during the year under review.

13. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2020-21, fifteen (15) Board Meetings were held on below mentioned dates. The maximum time-gap between any two consecutive meetings did not exceed 120 (One Twenty) days. Further details regarding Board Meetings are given in the Section of Corporate Governance which forms part of this Report.

09.06.2020	20.07.2020	29.07.2020	10.08.2020	01.09.2020
14.09.2020	28.09.2020	13.10.2020	20.10.2020	12.11.2020
03.12.2020	18.12.2020	30.12.2020	12.02.2021	25.02.2021

DIRECTORS'S REPORT

14. COMMITTEES OF THE BOARD

The Board has constituted necessary Committees pursuant to the provisions of the Companies Act, 2013, rules framed there under and SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015. The Committees of the Board are Audit Committee, Stakeholders' Relationship Committee, Investor Relations & Share Transfer Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Management Committee and Internal Complaints Committee. The Board has accepted all the recommendations of the above committees.

The details about Composition of Committees and their Meetings are incorporated in the Board of Directors in Corporate Governance section forming part of this Report.

15. DIRECTORS AND KEY MANAGERIAL PERSONNELS

As on 31st March, 2021, the Board of your Company consists of six Directors as follows and two Key Managerial Personnels:

Name	Category
Mr. Rohit Gupta	Managing Director (Executive Promoter Director)
Mr. Ashok Kumar Kathuria	Non-Executive Director
Mr. Manoj Gupta	Non-Executive Independent Director
Ms. Anjna Mittal	Non-Executive Independent Director (Woman Director)
Mr. Ayush Mittal	Non-Executive Independent Director
Ms. Rachita Gupta	Whole Time Director (Executive Promoter Woman Director)
Mr. Naresh Chandra Varsney	Chief Financial Officer
Ms. Anju Biyani	Company Secretary & Compliance Officer

The composition of the Board is as per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31st March, 2021, there was

no disqualification of any Director pursuant to Section 164 (2) of the Companies Act, 2013. A certificate has been received from Mr. Nitin Panchal (COP: 19534), M/s. N Panchal & Associates, Company Secretaries, Delhi- That none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The said certificate is annexed to this Report as Annexure-"A".

The other details with respect to Board of Directors are given in Corporate Governance section forming part of this Report.

a) Directors

Appointment/ Re-appointment

During the year under review, there was a change in composition of Board of the Company.

Ms. Rachita Gupta (DIN:09014942) was appointed as the Additional Whole Time Director of the Company for a term of five (05) years w.e.f., 30th December, 2021 to 29th December, 2025 and Mr. Ayush Mittal (DIN: 07667437) was appointed as the Additional Non-Executive Independent Director of the Company for a term of five (05) years w.e.f., 30th December, 2021 to 29th December, 2025. The appointment of Ms. Gupta and Mr. Mittal was approved by the members of the Company through Postal Ballot /remote e-voting on 28th July, 2021.

As per Section 196 of the Companies Act, 2013 a person shall not be appointed as Managing Director of the Company for a term exceeding five years at a time and shall not be re-appointed earlier than one year before expiry of his term.

The Board of Directors in their meeting held on 11th August, 2021, upon recommendation made by Nomination and Remuneration Committee of the Company, has approved the appointment of Mr. Rohit Gupta (DIN: 00045077) as Managing Director of the Company for a further term of 5 years i.e. from 10th August, 2022 to 09th August, 2027 on terms and conditions as set out in the Notice of ensuing 29th AGM, subject to the approval of members of the Company at the ensuing AGM.

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 29th 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

All the Independent Directors on the Board have given a declaration of their independence to the Company as required under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act. The Company has received the following declarations from all the Independent Directors confirming that:

- i. They meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedule and Rules issued thereunder, and the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company; and
- ii. They have registered themselves with the Independent Director's Database maintained by the IICA.

Women Directors

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. Rachita Gupta (DIN: 09014942) appointed w.e.f 30th December, 2020 and Ms Anjna Mittal (DIN: 07143461) as the Women Directors on the Board of the Company.

b) Changes in Key Managerial Personnel (KMP) during the F.Y. 2020-21

During the year under review, there was change in the Company Secretary (key managerial personnel) of the Company as mentioned below:

Name of the Company Secretary	Date of Resignation/Appointment
Mr. Akash Gupta	Resigned from the post of Company Secretary and Legal Head w.e.f., the close of business hours of 24 th July, 2020.
Ms. Gunjan Khera	Ms. Gunjan Khera who was associated with the Company as Legal Manager for more than 5 years was appointed as Company Secretary and Compliance Officer w.e.f., 25 th July, 2020 after resignation of Mr. Akash and resigned on 18 th February, 2021 due to personal reasons
Ms. Anju Biyani	Ms. Anju Biyani was appointed as the Company Secretary and Compliance Officer w.e.f., 25 th February, 2021 but she resigned on 25 th June, 2021 due to death of her father-in-law and personal family reasons.
Ms. Preeti Gupta	Ms. Preeti is the present Company Secretary and Compliance Officer w.e.f., 26 th June, 2021.

16. BOARD EVALUATION

Pursuant to the provisions of the Act, and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on



DIRECTORS'S REPORT

parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non - Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as Stakeholder Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

17. TRANSACTIONS WITH RELATED PARTIES

All the transactions with Related Parties are placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are of a foreseen and repetitive nature.

All transactions entered into with related parties during the year were on arm's length basis, largely in the ordinary course of business and in line with the threshold of materiality defined in the Company's policy on Related Party Transactions & are in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder & Regulation 23 of (SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015. During the financial year ended 31st March, 2021, there were no transactions with related parties which qualify as material transactions and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations.

A policy on materiality of related party transactions and dealing with related party transactions is placed on the Company's website i.e. <https://www.csfinance.in/> and may be accessed through the web link <https://www.csfinance.in/wp-content/uploads/2021/02/Policy-on-Materiality-of-Related-Party-Transactions-1.pdf>. Transactions with related parties have been disclosed in the note 46 to the Financial Statements.

18. FRAUD REPORTING

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed there under.

19. FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirement of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations), the Company has put in place a familiarization programme for the Independent & Non-Executive Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of the such familiarisation programme are available on the website of the Company i.e. <https://www.csfinance.in/> and may be accessed through the web link <https://www.csfinance.in/wp-content/uploads/2019/12/Familiarisation-program-for-IDs.pdf>

20. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (C) read with Section 134 (5) of the Companies Act, 2013, Directors state that:

- In the preparation of Annual Accounts for the year ended on 31st March, 2021, the applicable accounting standards have been followed and there are no material departures from the same;
- The Directors have selected such accounting policies and applied them consistently and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2021 and the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for

preventing and detecting fraud and other irregularities;

- d) The Directors have prepared Accounts on 'going concern' basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively

21. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant material orders passed by the Regulators/Courts during the previous year which would impact the going concern status of the Company and its future operations.

22. NOMINATION AND REMUNERATION COMMITTEE

The Board has framed a policy on the recommendation of the Nomination and Remuneration Committee relating to remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees, along with the criteria for appointment and removal of the Directors, Key Managerial Personnel and Senior Management of the Company.

The Nomination and Remuneration Committee is fully empowered to determine /approve and revise, subject to necessary approvals, the remuneration of managerial personnel, after taking into account the financial position of the Company, trends in the industry, qualifications, experience, past performance and past remuneration, etc.

The policy is available at Company's website at <https://www.csfinance.in/> and may be accessed through the web link <https://www.csfinance.in/wp-content/uploads/2021/02/REMUNERATION-POLICY.pdf>

The other details with respect to committee composition and meetings are given in Board of Directors Section of Corporate Governance Report annexed to this Report.

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments as per Section 186 of the Act by the Company have been disclosed in the notes to the Financial Statements.

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

The Company has zero tolerance towards sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

The same is posted on the website of the Company <https://www.csfinance.in/> and may be accessed through the web link https://www.csfinance.in/wp-content/uploads/2021/02/CSL_ANTI-SEXUAL-HARASSMENT-POLICY.pdf

As required under law, an Internal Complaints Committee has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. During the year under review, there were no cases filed or reported pursuant to the provisions of the said Act. The same has also been disclosed in the Corporate Governance Report forming integral part of the Board's Report.

25. 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 <https://www.csfinance.in/> and may be accessed through the web link https://www.csfinance.in/wp-content/uploads/2020/11/Fair_Practice_Code_CSL.pdf The FPC is also reviewed by the Board at frequent intervals to ensure its level of adequacy and appropriateness.



DIRECTORS'S REPORT

26. AUDITORS & THEIR REPORT

Statutory Auditors:

In terms of Section 139 of the Companies Act, 2013, M/s. Aggarwal & Rampal (FRN: 003072N), Chartered Accountants, Delhi have been appointed as Statutory Auditors of the Company at the 25th Annual General Meeting ('AGM') of the Company held on 05th September, 2017, from the conclusion of the said AGM till conclusion of 30th Annual General Meeting, subject to ratification by the Members at every intervening Annual General Meeting.

The requirement of seeking ratification of the members for continuance of Statutory Auditors appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 w.e.f. 7th May, 2018. Hence, the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

The Statutory Auditors M/s. Aggarwal & Rampal, Chartered Accountants have issued their reports on Financial Statements for the year ended 31st March, 2021. There are no adverse remarks or qualifications in the said report. The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Members are therefore requested to approve the Auditors' Report.

Secretarial Auditors:

In compliance with the provisions of Section 204 and other applicable provisions of Companies Act 2013, the Board of Directors in their Board Meeting held on 25th June, 2021 have appointed Mr. Nitin Panchal (COP: 19534), Proprietor of M/s. N. Panchal & Associates, Company Secretaries, Delhi as Secretarial Auditors to undertake secretarial audit of the Company for the financial year ended 31st March, 2021.

The Secretarial Audit Report is attached herewith marked as **Annexure B** and forms an integral part of this report.

The Report contains the following Observations:

1. E-Form MGT-14 has not been filed for the events as per details mentioned below:
 - a.) Appointment of Secretarial Auditor for financial

year 2019-20 (Event Date 09-06-2020).

- b.) Resignation of Mr. Akash Gupta (KMP) & Appointment of Ms. Gunjan Khara (KMP) (Event Date 25-07-2020).
2. The Board was not constituted as per regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Quarter ended June 2020, September 2020 & December 2020 as applicable on the basis of Market Cap of top 2000 Listed Companies. BSE Limited (Stock Exchange) has levied penalty of ₹16,10,700/- in aggregate for the aforesaid non-compliance and Company has filed Representation Letter to the Stock Exchange and also Complied with aforesaid for the year ended 31st March, 2021.

Company's explanation on the aforesaid Observations-

As per the provisions stipulated under Reg. 17(1) of the Listing Regulations, the Board of Directors of top 2000 listed entities, based on market capitalization, were required to have at least 6 directors w.e.f. 01st April, 2020. However, due to Covid-19 Pandemic and frequent changes in the Secretarial Team of the Company, the Company could not even perceive that it was falling within the Top 2000 companies and that there can be a lapse in the number of directors appointed on its Board of Directors.

This compliance failure got inadvertently overlooked by the secretarial team and was not brought to the notice of the management. When it was brought to the notice of the management, the Company immediately appointed two Directors on its Board and complied with the provisions of Reg. 17(1) of SEBI (LODR) Regulations, 2015.

The Company has also filed its Representation Letter alongwith a Request Letter to BSE Limited regarding the said compliance and to waive off the penalty imposed.

Also, the Management was not made aware of non-filing of the above mentioned e-forms MGT-14 which was the key responsibility area of the Secretarial Department. The management will take necessary steps to ratify the same.

Internal Auditors:

The Board has re-appointed M/s. R, Mahajan & Associates (FRN: 011348N), Chartered Accountants, Delhi as the Internal Auditors of the Company for the Financial Year 2021-22.

27. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return in Form MGT-7 as on 31st March, 2021 is available on the Company's website at <https://www.csfinance.in/> may be accessed through the web link: <https://www.csfinance.in/wp-content/uploads/2021/08/Annual-Return-AGM-2021.pdf>

28. COMPLIANCE ON SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

29. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board has constituted a Corporate Social Responsibility ("CSR") Committee in terms of the provisions of Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance report, forming part of this Report. The policy is available on the website of the Company at <https://www.csfinance.in/> may be accessed through the web link: https://www.csfinance.in/wp-content/uploads/2019/11/CSR-Policy_CSL.pdf

During the financial year 2020-21, the Corporate Social Responsibility (CSR) expenditure incurred by

the Company was ₹62.32 Lacs. The annual report on CSR activities undertaken during the financial year 2020-21 is in accordance with the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and is appended as **Annexure - "C"** to this Report.

30. MEETING OF INDEPENDENT DIRECTORS

During the year under review, the meeting of Independent directors was held on 12th February, 2021 to review the performance of Non-Independent Directors, the Board as a whole and also to assess the quality, quantity and timelines of flow of information between the company management and the Board in line with the requirement of Listing Regulations, 2015 read with applicable provisions of Schedule IV of the Companies Act, 2013.

31. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Vigil Mechanism Policy aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy. The mechanism provides for adequate safeguards against victimization of Directors and Employees and ensures that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour. A copy of the Policy is available on the website of the Company and may be accessed through the web link https://www.csfinance.in/wp-content/uploads/2020/08/Whistle-Blower-Policy_CSL.pdf



DIRECTORS'S REPORT

32. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There has been material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report as stated below-

The Company has increased the Authorized Share Capital of the Company from ₹9,40,00,000 (Rupees Nine Crore Forty Lakhs only) divided into 94,00,000 (Ninety Four Lakh) equity shares of ₹10 each to ₹20,00,00,000 (Rupees Twenty Crore only) divided into 2,00,00,000 (Two Crore) equity shares of ₹10 each.

The Company has issued Bonus Shares to the holders of equity shares of the Company in the proportion of 2 (two) equity share of ₹10/- (Rupees Ten) each fully paid up for every 1 (One) equity share of ₹10/- (Rupees Ten) each fully paid up held as on the record date by capitalizing part of the sum standing in the Securities Premium Account of the Company as at 31st March, 2021.

33. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH

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

34. INTERNAL FINANCIAL CONTROLS

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets commensurate with its size, scale and complexities of its operations. The internal auditor of the Company checks and verifies the internal control and monitors them in accordance with policy adopted by the company.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of

the internal control systems and suggests improvements to strengthen the same. All the transactions are properly authorised, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

35. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year 2020-21, no amount was transferred to the Investor Education and Protection Fund (IEPF).

36. CSL EMPLOYEE STOCK OPTION SCHEME, 2016

With a view to attract, reward and retain talented and key employees in the competitive environment and to encourage them to align individual performance with Company objectives, the Company grants share based benefits to eligible employees under the ESOP Schemes. The Company's ESOS Scheme titled "**CSL Employee Stock Options Scheme 2016**" (CSL ESOS 2016) was approved by the members on September 30, 2016.

7,00,000 options are covered under the CSL ESOS, 2016 which is administered through CSL Employees Welfare Trust ('ESOP Trust').

The applicable disclosure under the ESOP Regulations is uploaded on the website of the Company (web link <https://www.csfinance.in/stock-exchange-updates/>).

The details of the scheme alongwith grant wise details of options vested, exercised and cancelled have also been disclosed in Note 34 to the Financial Statements forming integral part of the Annual Report.

The Company has not issued any sweat equity shares or equity shares with differential rights during FY2021.

Certificate from Aggarwal & Rampal, Chartered Accountants, Statutory Auditors, with respect to the implementation of CSL ESOP, 2016 and its compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations') would be placed before the members at the ensuing 29th AGM. The details of the scheme have also been disclosed in Note 34 to the Financial Statements forming integral part of the Annual Report.

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

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure-“D”** and forms part of this Report.

Other details in terms of Section 197(12) of the Companies Act, 2013 read along with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure-“D”** and forms part of this Report.

38. CODE OF CONDUCT FOR DIRECTORS AND EMPLOYEES

The Company has adopted a Code of Conduct for its Directors and employees including a code of conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The said Codes can be accessed on the Company's website at <https://www.csfinance.in/> may be accessed through the web link: <https://www.csfinance.in/wp-content/uploads/2019/11/CSL-Code-of-Conduct.pdf>. In terms of the Listing Regulations, all Directors and Senior Management Personnel have affirmed compliance with their respective codes. The Managing Director has also confirmed and certified the same, which certification is provided at the end of the Report on Corporate Governance.

39. LISTING OF SHARES

The shares of the Company are listed on BSE Limited (BSE). The applicable listing fees for the year upto F.Y. 2021-22 have been duly paid to BSE.

40. OTHER DISCLOSURES

No application has been made under the Insolvency

and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable to the Company.

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is also not applicable.

41. 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. 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.

And last but not the least We mourn the loss of lives due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

42. 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

Place: Noida
Date: 11th August, 2021

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

Sd/-
(Ashok Kumar Kathuria)
Director
DIN-0101305



DIRECTORS'S REPORT

Annexure - "A"

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per Clause C of schedule V of the Securities
Exchange Board of India (Listing Obligations and Disclosure Requirements)
Regulations, 2015 read with Regulation 34(3) of the said Listing Regulations).

To,

The Members of CSL FINANCE LIMITED

As required by item 10(I) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that none of the directors (mentioned below) on the board of CSL Finance Limited as on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as director of the Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority:

Name	DIN	Designation
Mr. Rohit Gupta	00045077	Managing Director
Mr. Ashok Kumar Kathuria	01010305	Non-Executive Director
Mr. Manoj Gupta	01160953	Independent Director
Ms. Anjna Mittal	07143461	Independent Director
Ms. Rachita Gupta	09014942	Whole-Time Director (Appointment is approved w.e.f., July 28 th , 2021 by Shareholders through Postal Ballot/ Remote E-voting)
Mr. Ayush Mittal	07667437	Independent Director (Appointment is approved w.e.f., July 28 th , 2021 by Shareholders through Postal Ballot/ Remote E-voting)

**For N. Panchal & Associates
(Company Secretaries)**

**Sd/-
CS Nitin Panchal
(Proprietor)
ACS No. 47431
C.P. No. 19534
UDIN: A047431C000767337**

Place: New Delhi

Date: 11th August, 2021

Annexure - "B"

Form No. MR-3
Secretarial Audit Report
For The Financial Year Ended 31st March, 2021
[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 31st March, 2021 ("Audit Period") 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 made available to me & maintained by the company for the financial year ended on 31st March, 2021 according to the provisions (whichever applicable) of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - (e) The Securities & Exchange Board of India ((Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the Client;
 - (f) The other regulations of Securities and Exchange Board of India as may be applicable to the company.
 - (g) NBFC – The Reserve Bank of India Act, 1934 and all applicable laws, Rules, Regulations, Guidelines, Circulars, Notifications etc.



DIRECTORS'S REPORT

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreement entered into by the company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that:

1. 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.
2. Adequate notice was 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.
3. Majority decision is carried through while the dissenting members' view are captured and recorded as part of 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.

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

1. E-Form MGT-14 has not been filed for the events as per details mentioned below:
 - a. Appointment of Secretarial Auditor for financial year 2019-20 (Event Date 09-06-2020).
 - b. Resignation of Mr. Akash Gupta (KMP) & Appointment of Ms. Gunjan Khera (KMP) (Event Date 25-07-2020).
2. The Board was not constituted as per regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Quarter ended June 2020, September 2020 & December 2020 as applicable on the basis of Market Cap of top 2000 Listed Companies. BSE Limited (Stock Exchange) has levied penalty of ₹16,10,700/- in aggregate for the aforesaid non-compliance and Company has filed Representation Letter to the Stock Exchange and also Complied with aforesaid for the year ended 31st March, 2021.

**For N. Panchal & Associates
(Company Secretaries)**

Sd/-

**CS Nitin Panchal
(Proprietor)**

ACS No. 47431

C.P. No. 19534

UDIN: A047431C000767194

Place: New Delhi

Date: 11th August, 2021

Note: (This Report is to be read with my letter of even date which is annexed as "Annexure A" and forms an integral part of this report.)

Annexure 'A'

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 process 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 process and practices, I followed provide a reasonable basis for my 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 procedure on test basis.
6. The Secretarial Audit Report 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 N. Panchal & Associates
(Company Secretaries)

Sd/-

CS Nitin Panchal
(Proprietor)

ACS No. 47431

C.P. No. 19534

UDIN: A047431C000767194

Place: New Delhi
Date: 11th August, 2021

Annual Report on CSR Activities of the Company [Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. Brief outline on CSR Policy of the Company

The Company's CSR Policy has been framed within the objectives prescribed under Schedule VII of the Companies Act, 2013 as per the following Vision and Objective:

I. Vision:

Through CSL's long standing commitment to service to the society, we strive to attain leadership in our business through a socially and environmentally responsible way, while taking care of the interests of our stakeholders, through partnering with various Govt. authorities or otherwise, directly or indirectly through any approved trust/ NGO, in India.

II. Objective:

CSL's CSR Policy intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprint.
- Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society
- Focus Area of Company's CSR Activities are- (a) Hunger, Poverty, Malnutrition and Health, (b) Education, (c) Rural Development Projects, (d) Gender Equality and Empowerment of Women, (e) Environmental Sustainability, (f) National Heritage, Art and Culture and (g) other allied activities.

CSR activities proposed to be undertaken by the Company shall be in pursuance to Section 135 read with Schedule VII, as amended from time to time, of the Companies Act, 2013.

2. Composition of CSR Committee:

S. No	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Manoj Gupta	Chairperson	2	2
2.	Mr. Rohit Gupta	Member	2	2
3.	Mr. Ashok Kumar Kathuria	Member	2	2
4.	Ms. Anjna Mittal	Member	2	2

3. Web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

The details related to CSR Committee, Policy and the approved Projects are available on the Company's website at the weblink: <https://www.csfinance.in/code-and-policies/>. The current composition of CSR Committee is available at <https://www.csfinance.in/code-and-policies/>.

4. Details of Impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

In pursuance to Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, Impact assessment is not applicable to the Company since the average CSR obligation in pursuance of Sub-Section (5) of Section 135 of the Act, for immediately previous 3 years is less than 10 Crore rupees.

5. Details of the amount available for set off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any.

No amount was available for set off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 during the period under review.

6. Average Net Profit of the Company as per Section 135(5).	₹ 31.16 Crores
7. (a). Two percent of average Net Profit of the Company as per Section 135(5)	₹ 62.32 Lacs
(b). Surplus arising out of the CSR Projects or Programs or activities of the previous Financial Years.	NIL
(c). Amount required to be set off for the Financial Year, if any	NIL
(d). Total CSR obligation for the Financial Year (7a+7b-7c).	₹ 62.32 Lacs

8. (a). CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
60.00 Lacs	2.32 lacs	30.04.2022	N.A.	N.A.	N.A.

(b). Details of CSR amount spent/allocated against ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)				(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Amount allocated for the project (in ₹)	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Promotion of Education/ Health	(ii)	Yes	Delhi	North West Delhi	2.32 lacs	Nil	Nil	2.32 lacs	Yes		

DIRECTORS'S REPORT

(c). Details of CSR amount spent against other than ongoing projects for the Financial Year.

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (in ₹)	(7) Mode of Implementation – Direct (Yes/No)	(8) Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Promotion of Education	(ii)	Yes	Delhi	North West Delhi	60.00 Lacs	No	Rohini Educational Society	
		Total				60.00 Lacs			

(d). Amount spent in Administrative Overheads.	NIL
(e). Amount spent on Impact Assessment, if applicable.	As per Point 4 of this Report, Impact Assessment is not applicable. Hence, no amount was spent under this head.
(f). Total amount spent for the Financial Year (8b+8c+8d+8e).	₹60.00 Lacs

(g). Excess amount for set off, if any

Particulars	Amount in (₹ Lacs)
i) Two percent of average Net Profit of the Company as per Section 135(5)	₹ 62.32
ii) Total amount spent for the Financial Year	₹ 60.00
iii) Excess amount spent for the Financial Year [(ii)-(i)]	NIL
iv) Surplus arising out of the CSR Projects or Programs or Activities of the previous Financial Years, if any	NIL
v) Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL
vi) Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

9 (a). Details of Unspent CSR amount for the preceding three Financial Years	NIL
(b). Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s)	NIL

10. In case of creation or acquisition of Capital Asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details).

a) Date of creation or acquisition of the Capital Asset(s).	No Capital Asset during the period under review was created or acquired by the Company.
b) Amount of CSR spent for creation or acquisition of Capital Asset.	No amount was spent for creation or acquisition of Capital Asset by the Company.
c) Details of the Entity or Public Authority or Beneficiary under whose name such Capital Asset is registered, their address etc.	Not Applicable
d) Provide details of the Capital Asset(s) created or acquired (including complete address and location of the Capital Asset).	Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average Net Profit as per Section 135(5). **Not applicable**

FOR & ON BEHALF OF THE BOARD

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

**Sd/-
(Manoj Gupta)
Chairman of CSR Committee
DIN-01160953**

**Place: Noida
Date: 11th August, 2021**

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. The ratio of remuneration of the Directors to the median remuneration of employees of the Company and percentage increase in the remuneration of Directors and KMPs:

Name	Designation	% increase in remuneration in FY 2020-2021 as compared to FY 2019-2020	Ratio of Remuneration to Median Remuneration
Mr. Rohit Gupta	Managing Director	NIL	311.24
Ms. Rachita Gupta#	Whole-time Director	NA	6.66
Mr. Ashok Kumar Kathuria*	Non-Executive Director	NA	NA
Mr. Manoj Gupta*	Independent Director	NA	NA
Ms. Anjna Mittal*	Independent Director	NA	NA
Mr. Ayush Mittal*	Independent Director	NA	NA
Mr. Naresh Varshney	Chief Financial Officer	4%	NA
Ms. Anju Biyani#	Company Secretary & Compliance Officer	NA	NA

* Mr. Ashok Kumar Kathuria, Mr. Manoj Gupta, Ms. Anjna Mittal and Mr. Ayush Mittal have not received any remuneration from the Company in FY 2020-2021.

Ms. Rachita Gupta was appointed as the Whole-time Director of the Company w.e.f 30th December, 2020 and Ms. Anju Biyani was appointed as Company Secretary and Compliance Officer of the Company w.e.f 25th February, 2021 respectively, hence the remuneration paid to them in FY 2020-2021 is not comparable.

B. Disclosure on other matters:

i) The percentage increase/decrease in the median remuneration of the employees during the financial year.	No Annual Appraisal due to Covid-19 situation in FY 20-21
ii) No. of permanent employees on the rolls of the Company (as on 31 st March, 2021)	128 employees
iii) 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	Average increase in salary of eligible employees other than managerial personnel is NIL. Remuneration of Managing Director was not increased during FY 2020-21.
iv) Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that Remuneration is paid as per the Remuneration Policy of the Company.



Corporate Governance Report



CORPORATE GOVERNANCE REPORT

[As per regulation 34(3) read alongwith Schedule V(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations, 2015") read with the Amendment(s)], a Report on Corporate Governance of CSL Finance Limited for the year ended 31 March, 2021 is presented below:

1. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is the creation and enhancement of long-term sustainable value for our stakeholders, comprising regulators, employees, customers, vendors, investors, and the society at large, through ethically driven business practice. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from its culture and ethos. At CSL, it is imperative that our Company's affairs are managed in a fair and transparent manner.

We ensure that we evolve and follow not just the stated corporate governance guidelines, but also best practices. We consider it our inherent responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

The highlights of the Company's Corporate Governance regime are:-

- The Company believes that an active, well-informed and independent Board is necessary to ensure high standards of Corporate Governance. The Company has optimum combination of Executive and Non-Executive Directors including Women Directors.
- Constitution of several Committees for focused attention and proactive flow of information, enables the Company to ensure expedient resolution of diversified matters.

- Code of Conduct for Prevention of Insider Trading & Code of Conduct for Directors and Senior Management of the Company.
 - Robust Whistle Blower Mechanism which act as a neutral and unbiased forum for Directors, Employees and Business Partners of the Company.
 - Employees Stock Option Schemes – to attract, reward and retain key executive employees.
- Your Company is among top 2000 Companies on the BSE Limited on the basis of market capitalization. Accordingly, the Company has complied with the compliances pursuant to its position on BSE Limited. Your Company continuously strives to achieve excellence in corporate governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

2. BOARD OF DIRECTORS

The Board of Directors and its Committees, provide leadership and guidance to the Company's Management while discharging its fiduciary responsibilities, directs as well as reviews business objectives, management strategic plans and monitors the performance of the Company.

A. Composition of Board

The Company has a professional Board with right mix of knowledge, skills and expertise in diverse areas with an optimum combination of Executive, Non-Executive including Independent Directors and Women Directors on its Board. Besides having financial literacy, vast experience, leadership qualities and the ability to think strategically, the Directors are committed to ensure highest standards of corporate governance.

During the year under review, Ms. Rachita Gupta (DIN: 09014942) was appointed as the Additional Whole Time Director of the Company for a term of five (05) years w.e.f., 30th December, 2021 to 29th December, 2025 and Mr. Ayush Mittal (DIN: 07667437) was appointed as Additional Non-

Executive Independent Director of the Company for a term of five (05) years w.e.f., 30th December, 2021 to 29th December, 2025. The appointment of Ms. Gupta and Mr. Mittal have been approved by the members of the Company through Postal Ballot/ remote e-voting on 28th July, 2021.

As on 31st March, 2021, there are total six (6) Directors on the Board of the Company, out of which two (2) are Executive Directors, one is Managing Director and another Whole Time Director, four (4) directors are Non-Executive out of which five (3) are Independent Directors. Mr. Rohit Gupta and Ms. Rachita Gupta are related to each other as father and daughter.

The Company has obtained a certificate from Mr. Nitin Panchal (COP: 19534), M/s. N. Panchal & Associates, Practising Company Secretaries, Delhi, confirming 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 Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.

None of the Directors on the Board hold Directorships in more than 10 (Ten) public companies. Further, none of them is a member of more than 10 (Ten) committees (committees being Audit Committee and Stakeholders Relationship Committee) or chairman of more than 5 (Five) committees across all the Indian public companies in which he/she is a Director.

B. Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. It meets at least once in a quarter to review the Company's quarterly performance and financial results. Board meetings are governed with a structured agenda. The Agenda for the Board and Committee meetings covers items set out as per the guidelines in SEBI Listing Regulations to the extent it is relevant and applicable.

The Board Meetings are conveyed after giving sufficient days of Notice to the Board Members along with the Agenda for the meeting with

necessary documents with all the required information pursuant to provisions of Companies Act, 2013 and SEBI Listing Regulations. In case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting. The Board periodically reviews the compliance reports with respect to laws and regulations applicable to the Company.

The Board met 15 (fifteen) times during the financial year 2020-21 viz., 9th June 2020, 20th July 2020, 29th July 2020, 10th August 2020, 1st September 2020, 14th September 2020, 28th September 2020, 13th October 2020, 20th October 2020, 12th November 2020, 03rd December 2020, 18th December 2020, 30th December 2020, 12th February 2021 and 25th February 2021.

All the Board Meetings were held at the Corporate Office of the Company at Noida and the gap between two Board Meetings was not more than 120 (One Hundred and Twenty) days. The required quorum was present at all the above Board Meetings and all Resolutions are approved unanimously/ with requisite majority and recorded in the minutes. There was no instance of Adjournment of any of the said Meetings. The Board periodically reviews and discussed the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The minutes of proceedings of each board meetings are maintained in terms of statutory provisions. Meetings of various committees are held properly. The minutes of the Committee Meetings were periodically placed before the Board.

Board Composition and categories of Directors, their number of Directorships, Committee Membership(s)/ Chairmanship(s) as on 31st March, 2021, attendance of each Director at the Board Meetings of the Company held during F.Y. 2020- 2021 and at the last Annual General Meeting ('AGM') of the Company alongwith equity shareholding of each Director as at 31st March, 2021 as follows:

CORPORATE GOVERNANCE REPORT

Name of the Director	DIN	Category of Director	No. of board meetings		Attendance at the last AGM	Directorships*			Committee Position**		Shareholding (no. of shares)
			Held during the tenure	Attended		Total no. of directorships	No. of Directorships in Listed companies other than CSL Finance Limited	Name of Listed Companies & Category of Directorship	Chairman	Member	
Mr. Rohit Gupta	00045077	Promoter Executive Managing Director	15	15	Yes	3	0	NA	0	0	12,58,114
Ms. Rachita Gupta***	09014942	Promoter Executive Whole-time Director	15	2	NA	0	0	NA	0	0	19501
Mr. Ashok Kumar Kathuria	01010305	Non-Executive Independent Director	15	15	Yes	1	0	NA	0	0	0
Mr. Manoj Gupta	01160953	Non-Executive Independent Director	15	15	Yes	5	0	NA	0	0	919
Ms. Anjna Mittal	07143461	Non-Executive Independent Director	15	14	Yes	0	0	NA	0	0	0
Mr. Ayush Mittal****	07667437	Non-Executive Independent Director	15	2	NA	4	0	NA	0	0	0

Note-

*represents directorships in other companies excluding CSL Finance Limited

**represents Memberships/ Chairmanships of Audit Committee and Stakeholder Relationship Committee in other companies excluding CSL Finance Limited

*** She was appointed on the Board on w.e.f. 30.12.2020. She is daughter of Mr. Rohit Gupta, the Managing Director of the Company.

**** He was appointed on the Board on w.e.f. 30.12.2020.

C. Key Skills, Expertise and Competencies of Board of Directors

Name	Leadership	Strategy	Operations	Finance	Governance	Technology
Mr. Rohit Gupta	✓	✓	✓	✓	✓	✓
Ms. Rachita Gupta	✓	✓	✓	✓	✓	✓
Mr. Ashok Kumar Kathuria	✓	✓	✓	✓	✓	
Mr. Manoj Gupta	✓	✓	✓	✓	✓	✓
Ms. Anjna Mittal	✓	✓	✓	✓	✓	✓
Mr. Ayush Mittal	✓	✓	✓	✓	✓	✓

D. Familiarization Programme for Independent Directors

The Company conducts Familiarisation Programme for its Independent Directors to familiarise them with regard to their roles, rights, responsibilities in the Company, nature of industry, Company's strategy, Organisation Structure, business model,

performance updates of the Company, risk management, code of conduct and policies of the Company etc. The Policy for Familiarisation Programme of Independent Directors has been disclosed on the website of the Company <https://www.csloffinance.in/wp-content/uploads/2019/12/Familiarisation-program-for-IDs.pdf>

E. Independent Directors

The Independent Directors of the Company have been appointed in compliance with the requirements of the Act and Listing Regulations. The Company has issued letter of appointment to all the Independent Directors and terms and conditions thereof have been disclosed on the website of the Company <https://www.csloffinance.in/wp-content/uploads/2019/12/Terms-Conditions-for-appointment-of-IDs.pdf>

At the time of appointment and thereafter at beginning of each financial year, the Independent Directors submit a self-declaration confirming their independence and compliance with

eligibility criteria mentioned under the Act and Listing Regulations. Based on the disclosures received from all the Independent Directors, the Board is of the opinion that, all the Independent Directors fulfill the conditions specified in the Act and Listing Regulations and are independent of the management.

F. Separate Meeting of Independent Directors:

As stipulated by the Code for Independent Directors under the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, a separate meeting of Independent Directors was held on Friday, 12th February, 2021 to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board as a whole;
- Taking into account the views of the Executive and Non- Executive Directors;
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Mr. Manoj Gupta, Ms. Anjna Mittal and Mr. Ayush Mittal, all Independent Directors were present at the meeting.

There is no such case of resignation of an Independent Director who resigns before the expiry of his/her tenure.

COMMITTEES OF THE BOARD

The Board has constituted several Committees with adequate delegation of powers to focus effectively on the issues and ensure expedient resolution of diverse matters. Each Committee has specific terms of reference setting forth the purpose, role and responsibilities of the Committee. Further, the Company Secretary of the Company acts as the Secretary to all the Committees. All recommendations of the Committees are placed before the Board for approval or information, if required. During the financial year ended 31st March, 2021, all the recommendations of/submissions by the Committees which were mandatorily required, were accepted by the Board. The Minutes of meetings of all the Committees are placed before the Board for review and noting. CSL has currently established the following Committees: -

Audit Committee, Nomination & Remuneration

Committee, Investor Relations & Share Transfer Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Management Committee

The terms of reference of the aforesaid Committees is decided by the Board. The role and composition including the number of meetings and related attendance are given below.

Board Committees and its Composition has been disclosed on the website of the Company_ <https://www.cslfinance.in/wp-content/uploads/2021/07/Composition-of-Committees.pdf>

3. AUDIT COMMITTEE:

Your Company has an Audit Committee in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. The Audit Committee is primarily responsible for accurate financial reporting and strong internal controls.

Terms of Reference/role of the Audit Committee, inter-alia, includes-

- a) Reviewing with the management, the quarterly financial statements and annual financial statements and auditor's report thereon before submission to the Board for approval,
- b) Oversight of the Company's Financial Reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- c) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit.
- d) To review Company's financial performance.
- e) Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- f) compliance with Accounting Standards.
- g) To review Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
- h) Scrutiny of inter-corporate loans and investments.
- i) Review with the management, the performance of Statutory and Internal Auditors, adequacy of Internal Control Systems.

CORPORATE GOVERNANCE REPORT

- j) To review the functioning of Whistle Blower Mechanism.
- k) Discussion with Internal Auditors, any significant findings and follow up thereon.
- l) Evaluation of internal financial controls and risk management systems.
- m) To review compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015
- n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In addition to the aforesaid, the Committee also looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the SEBI Listing Regulations as amended from time to time and that of the Act.

The members of the Audit Committee are financially literate and the Chairperson of the Audit Committee has accounting and financial management expertise. During F.Y. 2020-21, the Audit Committee was reconstituted w.e.f., 12th November, 2020.

Composition of Audit Committee and Attendance during the year are given below:

During the year under review, the Audit Committee met 5 (five) times viz., on 20.07.2020, 14.09.2020, 12.11.2020, 30.12.2020 and 12.02.2021 to deliberate on various matters.

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer shareholders query.

Composition of the Audit Committee alongwith number of meetings & attendance details are mentioned below: -

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Manoj Gupta	Independent Director	Chairman	5	5
Ms. Anjna Mittal	Independent Director	Member	5	5
Mr. Ashok Kumar Kathuria*	Non-Executive Director	Member	5	3
Mr. Rohit Gupta*	Managing Director	Member	5	2

Note-

(*Mr. Rohit Gupta was appointed as a member of audit committee in place of Mr. Ashok Kumar Kathuria w.e.f., 12.11.2020.)

All the above meetings were held at the Corporate Office of the Company at Noida. The gap between none of the two meetings was more than 120 days. The necessary quorum was present at all the meetings. There was no instance of Adjournment of any of the said Meetings.

4. NOMINATION & REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee (NRC) is constituted in accordance with provisions of sub section (1) of Section 178 of the Companies Act, 2013 and Regulation 19 (4) read with Part-D of Schedule-II of Listing Obligations and Regulations.

The Terms of Reference/Role of Nomination and Remuneration Committee, inter-alia, includes-

- a) To recommend to the Board, the set up and composition of the Board and its committees.
- b) Setting criteria for appointment, re-appointment/removal of Directors/Senior Management including Key Managerial Personnel ('KMP') and other employees of the Company.
- c) Recommend to the Board the Remuneration Policy for directors, executive team or Key Managerial Personnel as well as the rest of the employees.
- d) To review the process for performance evaluation of Board, its Committees and Individual Directors.
- e) To administer the working of Employees Stock Option Schemes of the Company.
- f) Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

The Committee has formulated Remuneration Policy for Directors, KMPs and all other employees of the Company and the same is available on Company's website at <https://www.csfinance.in/wp-content/uploads/2021/02/REMUNERATION-POLICY.pdf>

The criteria for making payments to Non-Executive Directors is available on the website of the Company at <https://www.csfinance.in/wp-content/uploads/2020/08/CSL-Criteria-For->

Payment-to-NEDs.pdf.

Mr. Manoj Gupta, Chairperson of the NRC was present at the AGM of the Company held on 28th September, 2020.

Composition of the Nomination and Remuneration Committee and Attendance during the year are given below:

The Committee met 5 (five) times during the year under review viz. 20.07.2020, 01.09.2020, 30.12.2020, 25.02.2021 and 31.03.2021.

Composition of the NRC Committee alongwith number of meetings & attendance details are mentioned below:

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Manoj Gupta	Independent Director	Chairman	5	5
Ms. Anjna Mittal	Independent Director	Member	5	5
Mr. Ashok Kumar Kathuria	Non-Executive Director	Member	5	5

All the above meetings were held at the Corporate Office of the Company at Noida. The minutes of the meetings of the Committee were periodically placed before the Board.

Performance Evaluation criteria for Independent Directors:

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual Performance Evaluation was carried out for the financial year 2020 - 21 by the Board in respect of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders' Relationship and Corporate Social Responsibility Committees. A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared after taking into consideration the Guidance note issued by SEBI vide circular no.

CMD/CIR/P/2017/004 dated 05.01.2017.

The criteria for performance evaluation of Independent Directors covers the area relevant to the functioning of the Independent Director such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and during the evaluation the Director(s) who is subject to evaluation did not participate.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfilment of key responsibilities, effectiveness of meetings etc. The Directors expressed their satisfaction with the evaluation process.

5. INVESTOR RELATIONS & SHARE TRANSFER COMMITTEE:

The Committee consists of 2 (two) members i.e. Mr. Ashok Kumar Kathuria and Mr. Rohit Gupta. Mr. Ashok Kumar Kathuria, a Non-Executive Director, is acting as the Chairman of the Committee. No meeting of this committee was held during the year under review.

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The composition of the Stakeholders' Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

The Terms of Reference of Stakeholders Relationship Committee ('SRC Committee'), inter-alia, includes:

- considering and resolving the grievances of security holders of the Company.
- handling transfer/ transmission of shares, split/consolidation/sub-division of share certificates, issue of duplicate share certificates & dematerialisation/rematerialisation requests.
- Review of corporate actions, if any.
- Review of documents processed by Registrar and Transfer Agents.
- Any other matters assigned to it with relation to the Companies Act, 2013 and SEBI Listing Regulations.

CORPORATE GOVERNANCE REPORT

During F.Y. 2020-2021, two (02) SRC Committee meetings were held on 09.12.2020 and 28.12.2020. All the members of the Committee were present in all the meetings.

Composition of the SRC Committee alongwith number of meetings & attendance details are mentioned below:

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Ashok Kumar Kathuria	Non-Executive Director	Chairman	2	2
Ms. Anjna Mittal	Independent Director	Member	2	2
Mr. Rohit Gupta	Managing Director	Member	2	2

All the above meetings were held at the Corporate Office of the Company at Noida. The necessary quorum was present for all the meetings. The minutes of the meetings of the Committee were periodically placed before the Board.

Compliance Officer

Ms. Preeti Gupta is the Company Secretary & Compliance Officer of the Company as per Regulation 6(1) of the SEBI Listing Regulations w.e.f. 26th June, 2021. She can be reached out at the Corporate Office of the Company at:

CSL Finance Limited

716-717, 7th Floor, Tower-B
Word Trade Tower, Sector-16
Noida-201301 (U.P.)
Phone No. 0120-4290650/52
Email: Investor@cslfinance.in

The Company has appointed M/s. MAS Services Limited as the Registrar and Share Transfer Agent to handle the investor grievances in co-ordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Details of Complaints [including SEBI Complaints Redress System (SCORES) complaints] received by the Company and Resolved during the year 2020-21

No. of Complaints pending at the beginning of the year	Nil
No. of Complaints received during the year	Nil
No. of Complaints resolved	Nil
No. of Complaints pending at the end of the year	Nil

Number of Complaints not solved to the satisfaction of shareholders

During the year, no complaints were received, hence this is not applicable

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Committee's primary role is to assist the Company in discharging its corporate social responsibilities. It monitors the implementation of the Corporate Social Responsibility as per the CSR Policy which mainly includes Health and Education and other areas covered under Schedule – VII to the Companies Act, 2013. It periodically reviews and recommends to the Board about CSR Budget and Expenditures.

The Terms of Reference of Corporate Social Responsibility ("CSR") Committee inter-alia, includes:

- formulation and monitoring the implementation of corporate social responsibility ('CSR') policy.
- to look into matters related to sustainability, review CSR/Sustainability reports.
- Recommend to the Board CSR activities to be undertaken by the Company.
- and all other matters specified under the Act or any other role as may be prescribed by law from time to time.

During FY 2020-2021, Two (02) CSR Committee Meetings were held on 28.09.2020 and 25.02.2021. All the members of the Committee were present in all the said meetings.

Composition of the CSR Committee alongwith number of meetings & attendance details are mentioned are as follows :

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Manoj Gupta	Non Executive Independent Director	Chairman	2	2
Mr. Rohit Gupta	Managing Director	Member	2	2
Mr. Ashok Kumar Kathuria	Non-Executive Director	Member	2	2
Ms. Anjna Mittal	Independent Director	Member	2	2

All the above meetings were held at the Corporate Office of the Company at Noida.

The necessary quorum was present for all the meetings. The minutes of the meetings of the Committee were periodically placed before the Board.

8. MANAGEMENT COMMITTEE:

Management committee was constituted by the Board of directors on 12th February, 2021.

The Terms of Reference of Management Committee, inter-alia, includes:

- Investing temporary surplus funds, availing cash management services or financial assistance from Banks and other Institutions.
- Opening and closing of bank accounts and other banking related operations.
- Authorizing persons for obtaining various licenses, registered mortgage and registrations under any statute & regulations.
- Appearances before concerned authorities, execution & registration of agreements as and when required.
- Matters related to corporate actions such as fixing of record date, book closure/cut-off date.
- Nomination under any statute and other statutory enactments as may be applicable to the Company.
- To deal with the matters for day to day running and in the ordinary and regular course of business and;
- Any other matter (incidental or expedient) as the case may be in compliance requirement of Stock Exchanges, Registrar of Companies, RBI, NCLT, IBC and all other concerned authorities.

During FY 2020-2021, Two (02) Management Committee Meetings were held on 20.02.2021 and 30.03.2021.

Composition of the Management Committee alongwith number of meetings & attendance details are mentioned below:

Name	Category	Designation	No of meetings held	No of meetings attended
Mr. Rohit Gupta	Executive Director	Chairman	2	2
Mr. Ashok Kumar Kathuria	Non-Executive Director	Member	2	2
Ms. Rachita Gupta	Whole time Director	Member	2	2

All the above meetings were held at the Corporate Office of the Company at Noida.

The necessary quorum was present for all the meetings. The minutes of the meetings of the Committee were periodically placed before the Board.

9. REMUNERATION OF DIRECTORS:

a. 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 at www.cslfinance.in

b. 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, As of now, no sitting fee is paid to any director of the Company.

c. Details of Remuneration Paid to Directors during the year 2020-21

The Key Managerial Personnel of the Company comprises of the Managing Director, Whole-Time Director, Chief Financial Officer and Company Secretary of the Company.

CORPORATE GOVERNANCE REPORT

As on 31st March, 2021, the Company has two Executive Director i.e. the Managing Director and Whole-Time Director of the Company and apart from this, all other Directors were Non-Executive Directors.

The details of remuneration paid to Managing Director and Whole-Time Director is tabled

(₹ in Lacs)

Name of Director	Category	Remuneration
Mr. Rohit Gupta	Managing Director	84,00,000
Ms. Rachita Gupta appointed w.e.f 30.12.2020	Whole-Time Director	1,73,880

10. GENERAL BODY MEETINGS:

Details of previous 3 Annual General Meetings ('AGM') are as under:

AGM No.	Financial Year	Day & Date of AGM	Venue	Time	Special resolution (s) passed
28 th	2019-20	Monday, 28.09.2020	410-412, 18/12, 4 th Floor, WEA, Arya Samaj Road, Karol Bagh, New Delhi-110005 through VC/OAVM	2.00 p.m.	1 [To re-appoint Ms. Anjna Mittal (DIN: 07143461) as an Independent director]
27 th	2018-19	Monday, 30.09.2019	Radiance Motel, 23, Tania Farm Complex, Kh. No.268/2-272/2, Chatarpur Mandir Road, Chattarpur, Asola, Sat Bari, New Delhi-110074	10:30 a.m.	Nil
26 th	2017-18	Saturday, 29.09.2018	Hotel Oodles, 759-762, Main Road, Chattarpur, New Delhi-110074	10:30 a.m.	Nil

Special Resolutions passed through Postal Ballot

During the year, no special resolution was passed through postal ballot.

However, during the current financial year 2021-22, pursuant to Section 110 of the Companies Act, 2013 ("The Act"), approval of the Members has been sought vide Postal Ballot Notice via Remote- Evoting dated 28th July, 2021 for passing of the following Ordinary Resolution(s)-

- Increase in the Authorized Share Capital of the Company from ₹9,40,00,000 (Rupees Nine Crore Forty Lakhs only) divided into 94,00,000 (Ninety Four Lakh) equity shares of ₹10 each to ₹20,00,00,000 (Rupees Twenty Crore only) divided into 2,00,00,000 (Two Crore) equity shares of ₹10 each and consequential alteration to Clause 5 of the Memorandum of Association of the Company.
- Issue of Bonus Shares to the holders of equity shares of the Company in the proportion of 2 (two) equity

share of ₹10/- (Rupees Ten) each fully paid up for every 1 (One) equity share of ₹10/- (Rupees Ten) each fully paid up held as on the record date by capitalizing part of the sum standing in the Securities Premium Account of the Company as at 31st March, 2021

- Regularisation of appointment of Ms. Rachita Gupta (DIN 09014942) as a Director and as a Whole-time Director of the Company.
- Regularisation of appointment of Mr. Ayush Mittal (DIN 07667437) as an Independent Director of the Company.

Extra-Ordinary General Meeting (EOGM):

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

11. REFERENCE OF CODES AND POLICIES NOT FORMING PART ELSEWHERE IN THE CGR REPORT

Particulars	Regulations	Details	Website link for details/policy
Related party transactions	Regulation 23 of the SEBI Listing Regulations and as defined under the Act	There was no material related party transactions during the year that have conflict with the interest of the Company. The Board's approved policy for related party transactions is uploaded on the website of the Company.	https://www.csfinance.in/wp-content/uploads/2021/02/Policy-on-Materiality-of-Related-Party-Transactions-1.pdf
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of the SEBI Listing Regulations	The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. The said policy has been uploaded on the website of the Company.	https://www.csfinance.in/wp-content/uploads/2020/08/Whistle-Blower-Policy-CSL.pdf
Policy on Determination of Materiality for Disclosures	Regulation 30 of the SEBI Listing Regulations	The Company has adopted a Policy on Determination of Materiality for Disclosures	https://www.csfinance.in/wp-content/uploads/2019/11/CSL_Policy-for-determination-of-materiality.pdf
Policy on Archival and Preservation of Documents	Regulation 9 of the SEBI Listing Regulations	The Company has adopted a Policy on Archival and Preservation of Documents.	https://www.csfinance.in/wp-content/uploads/2021/02/CSL-archival-policy.pdf
Policy for Determining Material Subsidiaries	Regulation 24 of the SEBI Listing Regulations	The Company has in place a Policy for Determining Material Subsidiaries. The Policy is disclosed on Company's website. As on 31 st March, 2021, the Company do not have any material unlisted Indian subsidiary Company	https://www.csfinance.in/wp-content/uploads/2021/02/POLICY-FOR-DETERMINING-MATERIAL-SUBSIDIARIES-CSL.pdf
Reconciliation of Share Capital Audit Report	Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No. D&CC / FITTC/ Cir- 16/2002 dated December 31, 2002.	A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.	https://www.csfinance.in/stock-exchange-updates/
Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended 31 st March, 2021. The Annual Report of the Company contains a certificate by the Managing Director on the compliance declarations received from the Members of the Board and Senior Management. The said certificate is annexed to this Report as Annexure I.	https://www.csfinance.in/wp-content/uploads/2019/11/CSL-Code-of-Conduct.pdf
Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information	Clause 8(1) of Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 2015	The Company has a Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information. The Code also includes Policy for determination of 'legitimate purpose'. The Code is disclosed on the website of the Company. The Company has also adopted Policy and procedure for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information ('UPSI').	https://www.csfinance.in/wp-content/uploads/2019/11/CSL-Code-of-Conduct-on-UPSI.pdf
Code of Conduct for Prevention of Insider Trading	Clause 9 of Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 2015	The Company has adopted a Code of Conduct for Prevention of Insider Trading to regulate and monitor trading in securities of the Company by the Designated Persons & their immediate relatives. During the year, Board modified the Code in its meeting held on 12.02.2020 with immediate effect to align the same with the amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) with respect to forms under this regulation.	https://www.csfinance.in/wp-content/uploads/2021/02/CSL-Code-of-Conduct-on-Trading-by-Designated-Persons.pdf

CORPORATE GOVERNANCE REPORT

12. OTHER DISCLOSURES

a) Related Party Transactions: - The Company has not entered into any materially significant transactions with the related parties that may have potential conflict with the interests of the Company at large. Related Party disclosures have been disclosed in Note 46 -to the Financial Statement forming integral part of the Annual Report.

b) Details of Non-Compliances: - During the year under review, the Company has duly complied with the requirements, regulations & provisions of stock exchange, SEBI & any other regulatory authorities except the non-compliance u/r 17(1) (composition of Board) of Listing Regulations 2015 for quarter ended June 2020, September 2020 & December 2020 as applicable on the basis of Market Cap of top 2000 Listed Companies, BSE Limited (Exchange) has levied penalty of ₹16,10,700/- for the aforesaid non-compliance. The Company has filed Representation Letter to the Exchange and also Complied with aforesaid for the year ended 31st March, 2021.

c) Disclosures of commodity price risks and commodity hedging- The Company does not deal in commodities and hence the disclosure pursuant to the same is not required to be given.

d) During the year, the Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of Listing Regulations. However, the Company has raised a fund of ₹40 Crores through private placement by issuing Non-convertible debentures. The Company raised 300, 10.25% Unsecured Non-Convertible Redeemable Debentures of face value ₹10 lakhs each aggregating to ₹30 Crores and 100, 10.00% Unsecured Non-Convertible Redeemable Debentures of face value ₹10 lakhs each aggregating to ₹10 crores.

e) Compliance with Mandatory requirements of Listing Regulations- The Company is in compliance with applicable mandatory corporate governance requirements of the Listing Regulations. Specifically, Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27

and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

f) Disclosure in relation to Sexual Harassment of Women at Workplace- During the year under review Company has not received any complaints.

Number of Complaints filed during the financial year:	NIL
Number of Complaints disposed- off during the financial year:	NIL
Number of Complaints pending as on end of the financial year:	NIL

The policy has been disclosed on the website of the Company https://www.csfinance.in/wp-content/uploads/2021/02/CSL_ANTI-SEXUAL-HARASSMENT-POLICY.pdf

g) Company has constituted Internal complaints committee.

The members of the Internal Complaint Committee constituted by the Company consists of Ms. Rachita Gupta-Chairman, Mr Rohit Gupta, Mr Naresh Chandra Varshney and Ms Pallvi Joshi as members. This committee is responsible for reporting and conducting enquiries pertaining to complaints of sexual harassment. No such complaints were received during the year under review.

h) Details of compliance with discretionary requirements of Part E of Schedule II of Listing Regulations –

i. Audit Report: For FY 2020-21, the Auditors have expressed an unmodified opinion on the Financial Statements of the Company. The Company continues to adopt best practices to ensure a regime of unmodified Financial Statements.

ii. Reporting of Internal Auditor: The Internal Auditors of the Company report to the Audit Committee of the Company, to ensure independence of the Internal Audit function.

iii. Disclosure of accounting treatment in preparation of financial statements: The Company follows Indian Accounting Standards (IND AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statements the extent applicable and the significant accounting policies have been set out in the Notes to the Accounts.

i) CERTIFICATIONS-

Continuation Certificate on NBFC Business: The said certificate is annexed to this Report as **Annexure II**.

In terms of Regulation 17(8) of the SEBI Listing Regulations, the Managing Director and the CFO, have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed to this Report as **Annexure III**.

Following certificate has been received from Mr. Nitin Panchal (COP: 19534), M/s. N Panchal & Associates, Company Secretaries, Delhi-

- That none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The same is annexed to the Director Report
- A Compliance Certificate on the requirements of Corporate Governance which is annexed to this Report as **Annexure IV**.

- j) 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.

13. MEANS OF COMMUNICATION

- a. **Financial Results** - In accordance with the Listing Regulations, the quarterly/half-yearly/annual results are uploaded on BSE Listing Centre. The Financial Results are generally published in leading business newspaper namely, 'The Financial Express'/'Business Standard' (English) and in 'Jansatta' (Hindi) and simultaneously posted on the Company's website and can be accessed at <https://www.csloffinance.in/stock-exchange-updates/>.
- b. **Company's Website** - Various sections of the Company's website (www.csloffinance.in) keep the investors updated on the key and material developments of the Company by providing timely information like Board profile, financial results, annual reports, shareholding pattern, Investor Presentation, Debenture Trustee Information, Intimations related to NCD, stock exchange filings etc.
- c. **Stock Exchange** - Your Company makes timely disclosures and filing to BSE Limited in terms of the SEBI Listing Regulations and other rules and regulations issued by the SEBI and the same are hosted on website of the said Stock Exchange.
- d. **Corporate Compliance & the Listing Centre** - The Company files its financial results and other submission on the Electronic filing system, i.e., Listing Centre of BSE. The same is also available on the website of BSE- www.bseindia.com.
- e. **Presentations made to Institutional Investors or to the analysts** - The Company organises Earnings Calls after announcement of financial results, which were well attended by the analysts, fund managers and investors. The transcripts were uploaded on the Company's website. No Unpublished Price Sensitive information is discussed in the meeting/presentation with institutional investors and analysts.

CORPORATE GOVERNANCE REPORT

14. GENERAL INFORMATION FOR SHAREHOLDERS

Annual General Meeting:

(i)	AGM (Date, Time and Venue)	The 29 th AGM of the Company will be held on Thursday, 30 th September, 2021 at 2. 00 pm through Video Conferencing/ Other Audio-visual means (OAVM)
(ii)	Financial Year	01 st April, 2020 to 31 st March, 2021
(iii)	Dividend Recommended	Directors recommended final Dividend of 30% i.e., ₹3.00/- per equity share of ₹10/- each fully paid up for financial year 2020-21 in its meeting held on 25 th June, 2021 on pre Bonus share capital i.e., ₹6,16,92,070/- which is proportionately adjusted to 10% which works out to Re. 1.00/- per equity share of ₹10/- each fully paid up post bonus issue capital of the Company i.e., ₹18,50,76,210/- subject to approval of Members at the ensuing AGM of the Company.
(iv)	Dividend Payment Date	Within Statutory Timeline
(v)	Date of Book Closure	From: 24-09-2021 To :30-09-2021 (Both days inclusive)
(vi)	CIN:	L74899DL1992PLC051462
(vii)	Website	www.csfinance.in
(viii)	E-mail Id	investor@csfinance.in
(ix)	Corporate Office	716-717, 7 th Floor, Tower - B WORLD TRADE TOWER, Sector – 16, Noida- 201301 U.P.
(x)	Registered Office	410-412, 18/12, 4 th Floor, W.E.A, Arya Samaj Road, Karol Bagh, New Delhi- 110005
(xi)	Listing Details	BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400001 Annual Listing Fees for the year 2020-21 has been paid to the Stock Exchange within the stipulated time.
(xii)	Script Code	530067
(xiii)	ISIN	INE718F01018
(xiv)	Trading Group	"X" Group

Compliance Officer

Ms. Preeti Gupta

(Company Secretary & Compliance Officer)

CSL Finance Limited

716-717, 7th Floor, Tower-B

Word Trade Tower, Sector-16

Noida-201301, U.P.

Phone No. 0120-4290650/52

E-mail: investor@csfinance.in

Description of Voting Rights

All shares issued by the Company carry equal voting rights.

Calendar of Financial Year ended 31st March, 2021

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2021 were held on the following dates:

First Quarter Results ending 30 th June, 2020/ First Quarter results	14 th September, 2020
Second Quarter/ Half Yearly results ending 30 th September, 2020/ Second Quarter and Half Yearly results	12 th November, 2020
Third Quarter Results /Nine Month results ending 31 st December, 2020/ Third Quarter results	12 th February, 2021
Fourth Quarter /Audited Annual Results ending 31 st March, 2021/ Fourth Quarter and Annual results	25 th June, 2021

Tentative Calendar of Financial Year ending 31st March, 2022

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2022 are as follows:

Financial Reporting for the quarter ending 30 th June, 2021/ First Quarter results	On or before 14 th August, 2021
Financial Reporting for the quarter ending 30 th September, 2021/ Second Quarter and Half Yearly results	On or before 14 th November, 2021
Financial Reporting for the quarter ending 31 st December, 2021/ Third Quarter results	On or before 14 th February, 2022
Financial Reporting for the quarter and year ending 31 st March, 2022/ Fourth Quarter and Annual results	On or before 30 th May, 2022
AGM for the year ending 31 st March, 2022	On or before 30 th September, 2022

Market Price Data & Share Price Performance:

Monthly High & Low during each month for the period April 2020 to March 2021 on BSE is mentioned below:

Month	Share Prices in ₹	
	High	Low
April-20	198.85	149.20
May-20	189.85	141.20
June-20	219.00	162.55
July-20	195.50	163.00
August-20	230.95	151.65
September-20	251.00	183.1
October-20	239.70	195.50
November-20	299.00	204.95
December-20	307.00	255.00
January-21	297.00	260.00
February-21	276.95	235.00
March-21	285.00	240.00

(Source: This information is compiled from the data available on the website of BSE)

Performance of the share price of the Company in comparison to BSE Sensex are given below:

Month	Sensex Closing	CSL Close Price
Apr-20	33717.62	168.00
May-20	32424.10	166.00
Jun-20	34915.80	180.00
Jul-20	37606.89	170.00
Aug-20	38628.29	192.35
Sep-20	38067.93	219.90
Oct-20	39614.07	208.00
Nov-20	44149.72	289.65
Dec-20	47751.33	282.05
Jan-21	46285.77	260.15
Feb-21	49099.99	254.60
Mar-21	49509.15	253.00



In case the securities are suspended from trading, the directors report shall explain the reason thereof: N.A.

SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (SEBI) administers a centralized web based complaints redress system (SCORES). It enables investors to lodge and

CORPORATE GOVERNANCE REPORT

follow up complaints and track the status of redressal online on the website www.scores.gov.in. It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES. During the year under review, no complaints were received thereon.

Registrar and Share Transfer Agent

M/s MAS Services Limited

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

Share Transfer System

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. A summary of transactions so approved by the committee is placed at the Board Meeting held quarterly. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of SEBI Listing Regulations and the same is filed with BSE Limited and available on the website of the Company. In terms of requirements to amendments in Regulation 40 of SEBI Listing Regulations w.e.f., 31st March, 2021, transfer of securities in physical form shall not be processed unless the securities are held in the dematerialised form with a depository.

Distribution of shareholding

Distribution of shareholding as on 31st March, 2021 is as :-

Shareholding of Nominal Value of ₹	No. of Shareholders		Number of Shares	Amount	
	Number	%		₹	%
Upto – 5,000	1788	82.78	230748	2307480	3.74
5001-10,000	161	7.45	125598	1255980	2.04
10,001-20,000	83	3.84	116327	1163270	1.89
20,001-30,000	40	1.85	101171	1011710	1.64
30,001-40,000	19	0.89	66590	665900	1.08
40,001-50,000	10	0.46	44672	446720	0.72
50,001-1,00,000	22	1.01	154912	1549120	2.51
1,00,001 & above	37	1.71	5329189	53291890	86.38
Total	2160	100.000	6169207	61692070	100.0

Shareholding pattern of the Company as on 31st March, 2021 was as under:

Category	No. of shares held	% of Equity Capital
Promoters	35,38,780	57.36
Mutual Funds	Nil	Nil
Bodies Corporate	11,68,310	18.94
Non-Resident Indians /OCB	2,43,759	3.95
Others	12,18,358	22.26
Total	61,69,207	100.00

Bifurcation of Shares held in physical and demat form as on 31st March, 2021

As at 31st March, 2021, 96.81% of the Company's paid up capital is held in the dematerialised form and balance of 3.19% equity shares were held in physical mode, the details of which are as:

Particulars	No. of shares	% of total Capital
Held in Demat form with NSDL	5428615	88
Held in Demat form with CDSL	544067	8.81
Holdings in Physical Mode	196525	3.19
Total	6169207	100

Shares in Demat mode have more liquidity as compared to shares held in physical mode. Therefore, the Company recommends shareholders holding shares in physical form to convert their shareholdings to demat mode. The Company's shares are traded at BSE. The promoters' hold their entire shareholding in dematerialized form.

Address for investor's correspondence

For share transfer/transmission/Dematerialization or other queries

M/s MAS Services Limited

T-34, 2nd Floor

Okhla Industrial Area Phase-2,

New Delhi-110 020

Tel: 011-26387281, 82, 83

Fax: 011-26787384

Email: info@masserv.com

For General Correspondence:

Secretarial Department

CSL Finance Limited

716-717, 7th Floor, Tower - B World Trade Tower,

Sector - 16 Noida 201301

Tel: 011-4290650/52

Fax: 011-42503444

Email id for investor grievance:

investor@cslfinance.in

Credit Ratings

The company has received credit rating from CRISIL as detailed in the Board's Report.

FOR & ON BEHALF OF THE BOARD of CSL Finance Limited

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

Sd/-
(Ashok Kumar Kathuria)
Director
DIN-0101305

Place: Noida
Date: 11th August, 2021



CORPORATE GOVERNANCE REPORT

Annexure - "I"

CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT

It is hereby declared that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2021.

Sd/-

Rohit Gupta

Managing Director

DIN-00045077

Place: Noida

Date: 11th August, 2021

Annexure - "II"

CONTINUATION CERTIFICATE ON NBFC BUSINESS

To,

The Board of Directors

CSL Finance Limited

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

Dear Sir/Madam,

On the basis of books of accounts and other records for the year ended 31st March 2021 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 3rd 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 31st March, 2021 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 deposits as on 09.06.2020;
4. The Company has not accepted any public deposit and does not hold any public deposits during the year 2020-21.
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 : 21082045AAAAAD3097

Place: New Delhi

Date: 25th June, 2021

Annexure - "III"

MD AND CFO CERTIFICATE

**To,
The Board of Directors**

Corporate office Address:
716-717, 7th Floor,
Tower-B, World Trade Tower, Sector-16
Noida, U.P 201301

Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the FY 2020-2021

We, the undersigned, hereby certify, to the best of our knowledge and belief, that:

- (a) We have reviewed financial statements and the cash flow statement for FY 2020-2021 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year, if any;
 - ii. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we 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.

**Place: Noida
Date: 25th June, 2021**

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

**Sd/-
(Naresh Chandra Varshney)
Chief Financial Officer
PAN: ACNPV7047F**



CORPORATE GOVERNANCE REPORT

Annexure - "IV"

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
CSL Finance Limited

We have examined the compliance of the conditions of Corporate Governance by CSL Finance Limited for the year ended on 31st March 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations, 2015").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of the Listing Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion, to the best of our knowledge and according to the explanation given to us, and the representations made by Directors & the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of the Listing Regulations, 2015 except the non-compliance u/r 17(1) (composition of Board) of Listing Regulations 2015 for quarter ended June 2020, September 2020 & December 2020 as applicable on the basis of Market Cap of top 2000 Listed Companies, BSE Limited (Exchange) has levied penalty of ₹16,10,700/- for the aforesaid non-compliance and Company has filed Representation Letter to the Exchange and also Complied with aforesaid for the year ended 31st March, 2021.

We 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.

**For N. Panchal & Associates
(Company Secretaries)**

**CS Nitin Panchal
(Proprietor)
ACS No. 47431
C.P. No. 19534**

**Place: New Delhi
Date: 11th August, 2021**

UDIN: A047431C000767271



Financial Statements



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS' OF CSL FINANCE LIMITED

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of **CSL FINANCE LIMITED** ("the Company"), which comprises of the Balance Sheet as at 31st March, 2021, the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows 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 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 including Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March, 2021, and profit and other comprehensive income, changes in equity and its cash flows and 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters:

Key Audit Matter	How the Matter was Addressed in our Audit
Impairment of loans to customers (As described in Note 3.6 to the Financial Statements)	
Recognition and measurement of impairment of loans involve significant management judgement. Under Ind AS 109 Financial instruments, allowances of loan losses are determined using expected credit loss (ECL) model. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, general economic conditions and an assessment of both the current	In view of the significance of the matter, the following key audit procedures were performed by us: <ul style="list-style-type: none">Evaluation of the appropriateness of the impairment principles used by the management based on the requirements of Ind AS 109.

Key Audit Matter	How the Matter was Addressed in our Audit
<p>as well as the forecast direction of conditions at the reporting date including time value of money where appropriate.</p> <p>The determination of impairment loss allowance is inherently judgement and relies on the management's best estimate due to the following:</p> <ul style="list-style-type: none"> • Segmentation of loans given to the customers • Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers as per the Company's board approved policy, read with the RBI Covid 19 Regulatory Package. • Increased level of data inputs for capturing the historical data to calculate the Probability of Default (Pds), Loss Given Default (LGD) and Exposure of Default (EAD). • Use of management of overlay for considering the forward looking macro-economic factors, economic environment and timing of cash flows. • In relation to Covid-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of government and other authorities, and responses of businesses and consumers in different industries along with the associated impact on the economy. <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often used outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Accordingly, we identified impairment of loans given to customers as key audit matter because the management judgement involved in estimates has significant impact, considering the size of loan portfolio relative to the Balance Sheet.</p>	<ul style="list-style-type: none"> • Assessed the design and implementation and operating effectiveness in respect of computation of impairment loss allowance process. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • We have engaged our modelling specialist to test the model methodology and reasonableness of assumptions used in the computation. • Performed test of details, on a sample basis, on underlying data relating to segmentation, staging and other key inputs for computation of ECL.



INDEPENDENT AUDITOR'S REPORT

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Ind AS 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.

The 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 Standards on Auditing 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.

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)(l) 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.

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 "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in Annexure A, 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 Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2021 and taken on



INDEPENDENT AUDITOR'S REPORT

record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) We have also audited the internal financial controls over financial reporting for the Company as on 31st March, 2021 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 B".
- (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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2021.
 - iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2021.

**For Aggarwal & Rampal
Chartered Accountants**

FRN: 003072N

UDIN No. 21082045AAAAA4507

Sd/-

**Vinay Aggarwal
(Partner)**

M.No.- 082045

Place: New Delhi

Date: 25-06-2021

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the **CSL FINANCE LIMITED** on the standalone financial statements for the year ended 31st March, 2021, we report the following:

- 1) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis which in our opinion is reasonable, having regard to the size of the company and nature of its assets. As per information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us and on the basis of our examination of the records, the company does not have any immovable property as its fixed assets, hence clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
- 2) According to the information and explanations given to us, there is no inventory of shares held as stock-in-trade during the financial year. Accordingly, paragraph 3(ii) of the Order is not applicable.
- 3) The company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013
 - a) In our opinion the rate of interest and other terms and conditions of 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, prejudice to the interest of the Company.
 - b) In the case of loans granted to body corporate covered in the register maintained under section 189 of the Companies Act, 2013 the borrower has been regular in the payment of interest. The terms of arrangement does not stipulate any repayment schedule and the loans were repayable on demand.
 - c) The principal and interest has been received in full and no amounts stands outstanding.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act 2013, with respect to the loans and investments made.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted deposit from the public covered under Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules made there under and/ or guidelines as laid down by RBI.
- 6) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act 2013, for any of the activities of the Company.
- 7) a) The company is generally regular in depositing undisputed statutory dues including applicable provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the extent applicable to it. Further there are no undisputed amounts payable in respect thereof were outstanding at the year-end for a period more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax and Income Tax which have not been deposited on account of any dispute.
- 8) According to the information and explanations given to us and based on our examination of the records of the company, the company has not defaulted in repayment of loan or borrowing from any financial institution or bank or dues to debenture holders.



INDEPENDENT AUDITOR'S REPORT

- 9) The company has not raised 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 were raised.
- 10) Based upon the audit procedures performed and information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
- 11) According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for any managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company, hence clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) According to the information and explanation given to us and based on our examination of the records of the company, the Company has made private placement of Non- Convertible Debentures during the year amounting to ₹40 crore.
- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- 16) The Company is 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
UDIN No. 21082045AAAAA4507

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

Place: New Delhi
Date: 25-06-2021

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CSL FINANCE LIMITED ("the Company") as of 31st March, 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended as at that date.

Responsibility of Management and Those Charged With Governance for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 for the Audit of the Internal Financial Controls

Our responsibility is to express an opinion on the Company's internal financial controls over the 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 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.



INDEPENDENT AUDITOR'S REPORT

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 authorities 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 the 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 the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021 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
UDIN No. 21082045AAAAA4507

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

Place: New Delhi
Date: 25-06-2021

BALANCE SHEET

as at 31st March, 2021

(₹ in Lacs) [Unless otherwise stated]

Particulars	Notes	As at 31 st March, 2021	As at 31 st March, 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	4	1,762.24	1,215.32
Bank Balance other than cash and cash equivalents	5	327.84	310.15
Loans	6	32,170.14	31,096.31
Other Financial assets	7	51.79	61.41
Non-financial Assets			
Deferred tax Assets (Net)	8	82.76	112.09
Investment property	9	14.00	14.29
Property, plant and equipment	10	141.90	144.82
Right-of-use assets	12	145.94	182.62
Intangible assets	11	0.26	2.31
Other non-financial assets	13	56.07	107.92
Total Assets		34,752.93	33,247.25
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt Securities	14	4,211.17	-
Borrowings	15	4,049.24	9,592.45
Lease liabilities	12	175.16	204.54
Other financial liabilities	16	178.31	115.36
Non-Financial Liabilities			
Current tax liabilities (Net)	17	201.70	53.91
Provisions	18	-	5.84
Other non-financial liabilities	19	17.73	20.10
EQUITY			
Equity Share Capital	20	613.34	609.84
Other Equity	21	25,306.29	22,645.20
Total Liabilities and Equity		34,752.93	33,247.25
Summary of significant accounting policies	3		
See accompanying notes to the 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: 25th June, 2021

FOR & ON BEHALF OF THE BOARD

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

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

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

Sd/-
(Anju Biyani)
Company Secretary
ACS : 20012

STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2021

(₹ in Lacs) [Unless otherwise stated]

Particulars	Notes	Year Ended 31 st March, 2021	Year Ended 31 st March, 2020
Revenue from operations			
Interest Income	22	5,918.04	5,841.74
Fees and commission Income	23	238.94	228.61
Recoveries of financial assets written off	24	10.33	15.18
Total Revenue from operations (I)		6,167.31	6,085.53
Other Income			
Other Income	25	18.65	9.53
Other Income (II)		18.65	9.53
Total Income (III)=(I+II)		6,185.96	6,095.06
Expenses			
Finance costs	26	700.80	1,060.69
Fees and commission expense	27	26.53	19.50
Employee benefits expenses	28	646.00	834.45
Impairment of financial instruments	29	482.99	591.83
Depreciation, amortization and impairment	30	61.16	74.45
Other expenses	31	332.47	339.89
Total Expenses (IV)		2,249.95	2,920.81
Profit / (loss) before tax (V)=(III-IV)		3,936.01	3,174.25
Tax Expense: (VI)	8		
(1) Current tax		995.32	964.01
(2) Deferred tax		26.57	(38.57)
(3) For earlier years		161.33	1.44
Profit for the year (VII)=(V-VI)		2,752.79	2,247.37
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		10.97	15.76
Income tax impact thereon		(2.76)	(4.23)
Subtotal (B)			
Other Comprehensive Income (VIII)		8.21	11.53
Total Comprehensive Income for the year (VII+VIII)		2,761.00	2,258.90
Earnings per equity share (face value of ₹10/- per share)			
Basic (₹)		45.08	36.88
Diluted (₹)		44.99	36.69
Summary of significant accounting policies	3		
See accompanying notes to the 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: 25th June, 2021

FOR & ON BEHALF OF THE BOARD

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(Ashok Kumar Kathuria)
Director
DIN- 01010305

Sd/-
(Anju Biyani)
Company Secretary
ACS : 20012



CASH FLOW STATEMENT

for the year ended 31st March, 2021

[₹ in Lacs] (Unless otherwise stated)

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
Cash Flow From Operating Activities:		
Profit / (Loss) before Tax	3,936.01	3,174.25
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization on Property, Plant & equipment	30.18	34.73
Depreciation on Right-of-use Asset	30.98	39.72
Impairment of financial instruments	-	461.47
Interest accretion on lease liabilities	18.43	21.64
Unamortised Cost on Borrowings	211.17	-
(Profit)/Loss on Investments (mutual funds)	(0.39)	(0.26)
(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	(1.57)	0.13
Share based payment expenses	(21.11)	16.54
(Profit)/Loss on termination of lease	(0.77)	(0.28)
Interest income on unwinding of security deposits	(0.49)	(0.55)
Operating Profit/Loss before Working Capital changes	4,202.45	3,747.38
<u>Adjustments for changes in Working Capital :</u>		
Loans	(1,073.83)	508.88
Other Financial assets	9.14	(2.99)
Bank Balance other than cash and cash equivalents	(17.69)	(28.63)
Other non-financial assets	51.85	(61.18)
Other financial liabilities	57.59	62.47
Other non-financial liabilities	(1.30)	(8.56)
Provisions	5.12	11.03
Cash Generated From / (Used in) from Operations	3,233.32	4,228.40
- Taxes (Paid) / Refunds (Net)	(1,008.87)	(935.92)
Net Cash Generated From / (Used) in Operating Activities	2,224.45	3,292.48
Cash Flow From Investing Activities:		
Purchase of Property, plant and equipment and intangible assets	(27.07)	(16.50)
Sale of Property, Plant and Equipment and Intangible assets	3.73	0.34
Purchase of investments (Mutual funds)	(850.00)	(1,300.00)
Sale of investments	850.39	1,300.26
Net Cash Generated From/ (Used in) Investing Activities	(22.95)	(15.91)

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
Cash Flow From Financing Activities:		
Borrowings other than debt securities issued	(1,543.21)	(2,607.13)
Equity share capital issued (Including premium)	78.92	56.25
Repayment of lease liabilities	(23.00)	(27.85)
Payment of interest on lease liabilities	(18.43)	(21.64)
Dividend paid (Including DDT)	(148.87)	(145.77)
Net Cash Generated from / (Used in) Financing Activities	<u>(1,654.58)</u>	<u>(2,746.13)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	546.92	530.45
Cash and Cash Equivalents at the Beginning of the Year	<u>1,215.32</u>	<u>684.88</u>
Cash and Cash Equivalents at the end of the Year	<u>1,762.24</u>	<u>1,215.32</u>
Cash and Cash Equivalents at the end of the Year comprises of	As at	As at
	31 March 2021	31 March 2020
Cash in hand	3.85	0.79
Balances with Banks in Current Accounts	<u>1,758.39</u>	<u>1,214.53</u>
TOTAL	<u>1,762.24</u>	<u>1,215.32</u>

Note: For disclosures relating to changes in liabilities arising from financing activities, refer Note 32

See accompanying notes to the 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: 25th June, 2021

FOR & ON BEHALF OF THE BOARD

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

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

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

Sd/-
(Anju Biyani)
Company Secretary
ACS : 20012

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2021

A. Equity Share Capital

(₹ in Lacs) (Unless otherwise stated)

Particulars	Balance at the beginning of the reporting year	Fresh Allotment of Shares	Allotment of shares to ESOS Trust	Balance at the end of the reporting year	Treasury shares (held with ESOS Trust)	Outstanding at the end of the reporting year
For the year ended 31 st March, 2020	61,692,070	-	-	61,692,070	(707,590)	60,984,480
For the year ended 31 st March, 2021	61,692,070	-	-	61,692,070	(358,380)	61,333,690

B. Other Equity

(₹ in Lacs) (Unless otherwise stated)

Particulars	Reserves and Surplus								Total
	Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Share Option outstanding account	Money received against share warrants	
Balance as at 31 st , March 2020	3,046.71	206.49	62.16	5,718.77	4.00	13,522.24	84.82	-	22,645.20
Profit for the year	-	-	-	-	-	2,752.79	-	-	2,752.79
Other Comprehensive Income for the year	-	-	-	-	-	8.21	-	-	8.21
Transfer to statutory reserve	550.56	-	-	-	-	(550.56)	-	-	0.00
Share based payment expenses	-	-	-	-	-	-	-	-	-
Reversal of ESOP expense	-	-	-	-	-	-	(21.11)	-	(21.11)
Dividends	-	-	-	-	-	(154.23)	-	-	(154.23)
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-
Issue of shares under ESOS	-	-	-	75.43	-	-	-	-	75.43
Transfer to Debenture redemption reserve	-	-	-	-	-	(400.00)	-	400.00	-
Balance as at 31 st , March 2021	3,597.27	206.49	62.16	5,794.20	4.00	15,178.45	63.71	400.00	25,306.29

see accompany notes to the 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: 25th June, 2021

FOR & ON BEHALF OF THE BOARD

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

Sd/-
(Anju Biyani)
Company Secretary
ACS : 20012

Notes to the Financial Statements for the year ended 31st March 2021

1 CORPORATE INFORMATION

"CSL Finance Limited was incorporated on 28 December 1992 under the provisions of Companies Act 2013. The company is a Non deposit taking Non-Banking Finance Company ("NBFC-ND") and is registered under section 45-1A of the Reserve Bank of India Act, 1934 to carry on the business of Non-Banking Financial Company. The company is listed on the Bombay Stock Exchange.

The company is into business of secured & unsecured lending to small and medium size business unit to fulfil their financial needs. The complete business of CSL can be classified into two broader segments of SME business & Wholesale business. SME business is mainly focused on micro and small business loans to various business entities, which is secured mostly against self-occupied Residential or Commercial properties. Wholesale business is focused on big ticket size loans for working capital requirement of businesses. This segment also covers construction finance facilities to builders & developers for redevelopment of sites for meeting their short-term funding requirements. These loans are majorly last mile funding or mainly lent to affordable segment where demand and sale is easily predictable.

The Financial statements for the year ended 31st March, 2021 were authorised vide resolution of directors dated 25-06-2021."

2 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

The Company complies with the Master Direction relating to income recognition, asset classification and the minimum provisioning norms for standard, sub-standard, doubtful and loss assets, specified in the Master Direction issued by the Reserve Bank of India ('RBI') in terms of Non-Banking Financial Company.

The financial statements have been prepared on a historical cost basis, except for certain financial

assets and liabilities which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, unless otherwise stated.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note no. 40.2

Financial assets and financial liabilities are generally reported gross in the Balance Sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The Effective Interest Rate Method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Balance Sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

3.2 Interest Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and



NOTES TO THE ACCOUNTS

is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset and are recognised only when it is reasonable certain that the ultimate collection will be made.

3.3 Financial Instruments-initial Recognition

3.3.1 Date Of Recognition

Loans are recognised when funds are transferred to the customers' account. The company recognises debt securities/borrowings when funds reach to the company.

3.3.2 Initial Measurement Of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

3.4 Subsequent Measurement Of Financial Assets And Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair Value through Other Comprehensive Income
- Fair Value through Profit and Loss"

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is

classified as at FVTPL if it is classified as held-fortrading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

3.5 Derecognition Of Financial Assets And Liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

3.6 Impairment Of Financial Assets

The Company recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes

both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

The Company recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The calculation of ECLs

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (0-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)

LGD represents the Company's expectation of the

extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD)

EAD is based on the amounts the Company expects to be owed at the time of default. Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Other Financial Assets

In respect of other financial assets, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

3.7 Write-offs

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.9 Determination Of Fair Value

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3.10 Foreign Currency Translation

The financial statements are presented in INR which is also functional currency of the company.



NOTES TO THE ACCOUNTS

3.11 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to control the use the asset.

Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee. The company uses the exemption to exclude low value leases or the leases which are short term in nature i.e. 12 months or less.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows."

3.12 Recognition Of Income And Expenses

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind Ass.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

3.12.1 Fees & Commission Income

Income from advisory services is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

3.12.2 Miscellaneous Income

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/collection.

3.13 Cash And Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.14 Property, Plant And Equipment

Property plant and equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Useful lives is taken as specified in Part 'C' of Schedule II to the act.

Depreciation is calculated on straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are, as follows:

Asset Description	Useful Life estimated	Rate of Depreciation
Computers	3	31.67%
Office Equipments	5	19.00%
Motor Vehicles	8	11.88%
Leasehold Improvements	9	10.56%
Electrical Installation & Equipments	10	9.50%

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control

of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.15 Intangible Assets

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Intangible assets comprise Software & trademark. This has been recognised at cost and amortised over estimated useful life, which represents the period over which the Company expects to derive economic benefits from the use of the assets.

The residual values, useful lives and method of depreciation of assets are reviewed at each financial year and adjusted prospectively, wherever required.

3.16 Impairment Of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



NOTES TO THE ACCOUNTS

Impairment losses are recognised in the statement of profit and loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.17 Retirement And Other Employee Benefits

Short-term employee benefits:

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Post employment benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The Company provides for gratuity, a defined benefit plan covering eligible employees. Gratuity is covered under scheme administered by Kotak Mahindra Life Insurance Company Limited and the contributions made by the Company to the scheme are recognised in the Statement of Profit and Loss. The liability recognised in the Balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. The calculation of the Company's obligation under the plan is performed

annually by qualified independent actuary using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

Leave Encashment

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.

Employee Stock Option Plan

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

3.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the

level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability.

3.19 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the statement of profit and loss in the same period."

3.2 Taxes

3.20.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3.20.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is

probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3.21 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after tax. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

For the purpose of calculating basic EPS, shares allotted to ESOP trust pursuant to the employee share based payment plan are not included in the shares outstanding as on the reporting date till the employees have exercised their right to obtain shares, after fulfilling the requisite vesting conditions. Till such time, the shares so allotted are considered as dilutive potential equity shares for the purpose of calculating diluted EPS."



NOTES TO THE ACCOUNTS

3.21 Treasury shares (Shares held by the ESOP Trust)

The Company has created an Employee Stock Option Plan Trust (ESOP Trust) for providing share-based payment to its employees. The Company uses the trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Company allots shares to the ESOP Trust. The Company treats the ESOP trust as its extension and shares held by ESOP Trust are treated as treasury shares. Share options exercised during the reporting period are satisfied with treasury shares.

The consideration paid for treasury shares including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

3.22 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Effective Interest Rate (EIR) method

The Company recognizes interest income /expense using a rate of return that represents the best estimate of a constant rate of return over the

expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of financial asset

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk. The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model"

Provisions and other contingent liabilities

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3.23 Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021

[₹ in Lacs] [Unless otherwise stated]

Particulars	As at 31.03.2021	As at 31.03.2020
4 CASH AND CASH EQUIVALENTS		
Cash in hand	3.85	0.79
Balances with banks on current accounts	1,758.39	1,214.53
Total cash and cash equivalents	1,762.24	1,215.32
5 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
Unpaid Dividend	13.70	8.34
Bank deposits with original maturity of more than 3 months	314.14	301.81
Total Bank Balance other than cash and cash equivalents	327.84	310.15
6 LOANS		
Loans measured at amortised cost		
Term Loans:		
Loans to customers		
SME	6,217.12	7,084.60
Wholesale	26,737.89	24,701.31
Retail	-	-
Total - Gross	32,955.01	31,785.91
Less: Impairment loss allowance	784.87	689.59
Total - Net	32,170.14	31,096.31
(a) Secured by tangible assets	32,464.57	30,699.25
(b) Secured by intangible assets	-	-
(c) Covered by Bank/Government Guarantees	-	-
(d) Unsecured	490.44	1,086.66
Total - Gross	32,955.01	31,785.91
Less: Impairment loss allowance	784.87	689.59
Total - Net	32,170.14	31,096.31
(I) Loans in India		
(I) Public Sector	-	-
(ii) Others	32,955.01	31,785.91
Total (I) - Gross	32,955.01	31,785.91
Less: Impairment loss allowance	784.87	689.59
Total (I) - Net	32,170.14	31,096.31
(II) Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (II) - Net	-	-
Total (I) and (II)	32,170.14	31,096.31

Note- There is no loan asset measured at FVOCI or designated at FVTPL.

NOTES TO THE ACCOUNTS

(₹ in Lacs) (Unless otherwise stated)

Particulars	As at 31.03.2021	As at 31.03.2020
7 OTHER FINANCIAL ASSETS		
Security Deposits	7.20	6.77
Staff Advances	12.15	47.63
Other Receivables	10.18	3.28
Advances recoverable	2.26	3.74
Earnest Money	20.00	-
Total	51.79	61.41

8 DEFERRED TAX

8.1 Deferred Tax Assets (Net)

(₹ in Lacs) (Unless otherwise stated)

Particulars	As at 01.04.2020	Change to Profit & Loss	Charge to OCI	As at 31.03.2021
Tax Effect of items constituting deferred tax liabilities :				
Application of EIR on Financial Liabilities	2.47	(0.71)	-	1.76
	2.47	-0.71	-	1.76
Tax Effect of items constituting deferred tax assets :				
Application of EIR on financial assets	106.13	(32.93)	-	73.20
Application of leases (Ind AS 116)	6.51	1.86	-	8.38
Provision for leave encashment	1.47	(1.47)	-	-
Tax bases of Property, Plant & Equipment	1.45	2.86	-	4.31
Provision for gratuity	(1.01)	2.40	(2.76)	(1.37)
	114.56	(27.28)	(2.76)	84.52
Net deferred tax	112.09	(26.57)	(2.76)	82.76

(₹ in Lacs) [Unless otherwise stated]

	As at 31.03.2021	As at 31.03.2020
8.2 Income tax recognised in Statement of profit and loss		
Current Tax:		
In respect of the current year	995.32	964.01
In respect of the prior year	161.33	1.44
	1,156.65	965.45
Deferred tax:		
Current year origination and reversals	26.57	-38.57
Total Income tax recognised in Profit and Loss	<u>1,183.22</u>	<u>926.88</u>
8.3 Income tax recognised in Other Comprehensive Income		
Remeasurement of defined benefits	(2.76)	(4.23)
Total Income tax recognised in Other Comprehensive Income	<u>(2.76)</u>	<u>(4.23)</u>
8.4 Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:		
Profit before tax	3,936	3,174
Applicable Income tax rate	25.17%	25.17%
Expected Income tax expenses	990.62	798.89
Adjustments:		
- Effect of Ind-as adjustments	(33.45)	58.22
- Effect of expenses not deductible	38.16	104.37
- Others	-	2.53
Reported Income tax expenses	<u>995.32</u>	<u>964.01</u>
Effective tax rate	25.29%	30.37%

* Company opted for reduced corporate tax rate of 25.17% as per recently inserted section 115BAA of the Income Tax Act, 1961 during the year ended 31st March, 2020.



NOTES TO THE ACCOUNTS

9 INVESTMENT PROPERTY

(₹ in Lacs) (Unless otherwise stated)

Cost	Amount
As at 01 April 2020	14.86
Additions	-
Disposals/adjustments	-
Closing as at 31st March 2021	14.86
<u>Accumulated amortization and impairment, if any</u>	
As at 01 April 2020	0.58
For the period	0.29
Disposals/adjustments	-
Closing as at 31st March 2021	0.86
<u>Net block</u>	
As at 31st March 2021	14.00
As at 31st March 2020	14.29

The Company's investment properties consist of residential property in India and is not given on lease. Fair value of Investment property is the reasonable approximately equivalent to the carrying amount disclosed above.

10. PROPERTY, PLANT & EQUIPMENT

[₹ in Lacs] [Unless otherwise stated]

Particulars	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT	
	As at 01.04.2020	Additions / adjustments	Deductions / adjustments	As at 31.03.2021	As at 01.04.2020	For the year	As at 31.03.2021	As at 31.03.2020
Air conditioner	4.45	-	0.59	3.86	1.41	0.81	1.92	3.04
Computer	25.88	5.12	-	31.00	12.90	7.56	20.46	12.97
Electrical Installation	24.55	-	-	24.55	3.04	2.33	5.38	21.51
Furniture & Fixtures	49.39	0.84	0.61	49.62	6.95	4.79	11.57	42.44
Leasehold Improvement	30.84	-	-	30.84	4.07	3.26	7.33	26.77
Mobile	2.42	2.64	-	5.06	0.83	0.47	1.30	1.60
Vehicles	51.99	17.56	14.86	54.68	22.71	6.58	15.71	29.28
Office Equipment	8.50	0.28	0.16	8.62	2.20	1.71	3.89	6.30
Printer	1.50	0.64	-	2.13	0.59	0.33	0.92	0.91
Total	199.51	27.07	16.22	210.36	54.69	27.84	68.48	144.82

11. INTANGIBLE ASSETS

[₹ in Lacs] [Unless otherwise stated]

Particulars	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT	
	As at 01.04.2020	Additions / adjustments	Deductions / adjustments	As at 31.03.2021	As at 01.04.2020	For the year	As at 31.03.2021	As at 31.03.2020
Computer Software	6.35	-	-	6.35	4.10	2.02	6.12	2.25
Company Logo	0.09	-	-	0.09	0.03	0.03	0.06	0.06
Total	6.44	-	-	6.44	4.13	2.05	6.18	2.31

NOTES TO THE ACCOUNTS

12 LEASES

12.1 Nature of leased assets

The Company's leasing arrangements are in respect of leases of premises for commercial use of the company. The Company mainly enters into these lease arrangements with various parties for operating its branches across the country.

(₹ in Lacs) [Unless otherwise stated]

	As at 31.03.2021	As at 31.03.2020
12.2 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
Opening Balance	182.62	221.68
Additions during the year	-	3.37
Deductions during the year	(5.69)	(2.71)
Depreciation charge for the year	(30.98)	(39.72)
Closing Balance	145.94	182.62
12.3 Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:		
Opening balance	204.54	232.03
Additions during the year	-	3.29
Deductions during the year	(6.38)	(2.94)
Accretion of Interest	18.43	21.64
Payments during the year	(41.43)	(49.49)
Closing balance	175.16	204.54
Current	20.16	46.51
Non Current	154.99	185.52
12.4 Maturity Analysis:		
Less than 1 Year	36.41	46.15
1-3 Years	70.24	74.06
3-5 Years	78.06	72.78
5 Years and above	52.71	93.06
Total	237.43	286.06
Discounting Charge	62.27	81.53
Lease Liabilities	175.16	204.54
12.5 Amounts recognised in profit or loss		
Interest on lease liabilities	18.43	21.64
Depreciation expense for right-of-use assets	30.98	39.72
Expenses relating to short-term leases	8.20	8.23
Expenses relating to leases of low-value assets	-	-
Total Amount recognised in profit & Loss	57.62	69.59

[₹ in Lacs] [Unless otherwise stated]

	31.03.2021	31.03.2020
12.6 Amounts recognised in the statement of cash flows		
Payments during the year for long-term leases	(41.43)	(49.49)
Expenses relating to short-term leases	(8.20)	(8.23)
Total cash outflow for leases	(49.63)	(57.71)
13 OTHER NON FINANCIAL ASSETS		
Balance with government authorities	1.16	96.56
Prepaid expenses	49.16	5.57
Advances recoverable	0.31	1.80
Gratuity fund - plan assets	5.44	3.99
Total non financial assets	56.07	107.92
14 DEBT SECURITIES (REDEEMABLE, NON-CONVERTIBLE DEBENTURES)		
At amortised Cost		
Secured		
Privately Placed, Redeemable Non Convertible Debentures	4,000.00	-
Add: Accrued Interest Payable	216.59	-
Less: Amortisation of cost of borrowings	(5.42)	-
Debt Securities net of unamortised cost (A)	4,211.17	-
Borrowings in India	4,211.17	-
Borrowings outside India	-	-
Total (B)	4,211.17	-
15 BORROWINGS (OTHER THAN DEBT SECURITIES)		
Borrowings measured at Amortised Cost		
(a) Term loans		
(i) from banks		
Secured	90.15	2,162.47
(ii) from other parties		
Secured	226.18	1,883.36
(b) Loans repayable on demand (secured)		
(i) from banks		
Secured	3,717.91	5,546.63
(c) Loans repayable on demand (Unsecured)		
(i) from related parties	15.00	-
Total (A)	4,049.24	9,592.45
Borrowings in India	4,049.24	9,592.45
Borrowings outside India	-	-
Total (B) to tally with (A)	4,049.24	9,592.45

Note: There is no borrowing measured at FVTPL or designated at FVTPL.

NOTES TO THE ACCOUNTS

14.1 Security and terms of repayment for Non Convertible Debentures

[₹ in Laacs] [Unless otherwise stated]

S. No.	Funder	Amount outstanding as on 31 st March 2021	Amount outstanding as on 31 st March 2020	Repayment Terms			Nature of Security
				No. of Installments	Periodicity	Start Date	End Date
1	State Bank of India	3,191.72	-	1	Bullet Repayment	10-Aug-20	21-Apr-23
2	Punjab National Bank	1,019.45	-	1	Bullet Repayment	20-Oct-20	21-Apr-23
	Total	4,211.17	-	-	-	-	

125% Book Debts and also personal guarantee of Managing Director and corporate guarantee of the group company. And extension of charge by lien on fixed deposit of ₹2.50 Crore charged for existing credit facilities.

125% Book Debts and also personal guarantee of Managing Director.

15.1 Security and terms of repayment for term loans from other parties

[₹ in Laacs] [Unless otherwise stated]

S. No.	Funder	Amount outstanding as on 31 st March 2021	Amount outstanding as on 31 st March 2020	Repayment Terms			Nature of Security
				No. of Installments	Periodicity	Start Date	End Date
1	Tourism Finance Corporation of India	-	1,554.71	16	Quarterly	15-Apr-18	15-Jan-22
2	Tata Capital Financial Services	224.18	322.87	60	Monthly	19-Jul-18	20-Jun-23
3	Toyota Finance Service (I) Ltd (Car Loan)	2.00	5.78	60	Monthly	10-Nov-16	9-Oct-21
	Total	226.18	1,883.36	-	-	-	

Book Debts and also personal guarantee of Managing Director and corporate guarantee of the group company

Book Debts and also personal guarantee of Managing Director and corporate guarantee of the group company.

(Car Loan) (Ag. Hypothecation of Car)

15.2 Security and terms of repayment for term loans from banks

[₹ in Lacs] (Unless otherwise stated)

S. No.	Funder	Amount outstanding as on 31 st March 2021	Amount outstanding as on 31 st March 2020	Repayment Terms			Nature of Security
				No. of Installments	Periodicity	Start Date	End Date
1	State Bank of India	-	653.93	36	Monthly	25-Apr-18	12-Mar-21
2	State Bank Of India	-	500.00	9	Monthly	31-Jul-20	30-Mar-21
3	AU Small Finance Bank Limited	-	111.64	36	Monthly	14-Aug-17	15-Jul-20
4	AU Small Finance Bank Limited	-	894.83	27	Monthly	4-Jan-19	5-Mar-21
5	Small Industries Development Bank Of India (SIDBI)	75.31	-	4	Monthly	14-Dec-20	10-Apr-21
6	ICICI Bank Ltd (Car Loan)	0.14	2.07	60	Monthly	1-May-16	1-Apr-21
7	Hdfc Bank Car Loan	14.70	-		Monthly		
	Total	90.15	2,162.47				

15.3 Loans repayable on demand (secured)

[₹ in Lacs] (Unless otherwise stated)

S. No.	Funder	Amount outstanding as on 31 st March 2021	Amount outstanding as on 31 st March 2020	Nature of Security
1	Cash Credit From Au Small Finance Bank	4.72	10.48	125% Book Debts on loan outstanding
2	Cash Credit From SBI	-	1,799.54	125% Book Debts on loan outstanding
3	Overdraft From Kotak Mahindra Bank	6.52	5.35	Overdraft Facility against Fixed Deposit
4	Working Capital Demand Loan From SBI	3,706.66	3,731.26	125% Book Debts on loan outstanding
	Total	3,717.91	5,546.63	

NOTES TO THE ACCOUNTS

15.4 Loans repayable to related parties

[₹ in Lacs] (Unless otherwise stated)

S. No.	Funder	Amount outstanding as on 31 st March 2021	Amount outstanding as on 31 st March 2020	Nature of Security
1	CSL Advisory	15	-	125% Book Debts on loan outstanding
	Total	15	-	

* The company have not defaulted in the repayment of principal and interest on the term loans during the financial year 2020-21

[₹ in Lacs] (Unless otherwise stated)

	As at 31.03.2021	As at 31.03.2020
16 OTHER FINANCIAL LIABILITIES		
Unpaid Dividend	13.70	8.34
Salary Payable	40.25	-
Expenses Payable	61.49	64.38
TDS Payable	34.02	42.64
EX-GRATIA Credit	28.84	-
Total Other Financial Liabilities	178.31	115.36
17 CURRENT TAX LIABILITIES (NET)		
Current income tax payable	201.70	53.91
Total Current tax liabilities (net)	201.70	53.91
18 PROVISIONS		
Provision for Compensated absences no longer required, written back	-	5.84
Total Provisions	-	5.84
19 OTHER NON FINANCIAL LIABILITIES		
Statutory due payable	17.47	14.57
Advances from clients/customers	-	0.45
Other Liabilities	0.26	5.09
Total other Non Financial liabilities	17.73	20.10

[₹ in Lacs] [Unless otherwise stated]

	As at 31.03.2021	As at 31.03.2020
20 EQUITY SHARE CAPITAL		
Authorized		
94,00,000 Equity Shares of Par Value ₹10/- each (31 March 2021: 94,00,000) Equity Shares of ₹10 each	940.00	940.00
(24,00,000 Equity shares of the CSL Holding Private Limited was included in the Authorised Share Capital of the Company during the year by order dated 31-05-2017 of Hon'ble National Company Law Tribunal Principal Bench New Delhi against the approval of the Scheme of Amalgamation		
Total	940.00	940.00
Issued, subscribed and paid up		
61,69,207 (31 March 2020: 61,69,207) Equity Shares of ₹10 each	616.92	616.92
Add : On conversion of warrants into 1,00,000 equity shares	-	-
Add: Share issued to ESOS Trust	-	-
Total	616.92	616.92
Less : Treasury shares (held with trust)	(3.58)	(7.08)
Total	613.34	609.84

[Amount in ₹]

	As at 31.03.2021		As at 31.03.2020	
	Number of Shares	Amount	Number of Shares	Amount
(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year				
Outstanding at the beginning of the year	6,169,207	61,692,070	6,169,207	61,692,070
Add: Issued during the year				
- On conversion of warrants into 1,00,000 equity shares	-	-	-	-
- Share issued under ESOP scheme	-	-	-	-
Outstanding at the end of the year	6,169,207	61,692,070	6,169,207	61,692,070
Less : Treasury shares (held with trust)	(35,838)	(358,380)	(70,759)	(707,590)
Outstanding at the end of the year	6,133,369	61,333,690	6,098,448	60,984,480

(b) Terms/ rights attached to equity shares

The Company has issued its equity shares having face value of ₹10 per share. Each shareholder of the Company is entitled to vote in proportion of the share of paid-up capital of the Company held by the shareholder. Each shareholder is entitled to receive interim dividend when it is declared by the Board of Directors. The final dividend proposed by the Board of Directors are paid when approved by the shareholders at Annual General Meeting.

NOTES TO THE ACCOUNTS

c) Details of shares held by shareholders holding more than 5% of the aggregate share in the company

Name of the shareholders	As at 31.03.2021		As at 31.03.2020	
	Number of Shares	% holding in the Class	Number of Shares	% holding in the Class
CSL Capital Private Limited	2,211,425	35.85%	2,196,503	35.60%
Rohit Gupta	1,258,114	20.39%	1,258,114	20.39%
Geecee Holdings LLP	385,000	6.24%	385,000	6.24%
Aadi Financial Advisors LLP	385,000	6.24%	385,000	6.24%

- (d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.
- (e) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.
- (f) Shares reserved for issue under options
For details of shares reserved for issue under the Employee Stock Option Plan (ESOP), refer Note no. 33

[₹ in Lacs] [Unless otherwise stated]

	As at 31.03.2021	As at 31.03.2020
21 OTHER EQUITY		
<u>(A) Share Options Outstanding Account</u>		
Balance at the beginning of the year	84.8	68.3
Add: Employee share option expense	-	16.5
Less: Reversal of ESOP Expenses	(21.11)	-
Less: Transferred to securities premium on exercise of share options	-	-
Less: Transferred to general reserve on forfeiture of share options	-	-
Closing balance	63.71	84.82
*Share options outstanding account recognizes the fair value of options as at the grant date spread over the vesting period. (Refer Note no.33)		
<u>(B) Capital Reserve</u>		
Opening balance	206.49	206.49
Add : Transferred from Share Warrants	-	-
Closing balance	206.49	206.49
Capital reserve of ₹15,774,165 is created for 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. Further, during the Financial year 2018-19 the company has forfeited ₹48,75,000/- on non conversion of share warrants.		
<u>(c) Securities premium (SP)*</u>		
Opening balance	5,718.77	5,665.00
Add : Issue of Share under ESOS	75.43	53.76

(₹ in Lacs) (Unless otherwise stated)

	As at 31.03.2021	As at 31.03.2020
Add : Transfer from Share Option Outstanding account	-	-
Add : On conversion of warrants into 100000 equity shares	-	-
Closing balance	5,794.20	5,718.77
<p>*SP record premium on issue of shares to be utilized in accordance with the Act.</p> <p>Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares and debenture issue expenses in accordance with the provisions of the Companies Act, 2013.</p> <p><u>(D) Capital Redemption Reserve</u></p> <p>Opening balance</p>		
	62.16	62.16
Add: Capital Redemption Reserve created during the year	-	-
Closing balance	62.16	62.16
<p>Capital redemption reserve is the requirement under the section 69 of the Companies Act 2013 which has been created in the event of buy back of shares. This reserve is exclusively used for issuing fully paid bonus shares to the members of the company.</p> <p><u>(E) General reserve</u></p> <p>Opening balance</p>		
	4.00	4.00
Add: Transfer from ESOOA	-	-
Closing balance	4.00	4.00
<p>It is the reserve which is created by accumulation of profit of the company. It is a free reserve and is created without any specific or particular purpose.</p> <p><u>(F) Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934[^]</u></p> <p>Opening balance</p>		
	3,046.71	2,597.24
Add : Additions/Deductions	550.56	449.47
Closing balance	3,597.27	3,046.71
<p>[^] Statutory reserve represents the reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934 (RBI Act). Under Section 45-IC, a company is required to transfer a sum not less than twenty percent of its net profit every year. The statutory reserve can be utilised for the purposes as specified by the Reserve Bank of India from time to time.</p>		

NOTES TO THE ACCOUNTS

(₹ in Lacs) (Unless otherwise stated)

	As at 31.03.2021	As at 31.03.2020
<u>(G) Debenture Redemption Reserve</u>		
Opening balance	-	-
Add : Additions/Deductions	400.00	-
Closing balance	400.00	-
The company has made preferential allotment of the Secured non-convertible debentures (NCD) of INR 40 crores in the Financial year 2020-21. The company has created the Debenture Redemption Reserve ₹4 crores and the same shall be utilised to repay the privately placed non-convertible debentures.		
<u>(H) Surplus/(deficit) in the Statement of Profit and Loss</u>		
Opening balance	13,522.24	11,861.57
Add: Net profit/(loss) for the current year	2,752.79	2,247.37
Add: Other Comprehensive Income/(loss) for the year	8.21	11.53
Less: Transfer to statutory reserve	(550.56)	(449.47)
Less: Dividend	(154.23)	(123.38)
Less: Tax on dividend	-	(25.37)
Less: Transfer to Debenture Redemption Reserve	(400.00)	-
Closing balance	15,178.45	13,522.24
Total other equity	25,306.29	22,645.20

(₹ in Lacs) (Unless otherwise stated)

	31.03.2021	31.03.2020
22 INTEREST INCOME		
On Financial Assets measured at Amortised Cost		
Interest on loans	5,902.80	5,823.00
Interest on Deposits with banks	14.76	18.18
Other Interest Income	0.49	0.55
Total	5,918.04	5,841.74
23 FEES AND COMMISSION INCOME		
Advisory fees	116.09	100.48
Legal & Technical Charges	65.18	88.84
Foreclosure Charges	50.65	29.51
Other Charges	7.02	9.77
Total	238.94	228.61

[₹ in Lacs] (Unless otherwise stated)

	31.03.2021	31.03.2020
24 RECOVERIES OF FINANCIAL ASSETS WRITTEN OFF		
Bad Debt Recovered	10.33	15.18
Total	10.33	15.18
25 OTHER INCOME		
Net gain on derecognition of investments	0.39	0.26
Derecognition of Lease Liability	0.69	0.23
Derecognition of Security Deposits	0.08	0.05
Decrease in provision on compensated expenses	5.84	4.73
Interest on income tax refund	-	3.19
Miscellaneous Income	11.65	1.08
Total	18.65	9.53
26 FINANCE COSTS		
On Financial liabilities measured at Amortised Cost		
Interest on borrowings		
on debt securities	241.79	-
on bank borrowings	330.13	761.28
on borrowings from others	110.45	277.77
Interest on lease liability	18.43	21.64
Total	700.80	1,060.69
27 FEES AND COMMISSION EXPENSES		
Fees and commission expenses	26.53	19.50
Total	26.53	19.50
28 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	613.66	752.77
Contribution to provident and other funds	30.05	37.04
Share based payment expenses	(21.11)	16.54
Staff welfare expenses	13.88	16.29
Gratuity	9.52	11.81
Total	646.00	834.45

NOTES TO THE ACCOUNTS

(₹ in Lacs) (Unless otherwise stated)

	31.03.2021	31.03.2020
29 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
On financial Instruments measured at Amortised cost		
Impairment provision on loans	482.99	130.36
Impairment for significant increase in credit risk due to COVID -19*	-	461.47
Total	482.99	591.83
30 DEPRECIATION, AMORTIZATION AND IMPAIRMENT		
Depreciation on Property, Plant and Equipment	27.84	32.21
Depreciation on Investment Property	0.29	0.29
Depreciation on Right to use Assets	30.98	39.72
Amortization on Intangible Assets	2.05	2.23
Total	61.16	74.45
31 OTHER EXPENSES		
Advertisement Expenses	3.56	3.46
Annual Listing Fees	3.27	3.27
Audit Fees*	2.01	2.07
Books & Periodicals	-	0.08
Bank Charges	6.37	4.48
Business Promotion	1.89	5.62
Corporate Social Responsibility Expenses	62.32	57.10
Donation	0.21	-
EDP Expenses	2.70	1.95
Electricity Expenses	6.29	6.30
Festival Expenses	1.65	2.41
Generator Repair & Maintenance	0.91	0.97
Insurance Expenses	0.90	0.92
Internal Audit Fees	7.87	10.45
Legal & Professional Charges	124.87	101.57
Loss on sale of Assets	0.44	0.13
Meeting & Conference Expenses	0.07	2.27
Miscellaneous Expenses	0.73	0.11
Office Expenses	11.66	12.50
Postage & Courier Expenses	1.66	4.29
Printing & Stationery	2.40	5.21

	As at 31.03.2020	As at 31.03.2019
Rent (Short term leases)	8.20	8.23
Repair & Maintenance	18.55	20.21
Software & Technical Services	37.54	46.53
Telephone Expenses	4.93	4.55
Travelling & Conveyance	19.38	32.06
Vehicle Running Expenses	2.07	3.18
Total	332.47	339.89
*Payment to auditors		
As auditor		
Statutory audit of Company	1.47	1.47
- for tax audit	0.44	0.44
- for reimbursement of expenses	0.10	0.16
Total	2.01	2.07

32 RECONCILIATION OF MOVEMENT IN BORROWINGS TO CASH FLOWS FROM FINANCING ACTIVITIES

(₹ in Lacs) (Unless otherwise stated)

Particulars	31 st March, 2020	Cash Flows	Amorti- sation of Loan Origination cost	Impact of Ind AS 116	31 st March, 2021
Borrowings (other than debt securities)	9,592.45	(1,307.03)	(25.01)	-	8,260.41
Lease liabilities	204.54	(41.43)		12.05	175.16
	9,796.99	(1,348.46)	(25.01)	12.05	8,435.57

33 SEGMENT INFORMATION

In the opinion of the management, there is only business segment i.e. lending, which have similar risks and return for the purpose of Ind AS 108 'Operating segments', prescribed under Section 133 of the Companies Act, 2013 ('Act') read with the relevant rules issued thereunder. Accordingly, no separate disclosure for segmental reporting is required to be made in the financial statements or the Company.

Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

All the operating revenue of the company is from the external customers with in India only. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31st March, 2021 or 31st March, 2020.

NOTES TO THE ACCOUNTS

34 EMPLOYEE STOCK OPTION SCHEME (ESOS)

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.

During the financial year 2019-20, 24,891 options were exercised and 90,000 equity shares were allotted. However, 12,500 options were lapsed during the financial year 2019-20 and no fresh options were granted during the year.

During the financial year 2020-21, 34,921 options were exercised. and 120,838 options were lapsed during the financial year 2020-21 and no fresh options were granted during the year.

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

a) Terms and conditions

Particulars	Terms
Type of arrangement	CSL EMPLOYEE STOCK OPTIONS SCHEME 2016
Contractual life	The scheme shall continue in effect unless terminated by the Company or the Committee or until all options available to be granted under the scheme are fully exercised
Number of vested options exercisable	The vested options are exercisable within the exercise period i.e. 3 (Three) years from the date of vesting
Method of settlement	<p>1. Share route- the Grantee shall make the payment of the exercise price & tax amount due, by way of cheque/demand draft/ transfer as under:</p> <p>i) For the Exercise Price to the Trust</p> <p>ii) For applicable income tax to the Company</p> <p>On receipt of the payment as above, the Trust will transfer the relevant number of Shares in the de-mat account of the Grantee.</p> <p>2. Cashless route-After the receipt of request letter from transfer by grantee, the Trust will sell the relevant number of the Shares and disburse the sale proceeds (after deducting the Exercise Price and the applicable income tax) to the bank account of the Grantee. The company will inform the Trust of the amount of the applicable income tax to be withheld from the sale proceeds of the Shares. The Trust will pay the exercise price and tax amount so collected upon sale, to the company.</p>
Vesting conditions	<p>1. Vesting period shall commence after 1 (One) Year from the date of grant of Options and may extend upto 5 (Five) years from the date of grant.</p> <p>2. The Committee at its discretion, may link the actual vesting of the Options with the performance of the Grantee.</p>

3 The Committee shall have the power to modify the vesting schedule on a case to-case basis subject to the minimum gap of 1 (One) year between the grant and first vesting.

4 The options which get lapsed due to Performance Appraisal (if applicable) in any of the vesting, will get lapsed from the hands of the Grantee and will be add-back to the pool of ungranted options of this Scheme, and will be available for further grants under the scheme.

5. The options will lapse if the employment is terminated prior to vesting. Further, The Nomination & Remuneration Committee (NRC)/Compensation Committee has the sole discretion to lapse/cancel the ESOP of the employees.

- b) The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

Particulars	As at 31.03.2021		As at 31.03.2020	
	Number	WAEP (INR)	Number	WAEP (INR)
Options outstanding at beginning of year	240,759	232	278,150	231
Options granted during the year	-	-	-	-
Options vested during the year	40,000	235	90,000	228
Less:				
Options exercised during the year	34,921	226	24,891	226
Options forfeited during the year*	120,838	226	12,500	226
Options outstanding at the end of year	85,000	232	240,759	232

In accordance with the above mentioned ESOS Scheme, ESOP expense of ₹21,11,207 has been reversed to the Statement of Profit and Loss as against ESOP expenses for Financial Year ended 31st March, 2021 in relation to the options granted during the year ended 31st March 2021 as Employee Stock Option Scheme Compensation expense.

NOTES TO THE ACCOUNTS

[Amount in ₹]

	2020-21	2019-20
35 EARNINGS PER SHARE		
Net profit from operations attributable to equity holders	2,752.79	2,247.37
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	-	-
Effect of conversion of share warrants	-	-
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	2752.79	2247.37
Weighted average number of ordinary shares for basic earnings per share	61.07	60.94
Effect of dilution:		
Employee share options (In Nos.)	0.13	0.31
Share warrants (In Nos.)	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	61.19	61.25
	INR	INR
Earnings per share		
Equity shareholders for the year:		
Basic earnings per share	45.08	36.88
Diluted earnings per share	44.99	36.69

	As at 31.03.2021
36 CONTINGENT LIABILITIES	
Particulars	
Claims against the company not acknowledged as debts	-
Guarantees excluding financial guarantees	-
Other money for which the company is contingently liable	

- 37** During the Financial year 2020-21, the company has opted for the Vivad se Vishwas Scheme for the Income Tax cases outstanding as mentioned in the tabel below and has provided for the earlier year taxes of ₹161.32 lacs and the company has already depoited an amount of ₹96.63 lacs and the company shall pay the balance amount of ₹64.69 lacs by 30th June 21.

[₹ in Lacs] [Unless otherwise stated]

Assessment Year	Income Tax Payable as per the VSV Scheme, 2020	Amount Already Deposited
		As at 31 st March, 2021
2014-15	84.09	60.36
2012-13	66.60	25.64
2009-10	4.68	4.68
2006-07	5.96	5.96

- 38 THERE ARE NO COMMITMENTS AT THE END OF THE REPORTING PERIODS 2019-20, 2020-21.**

39 FAIR VALUE MEASUREMENT

38.1 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

(₹ in Lacs) (Unless otherwise stated)

As at 31 st March, 2021	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash and Cash equivalent	1,762.24	1,762.24	1,762.24	-	-
Bank balances other than cash and cash equivalent	327.84	327.84	327.84	-	-
Loans and advances to customers	32,170.14	32,193.54	-	-	32,193.54
Financial assets – at amortised cost	51.79	51.79	-	-	51.79
Total financial assets	34,312.01	34,335.40	2,090.08	-	32,245.32
Financial Liabilities					
Borrowings Debt Securities	4,211.17	4,211.17	-	-	4,211.17
Borrowing (other than debt securities)	4,049.24	4,055.04	-	-	4,055.04
Lease Liabilities	175.16	175.16	-	-	175.16
Other financial liabilities	178.31	178.31	-	-	178.31
Total Financial liabilities	4,402.71	4,408.51	-	-	353.47

(₹ in Lacs) (Unless otherwise stated)

As at 31 st March, 2020	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash and Cash equivalent	1,215.32	1,215.32	1,215.32	-	-
Bank balances other than cash and cash equivalent	310.15	310.15	310.15	-	-
Loans and advances to customers	31,096.31	31,089.75	-	-	31,089.75
Financial assets – at amortised cost	61.41	61.41	-	-	61.41
Total financial assets	32,683.20	32,676.64	1,525.47	-	31,151.16
Financial Liabilities					
Borrowing (other than debt securities)	9,592.45	9,580.02	-	-	9,580.02
Lease Liabilities	204.54	204.54	-	-	204.54
Other financial liabilities	115.36	115.36	-	-	115.36
Total Financial liabilities	9,912.35	9,899.91	-	-	9,899.91

NOTES TO THE ACCOUNTS

39.2 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, balances other than cash and cash equivalents. Such amounts have been classified as Level 2/Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

For loans and advances, the fair value is calculated for SME and Wholesale portfolios separately. The weighted average rate of lending is computed for each segment on reporting date and the portfolio is then adjusted for changes in these rates.

Borrowings

The fair values of financial liability held-to-maturity are estimated using effective interest rate model based on contractual cash flows using weighted average rate of borrowing of the company.

40 CREDIT RISK MANAGEMENT

40.1 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

40.2 Credit Quality of Loans

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(₹ in Lacs) [Unless otherwise stated]

	31.03.2021	31.03.2020
Wholesale Loans		
Not due	26,644.04	24,172.49
0-30 days past due	-	437.86
31-90 days past due	93.85	90.96
Impaired (more than 90 days)	-	-
Total Gross carrying value as at reporting date	26,737.89	24,701.31
SME Loans		
Not due	4,624.20	6,522.30
0-30 days past due	364.84	223.56
31-90 days past due	533.93	120.30
Impaired (more than 90 days)	694.15	218.44
Total Gross carrying value as at reporting date	6,217.12	7,084.60

Note : The company is into Wholesale & SME lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its Expected Credit Loss allowances on a collective basis.

40.3 ECL Methodology

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

In assessing the impairment of other financial assets Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109.

(i) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(ii) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculations. "Loss given default" (LGD) is estimated and applied on stage III assets.

(iii) Estimations and assumptions considered in the ECL model

"Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 20% for period of default from 4 to 12 months, at 30% for default from 13 to 21 months and at 50% for period exceeding 21 months. This is calculated based on the management's best estimate, movement of default rates and future adjustment for macro-economic factor.

(iv) Forward looking information

PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. For SME and Wholesale portfolio, Real GDP (% change p.a.) is used as the macroeconomic variable.

(iv) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort.

(iv) Write Offs/ Recoveries

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the writeoff. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Undrawn commitments

These commitments pertain to the loans sanctioned but amount remaining undrawn. The Company can opt not to disburse the undrawn amount if the credit quality of the assets has deteriorated. Therefore, no provision has been created on these commitments.

(vi) Modification of financials assets

Amortised cost of the financial assets modified during the period is ₹19,868.40 lakhs and modification loss of ₹47.95 lakhs has been adjusted with interest income.



NOTES TO THE ACCOUNTS

40.4 Impairment Loss

(₹ in Lacs) (Unless otherwise stated)

	Stage 1	Stage 2	Stage 3	Total
a). Wholesale Loans				
31 March 2021				
Gross Balance	26,644.04	93.85	-	26,737.89
Expected Credit loss rate	1.38%	7.45%	-	
Expected Credit loss	368.71	6.99	-	375.71
Carrying Amount	26,275.32	86.86	-	26,362.19
31 March 2020				
Gross Balance	24,610.35	90.96	-	24,701.31
Expected Credit loss rate	0.57%	0.90%	-	
Expected Credit loss	139.17	0.82	-	140.00
Carrying Amount	24,471.18	90.13	-	24,561.31
b). SME Loans				
31 March 2021				
Gross Balance	4,989.04	533.93	694.15	6,217.12
Expected Credit loss rate	1.38%	7.45%	43.27%	
Expected Credit loss	69.04	39.77	300.36	409.16
Carrying Amount	4,920.00	494.16	393.79	5,807.95
31 March 2020				
Gross Balance	6,745.86	120.30	218.44	7,084.60
Expected Credit loss rate	0.57%	0.90%	20.00%	
Expected Credit loss	38.15	1.09	48.89	88.13
Carrying Amount	6,707.71	119.21	169.54	6,996.47

40.5 Gross Exposure and ECL Balance reconciliation

a). Wholesale Loans

i). Reconciliation of gross exposure is given below:

(₹ in Lacs) (Unless otherwise stated)

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial Year 2020-21				
Gross carrying amount - Opening balance	24,610.35	90.96	-	24,701.31
New assets originated or purchased	15,906.22	-	-	15,906.22
Assets derecognised or repaid	-13,778.68	-90.96	-	-13,869.63
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-93.85	93.85	-	-
Transfers to Stage 3	-	-	-	-
Gross carrying amount - Closing balance	26,644.04	93.85	-	26,737.89

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial 2019-20				
Gross carrying amount - Opening balance	26,714.25	20.00	-	26,734.25
New assets originated or purchased	12,905.71	-	-	12,905.71
Assets derecognised or repaid	-14,918.65	-20.00	-	-14,938.65
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-90.96	90.96	-	-
Transfers to Stage 3	-	-	-	-
Gross carrying amount - Closing balance	24,610.35	90.96	-	24,701.31



NOTES TO THE ACCOUNTS

ii). Reconciliation of ECL Balance is given below:

(₹ in Lacs) (Unless otherwise stated)

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial 2020-21				
ECL allowance - opening balance	139	1	-	140
New assets originated or purchased	91			91
Assets derecognised or repaid	(79)	(81,860)		(81,939)
Changes in ECL due to Gross exposure changes	(9,135)	81,859		72,724
Transfers to Stage 1	-			-
Transfers to Stage 2	(1)	84,920		84,919
Transfers to Stage 3	-			-
ECL allowance - Closing balance	-8,984	84,920	-	75,936
Financial 2019-20				
ECL allowance - opening balance	96.63	0.12	-	96.74
New assets originated or purchased	72.98	-	-	72.98
Assets derecognised or repaid	(35.99)	(0.12)	-	(36.11)
Changes in ECL due to Gross exposure changes	6.28	0.10	-	6.38
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(0.72)	0.72	-	-
Transfers to Stage 3	-	-	-	-
ECL allowance - Closing balance	139.17	0.82	-	140.00

b). SME Loans
i). Reconciliation of gross exposure is given below:

(₹ in Lacs) [Unless otherwise stated]

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial Year 2020-21				
Gross carrying amount - Opening balance	6,745.86	120.30	218.44	7,084.60
New assets originated or purchased	581.31	-	-	581.31
Assets derecognised or repaid	(1,110.06)	(58.00)	(156.13)	(1,324.19)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(533.93)	533.93	-	(0.00)
Transfers to Stage 3	(694.15)	(62.30)	631.85	(124.60)
Gross carrying amount - Closing balance	4,989.04	533.93	694.15	6,217.12
Financial Year 2019-20				
Gross carrying amount - Opening balance	5,384.63	32.84	39.19	5,456.66
New assets originated or purchased	2,869.12	-	-	2,869.12
Assets derecognised or repaid	(1,230.13)	(11.06)	-	(1,241.18)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(120.30)	120.30	-	-
Transfers to Stage 3	(157.47)	(21.78)	179.25	-
Gross carrying amount - Closing balance	6,745.86	120.30	218.44	7,084.60

ii) Reconciliation of ECL balance is given below:

(₹ in Lacs) [Unless otherwise stated]

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial 2020-21				
ECL allowance - opening balance	38.15	1.09	48.89	88.13
New assets originated or purchased	3.31	-	-	3.31
Assets derecognised or repaid	(6.33)	(0.52)	(31.23)	(38.08)
Changes in ECL due to Gross exposure changes	0.08	0.02	(5.21)	(5.11)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(3.04)	4.81	-	1.76
Transfers to Stage 3	(3.96)	(0.56)	126.37	121.85
ECL allowance - Closing balance	28.21	4.83	138.83	171.87

NOTES TO THE ACCOUNTS

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial 2019-20				
ECL allowance - opening balance	19.48	0.19	7.84	27.50
New assets originated or purchased	17.51	-	-	17.51
Assets derecognised or repaid	(2.76)	(0.06)	-	(2.82)
Changes in ECL due to Gross exposure changes	6.28	0.63	39.02	45.93
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(0.46)	0.46	-	-
Transfers to Stage 3	(1.91)	(0.13)	2.04	-
ECL allowance - Closing balance	38.15	1.09	48.89	88.13

40.6 Concentration of Credit Risk

The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of loans:

(₹ in Lacs) [Unless otherwise stated]

Region	31.03.2021	31.03.2020
SME Loans		
-North	3,553.07	4,365.87
-West	2,664.05	2,718.72
Wholesale Loans		
-North	26,737.89	24,701.31
Total Gross carrying value as at reporting date	32,955.01	31,785.91

40.7 Collateral

i) Narrative description of collateral

The company has business interests in Wholesale and SME Retail Lending. The company risk is mitigated by considering the collateral from the borrowers. Thereby the company employs a range of policies and practices to manage the credit risk in the business. The most common is to by accepting the collateal from the borrowers. The company deploys internal policies on the acceptabiltiy of the specific class of collateral or credit risk mitigation. The principal collateral types for the loans and advances includes:

- Mortgage of Immovable Property
- Pledge of the Shareholding of Promoters
- Hypothecation of Immovable Property
- Pledge of instruments through which promoters contribution is infused in the project

ii) Gross value of total secured loans to value of collateral

(₹ in Lacs) (Unless otherwise stated)

Loan to Value	Gross value of secured Wholesale loans		Gross value of secured SME loans	
	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
0% to 25%	5,251.99	13,581.41	2,673.37	2,564.70
26% to 50%	12,440.06	10,393.06	3,408.50	3,529.42
51% to 75%	9,045.84	726.84	135.24	183.99
76% to 100%	-	-	-	102.20
More than 100%	-	-	-	-
	26,737.89	24,701.31	6,217.12	6,380.31

iii) Fair value of collateral held against credit impaired assets

(₹ in Lacs) (Unless otherwise stated)

	Maximum Exposure	Plant & Machinery	Land & Building	Other	Total Collateral	Net Exposure	Associated ECL
31 March 2021							
Wholesale Loans*	-	-	-	-	-	-	-
SME Loans	694.15	-	2,958.77	-	2,958.77	(2,264.62)	300.34
Total	694.15	-	2,958.77	-	2,958.77	(2,264.62)	300.34
31 March 2020							
Wholesale Loans*	-	-	-	-	-	-	-
SME Loans	218.44	-	768.40	-	768.40	(549.97)	48.89
Total	218.44	-	768.40	-	768.40	(549.97)	48.89

* There are no credit impaired loans in our wholesale loan portfolio.

41 LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

The Company manages liquidity risk by measuring and managing net funding requirements by calculating the cumulative surplus or deficit of funds at a selected maturity dates. The company also maintains adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

41.1 Maturity profile of Financial Liabilities

The disclosure is based upon the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows. The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31st March 2020.

NOTES TO THE ACCOUNTS

(₹ in Lacs) (Unless otherwise stated)

	Less than 1 year	1-3 years	1-3 years	3-5 years	5 years & above	Total
As at 31 March 2021						
Borrowings						
-Term Loans	180.29	136.04	-	-	-	316.34
-Loans repayable on demand	3,717.91	-	-	-	-	3,717.91
-Debt Securities	-	4,211.17	-	-	-	4,211.17
-Related Party	15.00	-	-	-	-	15.00
Total	3,913.20	4,347.21	-	-	-	8,260.41
As at 31 March 2020						
Borrowings						
-Term Loans	2,946.97	1,073.86	24.99	-	-	4,045.83
-Loans repayable on demand	5,546.63	-	-	-	-	5,546.63
-Debt Securities	-	-	-	-	-	-
Total	8,493.60	1,073.86	24.99	-	-	9,592.45

41.2 Maturity profile of assets and liabilities

(₹ in Lacs) (Unless otherwise stated)

	31 st March, 2021		Total	31 st March, 2020		Total
	With in 12 Months	After 12 Months		With in 12 Months	After 12 Months	
Assets						
<u>Financial Assets</u>						
Cash and cash equivalents	1,762.24	-	1,762.24	1,215.32	-	1,215.32
Bank Balance other than cash and cash equivalents	13.70	314.14	327.84	8.34	301.81	310.15
Receivables	-	-	-	-	-	-
(I) Trade Receivables	-	-	-	-	-	-
(II) Other Receivables	-	-	-	-	-	-
Loans	-	-	-	-	-	-
- Wholesale	11,356.96	15,380.93	26,737.89	10,487.87	14,213.44	24,701.31
- SME	990.12	5,227.00	6,217.12	1,128.27	5,956.33	7,084.60
- Retail Loans	-	-	-	-	-	-
Impairment Loss Allowance	-784.87	-	-784.87	-689.59	-	-689.59
Investments	-	-	-	-	-	-
Other Financial assets	44.58	7.20	51.79	54.64	6.77	61.41
<u>Non-financial Assets</u>						
Deferred tax Assets (Net)	-	82.76	82.76	-	112.09	112.09
Property, Plant and Equipment	-	141.89	141.89	-	144.82	144.82
Investment Property	-	14.00	14.00	-	14.29	14.29
Right-of-use assets	-	145.94	145.94	-	182.62	182.62
Intangible assets	-	0.26	0.26	-	2.31	2.31
Other non-financial assets	56.08	-	56.08	107.92	-	107.92
Total Assets	13,438.81	21,314.12	34,752.93	12,312.77	20,934.48	33,247.25

(₹ in Lacs) (Unless otherwise stated)

	31 st March, 2021		Total	31 st March, 2020		Total
	With in 12 Months	After 12 Months		With in 12 Months	After 12 Months	
<u>Financial Liabilities</u>						
Payables	-	-	-	-	-	-
(I) Trade Payables	-	-	-	-	-	-
(II) Other Payables						
Debt Securities (Reedemable, Non-Convertible Debentures)	-	4,211.17	4,211.17	-	-	-
Borrowings (Other than Debt Securities)	3,913.20	136.04	4,049.24	8,493.60	1,098.85	9,592.45
Lease Liabilities	36.41	138.75	175.16	43.44	161.10	204.54
Other financial liabilities	178.31	-	178.31	115.36	-	115.36
<u>Non-Financial Liabilities</u>						
Current tax liabilities (Net)	201.70	-	201.70	53.91	-	53.91
Provisions	-	-	-	-	5.84	5.84
Other non-financial liabilities	17.73	-	17.73	20.10	-	20.10
	4,347.35	4,485.96	8,833.31	8,726.41	1,265.79	9,992.20
Net amount	9,091.46	16,828.16	25,919.62	3,586.36	19,668.68	23,255.04

42 MARKET RISK

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, Foreign Currency.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at 31st March 2020.

(Amount in ₹)

Year Ended	Increase (decrease) in basis points	Increase (decrease) of profit
31 st March, 2021	100	(1.92)
31 st March, 2020	100	(28.66)

43 TRANSFER OF FINANCIAL ASSETS

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

NOTES TO THE ACCOUNTS

44 CAPITAL MANAGEMENT

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term/long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

45 DIVIDEND

During the year ended 31st March 2021, the Board of Directors have recommended a dividend of ₹3/- per equity share of ₹10/- each subject to approval of members at the ensuing Annual General Meeting.

46 RELATED PARTY DISCLOSURES

(A) Names of related parties and description of relationship as identified and certified by the Company:

Key Management Personnel (KMP) and their relatives

Mr. Rohit Gupta, Managing Director

Ms. Rachita Gupta, Whole Time Director

Ms. Anju Biyani, Company Secretary

Mr. Naresh C. Varshney, Chief Financial Officer

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions has been undertaken:

CSL Capital Pvt. Ltd

CSL Advisory Pvt. Ltd

Post employee benefit plans

CSL FINANCE LIMITED- Employees Group Gratuity Trust

(B) Details of transactions with related party in the ordinary course of business for the year ended:

(₹ in Lacs) [Unless otherwise stated]

	31.03.2021	31.03.2020
(i) Key Management Personnel (KMP)		
Compensation of key management personnel		
Short term employee benefit	110.13	119.07
Long term employee benefit	-	-
Post-employment benefits*	-	-
Termination benefits	-	-
Share Based payments	-	-
*Excludes provision for encashable leave and gratuity for certain key management personnel as these are determined for the Company as a whole.		
(ii) Relatives of Key Management Personnel		
Salary	-	-
Rent	-	-
Sale of Shares	-	-
(iii) Post employee benefit plans		
Contributions made during the year	-	-

	As at 31.03.2021	As at 31.03.2020
(iv)Enterprises over which key management personnel & relatives of such personnel exercise significant influence		
Loan Given	335.00	981.50
Loan Received Back	717.37	655.75
Interest Received	10.06	1.14
	-	-
Loan Received	90.00	1,539.50
Loan Repaid	75.00	1,539.50
Interest Paid	0.81	10.81

(C) Amount due to/from related party as on:

(₹ in Lacs) (Unless otherwise stated)

Region	31.03.2021	31.03.2020
(i) Key Management Personnel (KMP)		
Employee related payables	-	-
Other payables	-	-
(ii) Relatives of Key Management Personnel		
Other payables	-	-
	-	-
(iii)Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions has been undertaken:		
Balance outstanding at the end of the year		
CSL Capital Pvt. Ltd	-	382.37
CSL Advisory Pvt. Ltd	15.00	-

NOTES TO THE ACCOUNTS

47 RETIREMENT BENEFITS PLAN

47.1 Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972.

47.2 Details of defined benefit plans as per actuarial valuation:

(₹ in Lacs) [Unless otherwise stated]

	Year Ended 31.03.2021	Year Ended 31.03.2020
I. Amounts recognised in the Statement of Profit & Loss		
Current service cost	9.79	11.82
Net Interest cost	(0.27)	(0.00)
Adjustment due to change in opening balance of Plan assets	9.52	11.81
II. Amount recognised in Other Comprehensive income		
Remeasurement (gains)/losses:		
a) Actuarial (gains)/losses arising from changes in -	(8.03)	(16.92)
- financial assumptions	(2.93)	1.16
- experience adjustments		
b) Return on plan assets, excluding amount included in net interest expense/ (income)		
Total amount recognised in other comprehensive income	(10.97)	(15.76)
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	16.95	20.46
Current service cost	9.79	11.82
Past service cost	1.16	1.59
Interest expense	-	-
Remeasurement (gains)/losses arising from changes in -	-	-
- demographic assumptions	0.11	(1.37)
- financial assumptions	0.05	(7.87)
- experience adjustments	(8.20)	(7.68)
Benefits paid	(3.36)	-
Closing defined benefit obligation	16.51	16.95
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	20.94	20.51
Interest income	1.43	1.59
Expected return on plan assets	-	-
Contributions by employer	-	-
Adjustment due to change in opening balance of Plan assets	-	-
Actual Benefits paid	(3.36)	-
Return on plan assets, excluding interest income	2.93	(1.16)
Closing Fair value of plan assets	21.95	20.94
V. Net defined benefit obligation		
Defined benefit obligation	16.51	16.95
Fair value of plan assets	21.95	20.94
Surplus/(Deficit)	(5.44)	(3.99)

47.3 Actuarial assumptions and Sensitivity

	Year Ended 31.03.2021	Year Ended 31.03.2020
I. Actuarial assumptions		
Discount Rate (p.a.)	6.80%	6.83%
Attrition rate	5.34%	6.08%
Expected rate of return on plan assets (p.a.)	6.80%	6.83%
Rate of Salary increase (p.a.)	5.72%	5.72%
Mortality rate during employment	Indian Assured Lives Mortality (2006-2008) Ult	Indian Assured Lives Mortality (2006-2008) Ult
Mortality rate after employment	NA	NA
II. Sensitivity Analysis on benefit obligations		
Delta effect of +1% change in rate of discounting	(1.66)	(1.68)
Delta effect of -1% change in rate of discounting	1.97	2.00
Delta effect of +1% change in rate of salary increase	1.98	2.01
Delta effect of -1% change in rate of salary increase	(1.69)	(1.72)
Delta effect of +1% change in rate of employee turnover	(0.16)	(0.18)
Delta effect of -1% change in rate of employee turnover	0.13	0.16
III. Maturity profile of defined benefit obligation		
1st Following year	1.45	1.41
2nd Following year	0.31	0.45
3rd Following year	0.69	0.55
4th Following year	0.95	0.96
5th Following year	1.08	1.26
Sum of 6 to 10	5.41	6.17
Sum of years 11 and above	31.79	31.97



NOTES TO THE ACCOUNTS

47.4 Risks associated with Defined benefit obligation

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Para 147 (a)

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

48 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 :

[₹ in Lacs] [Unless otherwise stated]

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP	Difference between Ind AS 109 provisions
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	31,633.08	437.76	31,195.32	79.08	358.67
	Stage 2	627.78	46.77	581.01	1.57	45.20
Subtotal		32,260.86	484.52	31,776.34	80.65	403.87
Non-Performing Assets (NPA)						
Substandard	Stage 3	694.15	300.34	393.81	70.95	229.39
Doubtful - up to 1 year	Stage 3	670.41	281.35	389.06	68.55	212.80
1 to 3 years	Stage 3	23.74	18.99	4.75	2.40	16.59
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		694.15	300.34	393.81	70.95	229.39
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		694.15	300.34	393.81	70.95	229.39
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
Total	Stage 1	31,633.08	437.76	31,195.32	79.08	358.67
	Stage 2	627.78	46.77	581.01	1.57	45.20
	Stage 3	694.15	300.34	393.81	70.95	229.39
Total		32,955.01	784.87	32,170.14	151.61	633.26

NOTES TO THE ACCOUNTS

49 Disclosure as per the circular no. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by Reserve Bank of India on COVID 19 regulatory package - Asset Classification and provisioning for the year ended 31st March 2021.

[₹ in Crs]

Particulars	As of 31 st March, 2021
i. Amounts in SMA/overdue categories where moratorium/deferment was extended	111.84
ii. Respective amount where asset classification benefit is extended	NIL *
iii. Provisions made during year in terms of paragraph 5 of the above circular	NIL **
iv. Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular	Not Applicable ***

* Outstanding as on 31st March, 2021 on account of SMA categories cases where moratorium benefit is extended by the Company up to 31st August, 2020.

** There are nil accounts as on 31st March, 2021 where the asset classification benefit is extended for cases which were entitled to moratorium until 31st August, 2020, as the asset classification is based on the actual performance of the account post moratorium.

*** The Company had made adequate provision for impairment loss under ECL model for the year ended 31st March, 2021. Further, the Company has considered the additional provisions for the computation under IRAC Norms as required under RBI Circular dated 13th March, 2020.

50 DISCLOSURES AS PER MSMED

Disclosures required under Section 22 of the Micro, Small, Medium Enterprises Development Act, 2006:

Particulars	31.03.2021	31.03.2020
The principal amount and the interest due there on remaining unpaid to any of the supplier at the end of each accounting year.	Nil	Nil
Interest due thereon remaining unpaid to any of the supplier at the end of the each accounting year	Nil	Nil
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

- 51** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 52** In accordance with RBI circular dated 07th April, 2021, the Company shall refund / adjust 'interest on interest' to all borrowers irrespective of whether moratorium had been fully or partially availed, or not availed. The methodology for calculation of the amount of such 'interest on interest' has been recently circulated by the Indian Banks Association (IBA). The Company has suitably created a liability towards of ₹26.48 lacs as estimated interest relief and created an liability of the said amount at the year ended 31st March, 2021.
- 53** In accordance to the DFS letter F.no. 2/12/2020-BOA.I, dated 23.10.2020 wherein the government has approved the "Scheme for grant of ex-gratia of difference between the compound interest and simple interest for six months to borrowers in the specific loan accounts (01.03.2020 to 31.8.2020) as per the eligibility criteria in the notification. Thus, as per the eligibility criteria for all our Retail segment wherein the sanction limit and outstanding amount is not exceeding ₹2 crores, the company has extended the benefit of ₹27.32 lacs. The amount of ex-gratia has been credited to the customers accounts before 05.11.2020.

Further, the company has filed their claim for reimbursement with the designated officer at the State Bank of India for the said amount of ₹27.32 lacs by 15.12.2020 which was fully reimbursed by the bank on 31-03-2021.

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: 25th June, 2021

FOR & ON BEHALF OF THE BOARD

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

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

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

Sd/-
(Anju Biyani)
Company Secretary
ACS : 20012



SCHEDULE TO THE BALANCE SHEET

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

(₹ in Lacs)

Particulars	Amount Outstanding
LIABILITIES SIDE	
1 Loan and advances availed by the non - banking financial company inclusive of interest accrued thereon but not paid:	Nil
(a) Debentures : Secured : Unsecured (other than falling within the meaning of public deposits*)	4211.17 Nil
(b) Deferred Credits	Nil
(c) Terms Loans	316.33
(d) Inter-corporate loans and borrowing	Nil
(e) Commercial Paper	Nil
(f) Public Deposits *	Nil
(g) Others (Cash Credit & Working Capital demand loan) * Please see Note 1 below	3732.90
2 Break up of (1)(f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid)	
(a) In the form of Unsecured Debentures	Nil
(b) In the form of partly secured debentures i.e debentures where there is shortfall in the value of security	Nil
(c) Other Public Deposits	Nil
Assets side	
3 Break-up of Loans and advances including bills receivables [other than those including in (4) below] :	
(a) Secured	32464.57
(b) unsecured	490.44
4 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors :	Nil
(a) Financial lease	
(b) Operating lease	
(ii) Stock on hire including hire charges under sundry debtors	Nil
(a) Assets on hire	
(b) Repossessed Assets	

(₹ in Lakhs)

Particulars	Amount Outstanding
(iii) Others loans counting towards AFC activities	Nil
(a) Loans where assets have been repossessed	
(b) Loans other than (a) above	
5 Break-up of investments:	
Current Investments:	
1. Quoted :	
(i) Shares : (a) Equity	Nil
(b) Preference	
(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
Long Term investments :	
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	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	
Property	14.00

SCHEDULE TO THE BALANCE SHEET

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

Please see note 2 below

Category	Amount net of provisions*		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) companies in the same group	Nil	Nil	Nil
(c) other related parties	Nil	Nil	Nil
2. Other than related parties	31692.67	477.47	32170.14
Total	31692.67	477.47	32170.14

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
total	Nil	Nil

** 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	694.14
(ii) Net Non-Performing Assets	
(a) related Parties	Nil
(b) Other than related parties	393.81
(iii) Assets acquired in satisfaction of debt Nil	Nil

Notes:

1. As defined in paragraph 3 of chapter 2 of these directions
2. Provisioning norms shall be applicable as prescribed in these directions
3. 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 should be disclosed irrespective of whether they are classified as long term or current in (5) above.

As per our report of even date attached

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

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 25th June, 2021

FOR & ON BEHALF OF THE BOARD

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

Sd/-
(Anju Biyani)
Company Secretary
ACS: 20012

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

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



The image features a decorative background with a series of horizontal lines and a large, faint, light gray circular graphic on the right side. The circular graphic consists of several concentric circles and a radial line, creating a stylized, abstract design. The overall aesthetic is clean and modern.

