



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: info@cslfinance.in

Website: www.cslfinance.in





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Company Information

CORPORATE IDENTITY NUMBER (CIN)
L74899DL1992PLC051462

BOARD OF DIRECTORS

MANAGING DIRECTOR
Rohit Gupta

DIRECTORS
Ashok Kumar Kathuria
(Non-Executive Director)
Anjna Mittal
(Independent Director)
Manoj Gupta
(Independent Director)

CHIEF FINANCIAL OFFICER
Mr. Naresh Chandra Varshney

COMPANY SECRETARY & COMPLIANCE OFFICER
Ms. Gunjan Khera

LISTED AT
BSE Limited

BANKERS
State Bank of India
HDFC Bank Limited

AU Small Finance Bank
Kotak Mahindra Bank

STATUTORY AUDITOR
Aggarwal & Rampal, Chartered Accountants

INTERNAL AUDITOR
R. Mahajan & Associates, Chartered Accountants

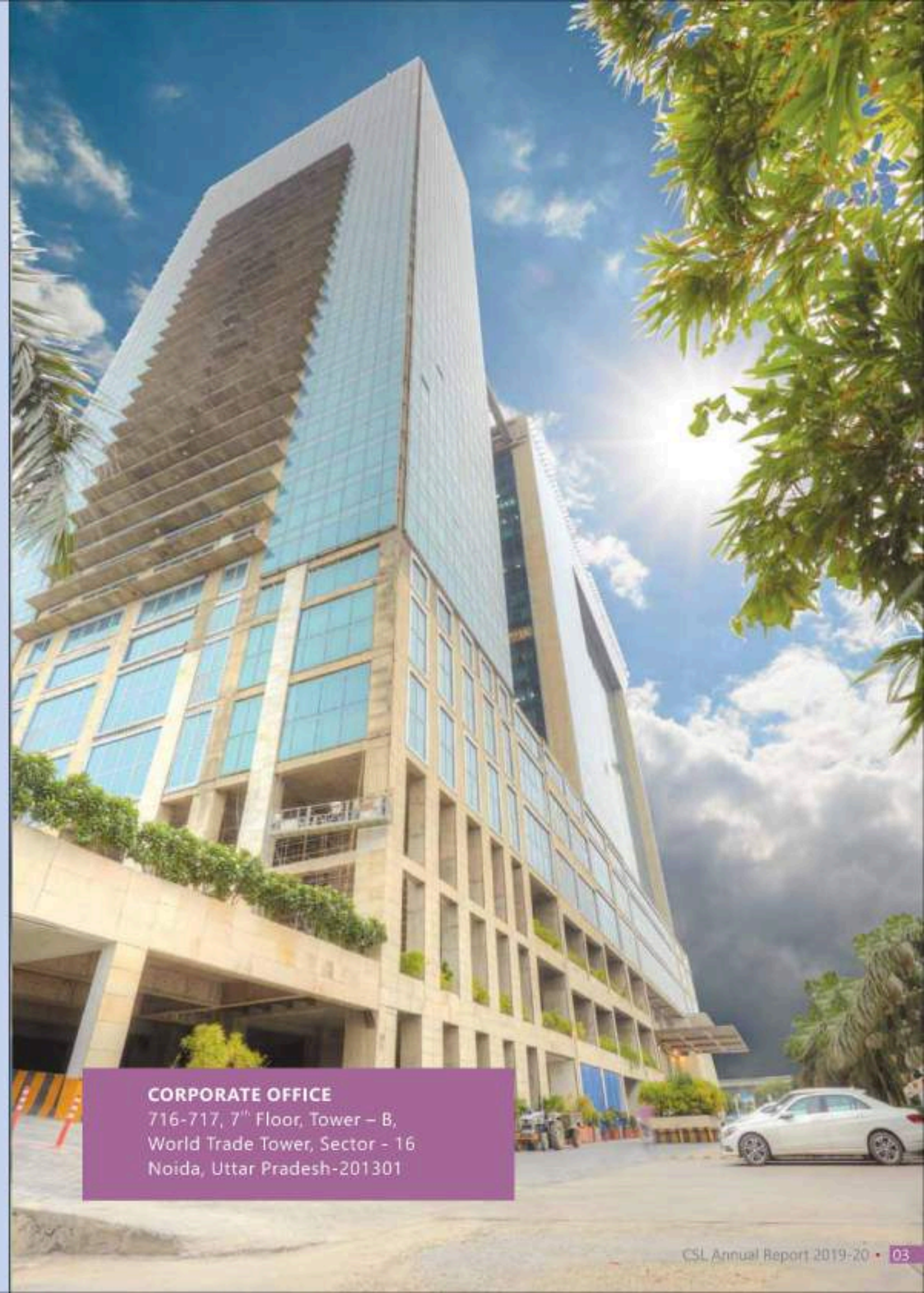
SECRETARIAL AUDITOR
N. Kumar & Associates, Company Secretaries

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Noida, Uttar Pradesh-201301

REGISTRAR & SHARE TRANSFER AGENT
MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase-2, New Delhi-110020

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





ADAPTING TO THE **NEW** NORMAL

We all know that financial year 19-20 was a tough year for Indian economy in which it has faced challenges on every front and at a later phase when it was trying to recover, it was hit by another crisis COVID-19 which has made everyone to focus on existence rather than only growth. Now companies are thriving to have a sustainable presence and growth in the market.

Post this period, we are expecting a lot of behavioural changes in the market and fear of this pandemic will persist till the vaccine is widely available in all parts of country. Government restrictions and other measures will keep hurting the businesses and their normal course of operations till normalcy is achieved. So, in order to cope up with these challenges and to maintain their normal growth, the companies will now focus changing their business processes, and more thrust will be given on making things online rather than following old offline/manual processes. We presume, the financial industry, including NBFCs, will also go through a lot of process changes to adapt the changed scenario, which has become a New Normal for everyone.

“

We think that business environment shall change which will become new normal, and we are positioning ourselves for the same.

ADAPTING
TO THE
NEW
NORMAL



As we all know, CSL is always a firm believer of "Quality over Quantity" and in order to deliver the same standards, we have started to re-design our policies & processes to prepare & position ourselves for the future. We are now focusing on process-re-engineering in collection and disbursement methods and enhancing our resources regularly to keep pace with changing dynamics of the industry.

Healthy credit book has been top priority of CSL. Since NPA has been the biggest concern for the industry we are improving our underwriting methods and lending policies. We are also focusing on data analytics methods and regularly improving our processes. The company has brought its maximum database on cloud platforms and has implemented digital platforms for improving collections.

Thus, we see current financial year as a year of consolidation where we shall focus on collection and improve our disbursement and underwriting processes. We think that business environment shall change which will become new normal, and we are positioning ourselves for the new normal. This year is the year of survival and sustainability rather than focusing on aggressive growth.

Our Goals & Principles

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

COMPANY'S GOALS

In order to achieve its objective to be strong and viable in the long run, CSL Finance 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% in the medium term.
- Service unbanked small businesses with strategy to cross sell.
- Follow a cluster-based approach to build a strong presence in select markets of North and West India.

“

The company believes in maintaining a sustainable presence and growth this year.



Company Snapshot



Listed on Bombay
Stock Exchange



Delhi based NBFC
with AUM of ₹318 Cr
as on 31st Mar-20



Wholesale housing
book of ₹245 Cr & SME
Retail book of ₹73 Cr



98% of loan
book is secured



18 Branches spread
across North and
West India



Raised ₹51 Cr
from Marquee investors
in September 2017



High CAR of 73%



BBB rating from CARE

Business Strategy

Portfolio Quality

Prudent risk
management and
continuous monitoring
of portfolio

Focused Approach

Pragmatic build up of
portfolio in chosen
geographies through
cluster approach

Niche Segments

Good segmental
knowledge leading to
niche product offerings.

Flexibility

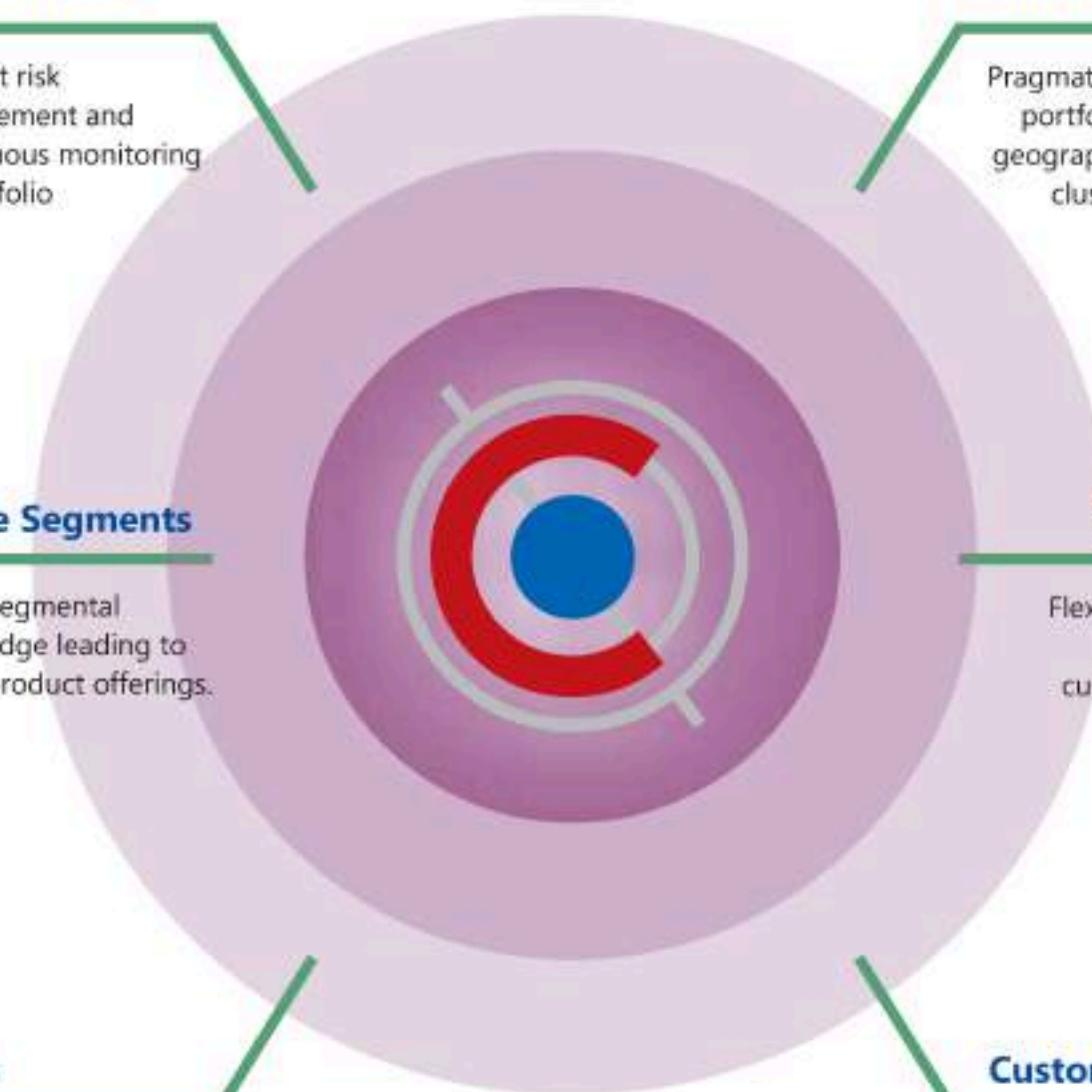
Flexible offerings
in line with
customer needs

Costs

Optimisation of operating
profits through
continuous cost controls
and monitoring

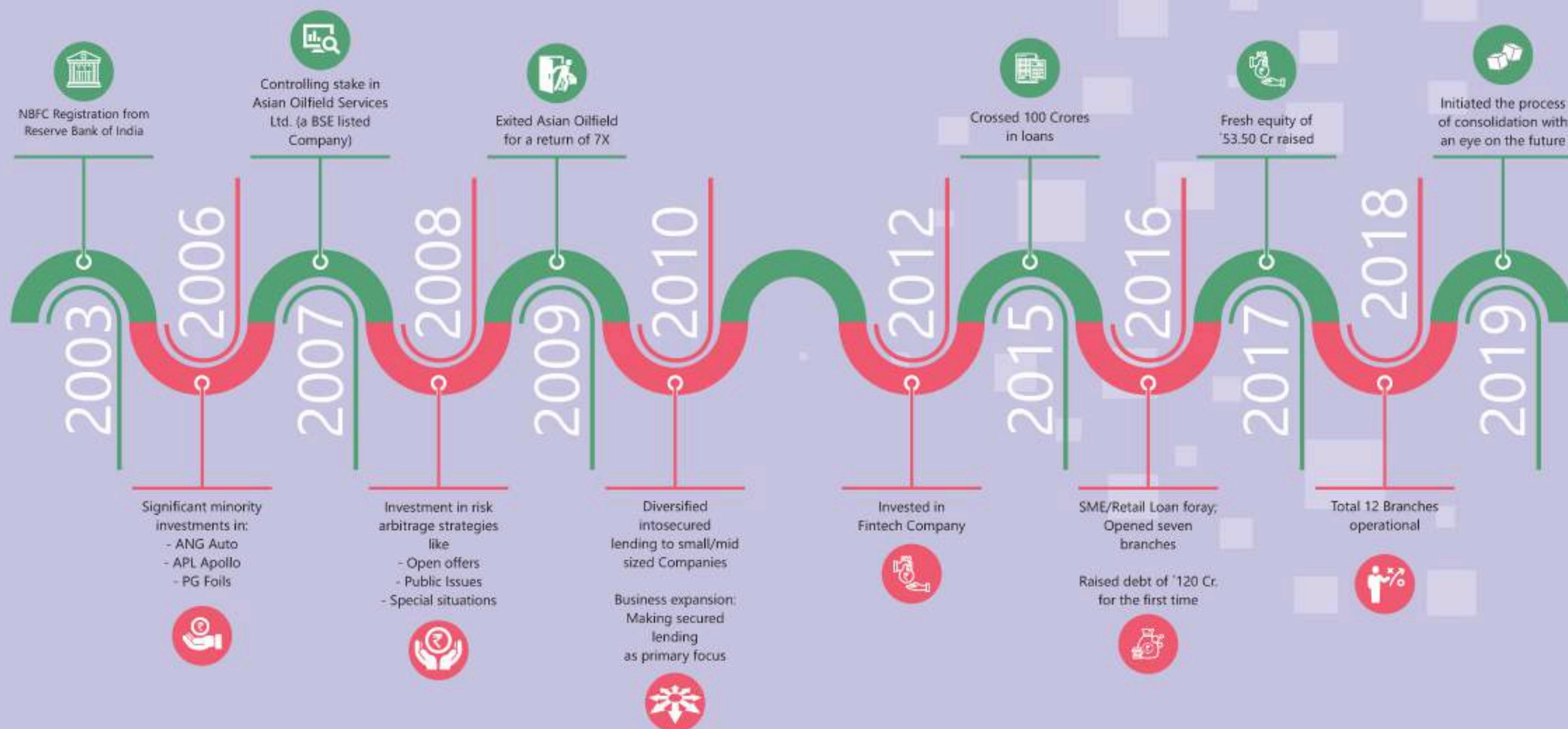
Customer Focus

Focus on building
customer relationships to
ensure repeat business

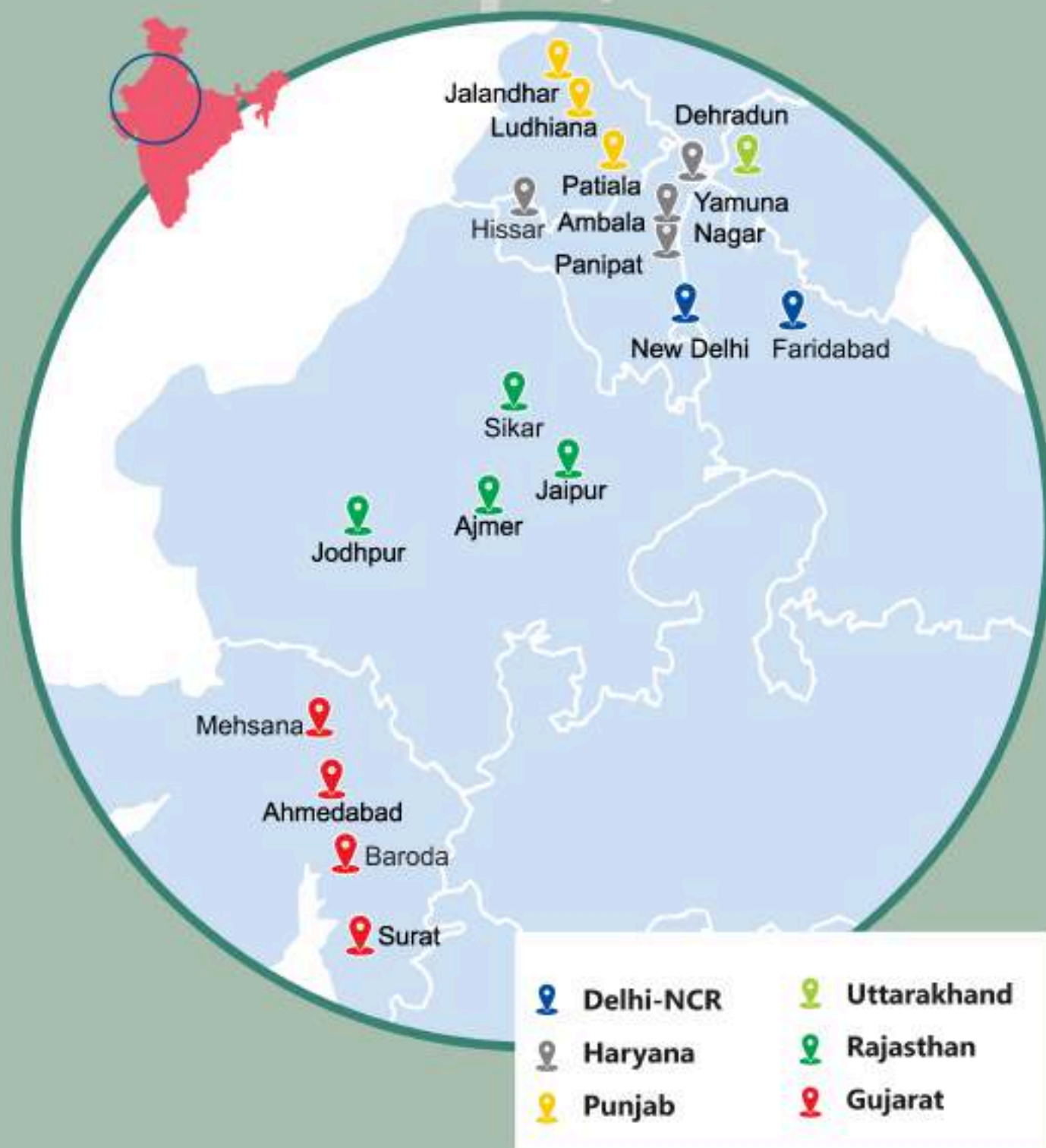


Company Milestones

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



Company Presence



Product Portfolio



Retail Financing

Secured Business Loans

Unsecured Business Loans



Wholesale Financing

Wholesale – Large
(Affordable Group Housing)

Wholesale – Small
(Builder Floor Financing)

Wholesale – LAP
(Corporates & Education Sector)

Board of Directors

ROHIT GUPTA (MANAGING DIRECTOR)

Rohit is a Chartered Accountant with over 26 years of diverse experience in the fields of merchant banking, corporate finance, financial restructuring, project finance, capital markets and structured lending. He has advised several small/mid-size organizations develop and execute turnaround and growth strategy and helped them raise equity and debt through various instruments to fuel their growth. He is passionate about innovative and structured lending models and is the prime driving force behind the structured lending model of CSL Finance Ltd. He has steered the company to certain NICHE market segments and has visioned Company's foray into SME lending.



Board of Directors



ASHOK KUMAR KATHURIA
(DIRECTOR)

Associated with the Company since its inception, Mr. Ashok Kathuria has served the Company as its Director since 2005. He holds valuable experience in managing back-end operations, liasoning and Administration across various projects and assignments. He has been loyal throughout his association and has been associated with Mr. Rohit Gupta since almost 26 years.



MANOJ GUPTA
(INDEPENDENT DIRECTOR)

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



ANJNA MITTAL
(INDEPENDENT DIRECTOR)

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



NARESH VARSHNEY
Chief Financial Officer

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



CHANDAN KUMAR
Credit Head

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



ANKIT JAIN
SME Zonal Credit Head

Ankit is a Chartered Accountant and Company Secretary having rich Credit Underwriting experience in mortgage for PAN India with an experience of more than 7 years. He has a vast knowledge of MSME & SME lending in terms of credit, legal, portfolio & team handling. His earlier stints were with ICICI, HDFC, AU Small Finance Bank and IMGIC. At CSL, he is currently heading the SME credit vertical.



ANOOP SAXENA
SME - Zonal Business Head (North)

Anoop is a Chartered Accountant with more than 12 years of experience in Portfolio Management, Credit Underwriting & as a Zonal Manager. His Mortgage Finance exposure includes Rural & Semi Urban and Urban Lending, Affordable Housing finance, Retail Housing Finance, LAP along with business, credit, and collections responsibility. At CSL, he is currently serving as the business head for the entire northern region comprising of NCR, Haryana & Punjab.



SACHIN SHAH
SME - State Business Head (Gujarat)

Sachin is a commerce graduate and has over 16 years of extensive experience of launching and managing retail finance products. Previously he has worked with Equitas Small Finance bank, Fullerton India and Max life. At CSL, he is serving as the state business head for Gujarat



ISHWARI SHARMA
SME - State Business Head (Rajasthan)

Ishwari is law graduate and MBA with over 15 years of experience in SME, MSME, BL and PL. Previously he has worked with Kotak Mahindra Bank, Ujjivan Small Finance Bank, Tata Capital and Fullerton India. Currently at CSL, he is serving as the State Business Head for Rajasthan



GUNJAN KHERA
Company Secretary & Compliance Officer

Gunjan has over 6 years of work experience in corporate law, regulatory compliance and legal documentation including drafting of contractual agreements, documentation, and collateral management for secured lending. She has been responsible for Corporate & Secretarial including Listing Compliances, Corporate Governance, Liaisoning with Regulators, Authorities & various Governmental Agencies, etc. She is an Associate Member of the Institute of Company Secretaries of India and a Law Graduate



SHER BAHADUR TIWARI
Chief Manager (Accounts)

Sher Bahadur takes care of the finance and accounts matters at CSL Finance Limited and has over 21 years of valuable experience in the fields of finance and accounts. He heads the back-end operations and is responsible for managing the team of finance and accounts for the company.

Letter from the Managing Director

Dear Shareholders,

I take this opportunity to share my thoughts about our business with you. I hope you and your loved ones are safe and healthy in this unprecedented Covid-19 Pandemic. Covid-19 has impacted all aspects of life and has materially hit businesses across many sectors. The Indian Government announced lock-down from last week of March 2020 and till 31st May, 2020, only allowed essential services and agriculture sector functioned. Economic activities across India have been significantly impacted and Indian GDP is expected shrink in FY2021. This is a huge contrast to the normal GDP growth rate of 7-8% that we had accepted as normal.

The period of FY2019-2020 has been a challenging period for the entire lending industry. Post IL&FS crisis, NBFCs were struggling from loss of confidence, Credit Crisis, liquidity squeeze and high bad debts and has now been significantly

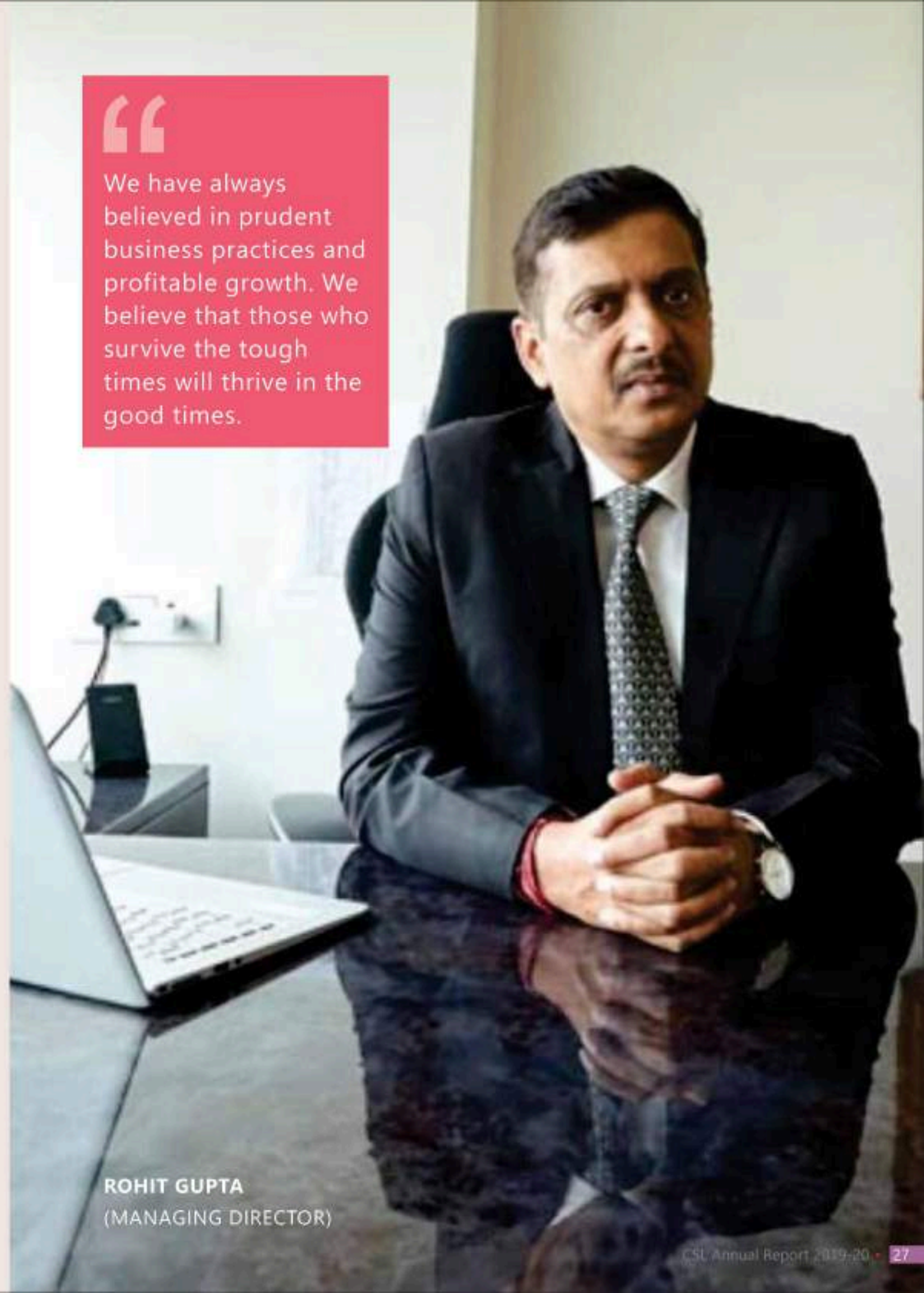
impacted by COVID-19 pandemic. The MSME segment specifically has been hit, and the resulting loss of income driving reduced cash flows, will materially impact their ability to service debt. Since 2018, smaller NBFCs were facing challenges in raising funds from banks and markets due to lack of trust. It is only the larger NBFCs with AA ratings and above that are able to borrow at attractive rates from banks and mutual funds. At the beginning of the year we had few sanctions from banks, but we chose to defer our borrowing due to high interest rates.

Given the industry challenges faced in FY2020, our company has maintained a sub-optimal growth. Our total income grew by 2.10% from ₹59.69 Cr in FY2019 to ₹60.95 Cr in FY2020. Our PAT declined by 10.61% from ₹25.15 Cr in FY2019 to ₹22.48Cr in FY2020. This decline in profit was largely due to non-specific provisioning of ₹4.61Cr only due to Covid-19, out of total provisions of ₹6.89Cr for FY2020. Our AUM declined marginally by 1.63% to ₹318 Cr as on 31st March 2020. Our net worth increased by



We have always believed in prudent business practices and profitable growth. We believe that those who survive the tough times will thrive in the good times.

ROHIT GUPTA
(MANAGING DIRECTOR)



8.29% to ₹232 Cr on 31st March 2020

Our Wholesale AUM declined by 8.47% during the year to ₹245.51 Cr as on 31st March, 2020. As a strategy, we are reducing our exposure in Wholesale lending and using repayments from that book to fund growth of Retail SME segment. Our Wholesale Large book size declined by 9.76% to ₹132.66 Cr as on 31st March, 2020 and our Wholesale LAP book declined by 61.27% to ₹15.82Cr as on 31st March, 2020. Our Wholesale Small segment grew by 20.65% to ₹97.03Cr as on 31st March, 2020, as we are comfortable with the risk profile and smaller loan tenures in this segment.

In our Retail SME segment, we provide loan to schools, kirana stores, traders, boutiques, fabricators and other merchants backed by self-owned residential property or commercial place of business. We have 18 branches in 6 states in north India. Given the challenging times we chose to consolidate our operations and make the existing branches profitable. The AUM of Retail SME segment grew by 30.30% to ₹72.75Cr as on 31st March, 2020. Our Retail SME portfolio largely consists of secured loans, which make up over 90% of the outstanding AUM. We currently underwrite unsecured loans only for small K-12 schools where we have capped ticket size to ₹5 lakhs. Further on the borrowing



front, our borrowing has reduced from ₹122 Cr as on 31st March, 2019 to ₹95.9 Cr as on 31st March, 2020. Our CRR stands at 73% on as 31st March, 2020 which gives us some cushion to raise money from the market.

EFFECT OF COVID-19

Covid-19 impacted our company as we had to stop disbursement for 2 months and our collection was impacted due to moratorium. Our operations were impacted as our branches were closed from 25th March, 2020 to 31st May, 2020 due to national lock-down. RBI announced a Moratorium on Loan Repayments in 2 phases from 01st Mar 2020 to 31st Aug 2020. While this has helped the struggling companies, MSMEs and individuals in their cash flow management, it has disrupted the collection mechanisms of banks and NBFCs. Our collections were impacted initially in the months of April as 57% of our customers requested moratorium. But thanks to efforts of our collection team, we were able to educate our customers



and bring down it to 24% by June end. The general consensus in the industry is that there will be a spike in NPAs once the moratorium period ends. We are facing challenge in our school vertical as the schools are closed since lock-down and they have almost zero revenue. Till date, there is no clarity on when the schools will open across in India, and that in turn is putting pressure on the finances of schools. Our total AUM in the school loan segment is ₹25.6 Cr. Historically, our school vertical has done exceptionally well and we expect good recoveries on these loans once the government restriction is lifted.

Covid-19 has impacted businesses all across the country, we expect bad loans are likely to increase. So as a prudent management we have made a provision of ₹6.9 Cr in FY2020, out of which ₹4.61 is specifically for Covid-19 related issues. This provision of ₹4.61Cr for Covid-19 is not specific to any account but has been taken as a safeguard against potential future NPAs that could arise due to RBI loan moratorium or Covid related impact on businesses. As on 31st March, 2020, we

Letter from the Managing Director

have gross NPA of ₹2.18 Cr which is 0.69% of our portfolio against which we have made ECL provisioning of ₹6.98Cr.

On ALM front, we wish to inform that we have maintained cash & cash equivalent of ₹23.74 Cr as on 31st March, 2020. We have not availed any moratorium from our lenders and have even made a prepayment of ₹3.5 Cr on one of the higher interest loan. We have recently did a private placement of ₹30 Cr of NCDs at attractive rate of interests. We are also in talks with other PSUs for further loan sanctions, as we want to diversify our borrowing base. We have comfortable liquidity and have sufficient funds to meet our debt obligation and grow our business when the opportunity arises.

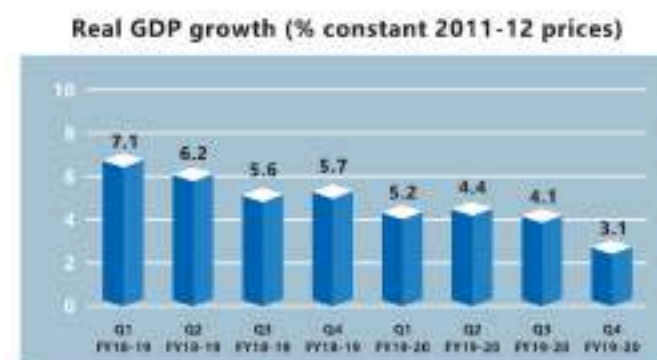
The business environment has been tough for NBFCs in the last few quarters. We have always believed in prudent business practices and profitable growth. We believe that those who survive the tough times will thrive in the good times.

I thank you all for your continued support and your company will continue to work hard and grow once the challenging times are over.

— Management Discussion & Analysis Report —

INDIAN ECONOMY

Year 2020 has been a challenging year for the Indian economy. Since year 2016-17 GDP growth rate is declining and tumbled down to 11 years low of 4.2% in FY2020 from 8.2% in FY2016-17. Various factors like weak demand from rural India, stress on financial sector, continued slowdown in manufacturing and weak private consumption have been the key reasons for the declining GDP growth rate. During the year, key economic indicators such as freight movement, credit flow, domestic sales of commercial vehicles and passenger cars and other indicators remained subdued. This trend is further exacerbated by the Covid-19 induced lockdowns in FY2021 and the GDP is expected to degrow in the current year.



The government has taken various policy initiatives to support the economy. It infused ₹70,000 Cr in public sector banks to improve their capital adequacy and relieve stress and liquidity on the financial sector. To boost rural consumption, it announced cash transfer scheme of ₹6,000 per year to farmers. One big positive move for the Corporate Sector was the reduction of corporate tax rate from 30% to 22%.

The Covid-19 pandemic has impacted economies across the world, and India is no different. Indian government announced national lockdown from 25th March, 2020 till 31st May, 2020, except for essential services and goods. The crisis has resulted in loss of millions of jobs in India and huge reverse migration across India. It has had a huge impact on sectors like tourism, hospitality, restaurants, aviation, and malls. With the infection continuing to spread, there is little clarity on when things will return to normal.

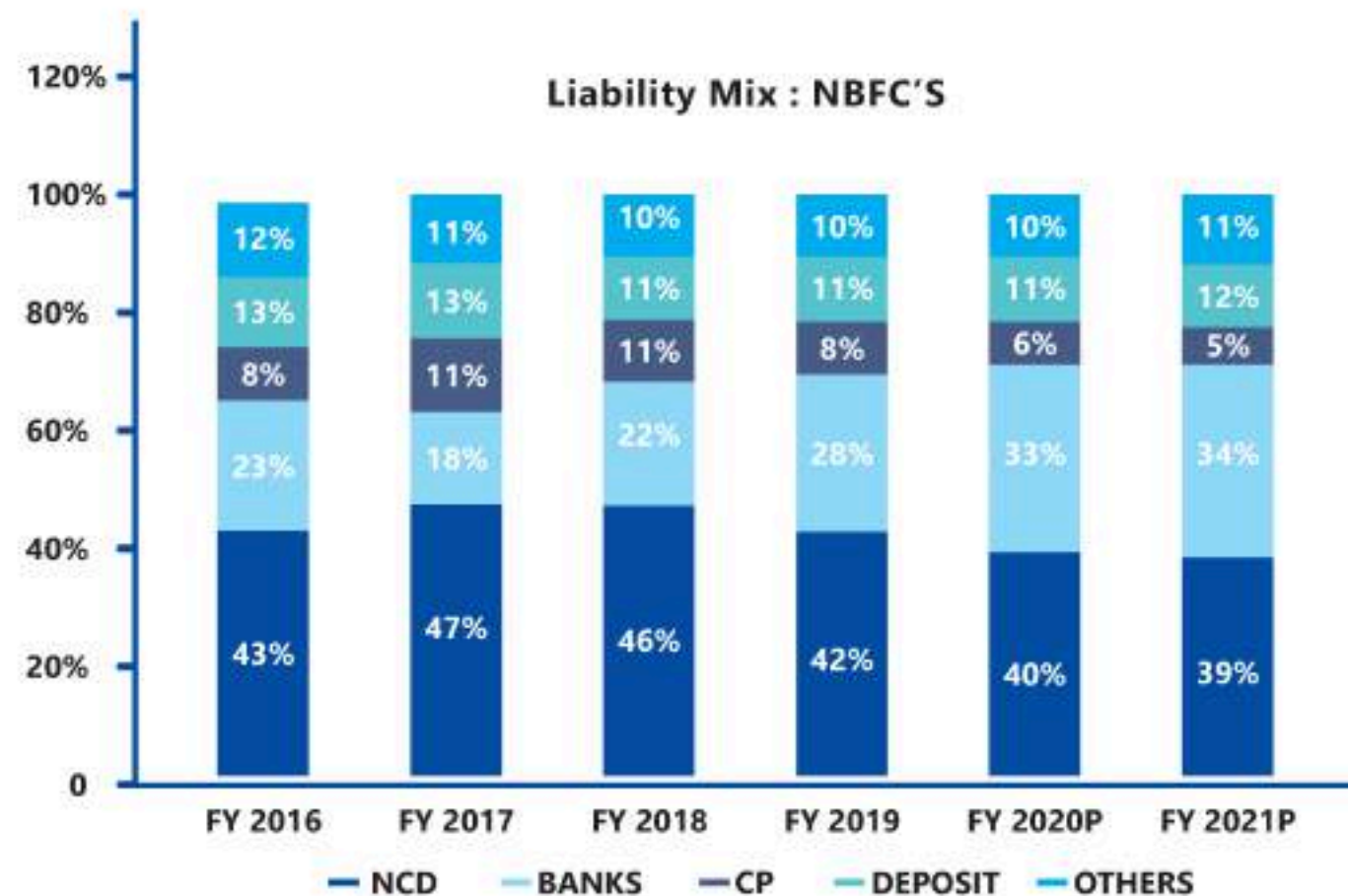
Indian government has taken unprecedented fiscal and monetary actions to help the economy. Government announced a huge financial package to

alleviate distress in the economy. The package includes ₹1.7 lakh Cr of free food grains to the poor, ₹1.5 lakh Cr to aid the agriculture and allied sectors, ₹3 lakh Cr collateral free loans to MSME and huge liquidity enhancing measures taken by RBI.

The Indian GDP is expected to decline this year. The exact impact on economy growth is uncertain and the recovery will depend upon the production of Covid-19 vaccine and effectiveness of policy measures taken by the government to support the economy.

NBFC SECTOR

NBFCs over the years have grown significantly and have become integral part of the Indian financial system. Their growth is largely driven by their customised products, lower costs, quick turnaround time, robust risk management capabilities and willingness to tap segments which are ignored by the banking industry. NBFCs have become dominant lenders in automobile finance, home finance, consumer durable finance, structured finance, microfinance and MSME loans. NBFCs have sought niche



Source - Crisil (Link) (slide 64)

areas for growth, where typically banks did not lend and have contributed significantly to financial inclusion.

Over the years, NBFCs' loan book have increased significantly to ₹24 lakh Cr as on 30th September 2019. The growth rate declined from 31.8% in FY2017-18 to 16% in FY2018-19. This growth has further slowed down in the current year. The slowing growth is a reflection of increasing challenges faced by the industry in terms of tight liquidity, high NPAs and trust deficit in the industry post the big defaults by IL&FS and Dewan Housing Finance Ltd.

Reliance on banks has increased for funding where banks' share has increased from 22% of total liability in 2018 to 33% in FY2020. Banks advanced to NBFCs have increased from ₹5.47 lakh Cr in September 2018 to ₹7.37 lakh Cr in March 2020.

During the year FY2020, NBFCs have faced challenges in raising money from NCDs and Commercial Papers due to the trust deficit and hit on NAVs of debt mutual funds post the defaults. Bigger NBFCs with high credit ratings have still been able to raise funds at higher rates but NBFCs with leveraged balance sheets and lower ratings have struggled to raise incremental money, raising the sceptre of further defaults as their liabilities mature.

IMPACT OF COVID-19

Covid-19 has hit the Indian economy as it was gradually recovering from a slowdown and showing some signs of growth. Economic activities significantly dropped down during lockdown from 25th March, 2020 to 31st May 2020 as all the non-essential businesses were shut down. Government has since gradually lifted the national lockdown and economy is slowly recovering.

The fall in economic activities have impacted the cash flow and liquidity position of many businesses and individuals, which subsequently impacting their debt servicing capabilities. Self-employed people and small businesses in tourism, travel industry and retailing have been impacted the most. NBFCs having a dominant market share in lending to SMEs and self-employed segment are expected to bear a brunt of the lockdown with a spike in NPAs.

RBI has taken the following key measures to support the financial sector.

- Reducing repo rate to 4% (lowest in past 20 years)
- Providing moratorium to borrowers on all types of loans from banks and NBFCs, from 1st March, 2020 to 31st August 2020



- Gave NABARD, SIDBI and NHB special refinance facilities to enable them disburse and reduce the liquidity crunch
- Started Long Term Repo Operations (LTRO) to bring down the yield curve so that the rate cuts get passed on to the borrowers

ASSET LIABILITY MISMATCH

Reserve Bank of India has allowed an extension of loan moratorium upto 31st August, 2020, twice since March 2020. While the moratorium provides relief to the borrowers, but it also stretches the ALM mismatch for NBFCs. Smaller NBFCs

are finding it difficult to raise money from banks due to risk aversion by banks. RBI made an effort to increase liquidity in NBFCs sector by Targeted Long Term Repo Operation (TLTRO 2.0). The first tranche of TLTRO 2.0 for an amount of ₹25,000 Cr was subscribed by 50% from the banks due to lack of creditworthy NBFCs. However, larger NBFCs with relatively stronger balance sheets are not facing ALM since they are able to raise funds from banks and even capital markets.

Overall the NBFC sector is facing many headwinds and it will take some time for the growth to start coming back in the sector.



CSL FINANCE LIMITED

CSL Finance Limited is a non-deposit taking NBFC based in Delhi. It has two business segments - Wholesale Lending and SME Retail Lending. In Wholesale Lending, CSL is engaged in providing last mile funding solutions to companies engaged in real estate development. Company forayed into SME Retail financing in FY2018 and since then has quickly scaled up its SME Retail operations and has opened 18 branches in 6 states.

PERFORMANCE DURING THE YEAR

During the year, company had a muted performance given the challenging

industry dynamics. Its income during the year grew by 2% to ₹60.95 Cr in FY2020 from ₹59.69 Cr in FY2019. Profit After Tax (PAT) was ₹22.48 Cr in FY2020 vs ₹25.15 Cr in FY2019, a decline of 11%. AUM decreased by 2% from ₹323.51 Cr in FY2019 to ₹318.55 Cr in FY2020. The Net Worth increased by 8% to ₹232.55 Cr in FY2020

WHOLESALE LENDING BOOK

CSL has ventured into lending business with Wholesale portfolio in 2011 with a very small exposure. We slowly started enriching our knowledge about the market and customer behaviour with concentrated & focused approach on a very small geography of Delhi-NCR. The segment has started performing since 2016 and over time it has grown to become the largest contributor to CSL's revenue.

The wholesale segment comprises of large ticket size loans which includes working capital finance to business entities. Under this segment, the company also provides construction finance to builders and for re-development 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. As per its focused strategy, the company has built its portfolio of wholesale in and around Delhi-NCR only.

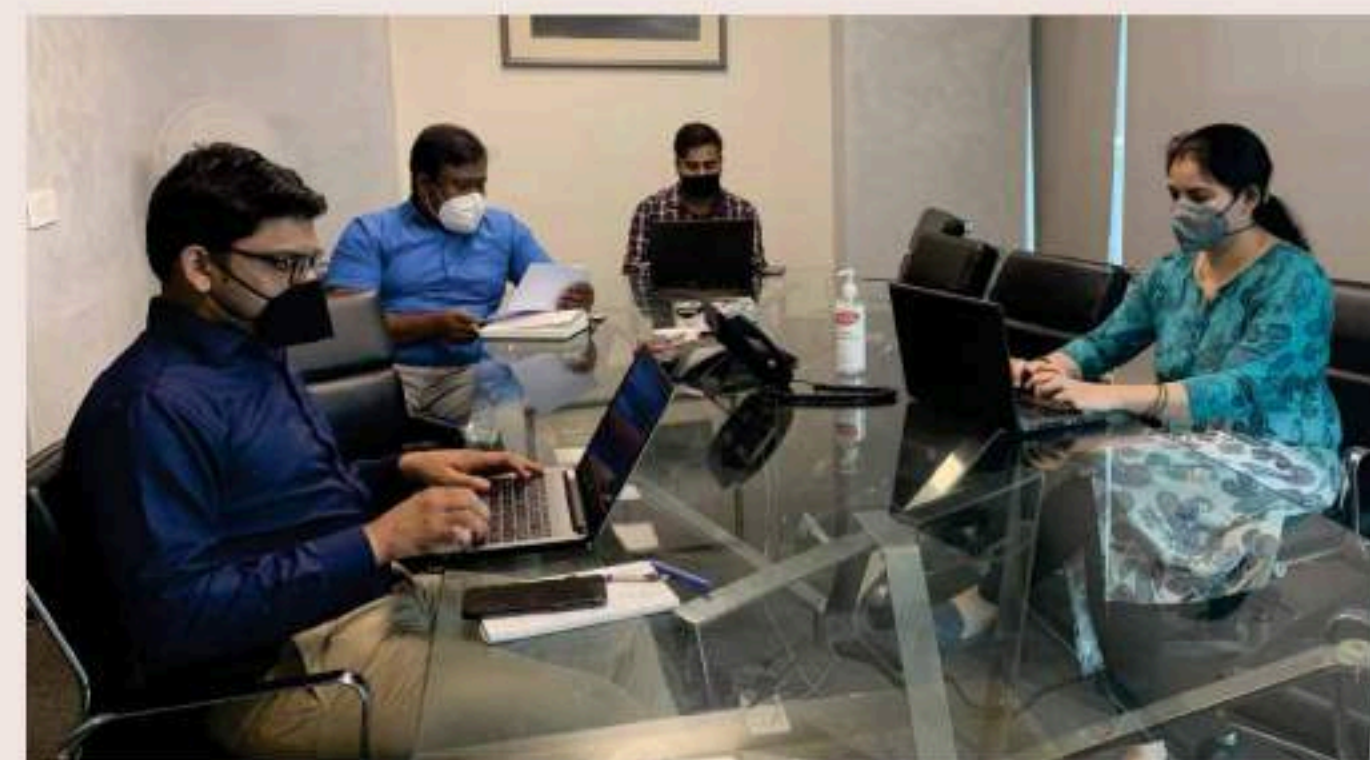
Key aspects of Wholesale Lending Portfolio

- Strong & Experienced underwriting & legal team to conduct an extensive due diligence.
- Reputed outsourced vendors on panel to support the teams.
- Strong inbuilt EWS (early warning system) to monitor the account closely & regularly
- Fully secured portfolio with security & cash flow cover of more than 2 times.

- Concentrated portfolio in Delhi-NCR to have a direct access of management to borrowers.

AUM of the Wholesale Lending segment was down by 9% from ₹268 Cr to ₹245 Cr. The AUM in this segment has stagnated as the real estate lending segment is facing multiple headwinds with events like IL&FS Default, RERA induced delays and muted customer sentiment has resulted in declining sales which in turn is leading to higher NPAs in the industry.

Within Wholesale Finance, the big ticket exposure mainly to group housing projects has been reduced from ₹147 Cr to ₹133 Cr as on 31st March, 2020. We have consciously moved to smaller ticket



loans with average ticket size in between ₹2-5 Cr. AUM under small builder segment grew by 21% from ₹80 Cr to ₹97 Cr as on 31st March, 2020. The company disburses loan in this segment majorly as construction loan and the LTVs here are less than 40%. Promoters have more than 50% equity in these projects which is a very positive factor. Further, exposure being concentrated to marquee areas where the demand is always robust, the sale velocity of the projects is very high. Barring few exceptions, the project is mostly completed within 12-18 months after which revenue starts to flow in. Company has been focusing on this product and aim to scale up this book over time.

SME RETAIL LENDING BOOK

CSL has been engaged in the business of SME Retail loans since FY2018. Its primary objective has been to support and fund the financing needs of General merchants, traders, K-12 Schools, dairy and other fields which are majorly backed by secured collaterals. About 90% 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 only. We do unsecured lending to K-12 schools in Tier 2 and Tier 3 cities, with ticket size of upto ₹5 lakhs. Your company has good

presence in the chosen markets of Delhi NCR, Haryana, Punjab, Uttarakhand, Rajasthan & Gujarat with a total of 18 branches.

Key aspects of SME Retail Lending Portfolio

- AUM increased by 32% from ₹55 Cr in FY2019 to ₹73 Cr in FY2020
- Adopted hub and spoke model approach in the existing 18 branches
- Delinquencies and Net SME NPA is maintained at 1.06% at the end of FY20
- Hired key managers for North & Rajasthan regions
- Strengthened our collections team by hiring a new SME collections head
- More than 95% of the customers pay



their dues via electronic modes of payment

Collections have been challenging during the Covid-19 lockdowns. The company has carried out complete review of over SME 1200 accounts during lockdown period via tele/video conferences. Our team has personally met 800+ customers as lockdown restrictions were eased district wise.

About 45% of SME cases had opted for moratorium initially in April 2020, which has been reduced to 22% in June 2020. No major challenges are being witnessed in our loan accounts except for School

Loans. In School Loan vertical, we have total 251 accounts with an AUM of ₹25.60 Cr as on 31st March, 2020. Out of the total school accounts 42% has opted for moratorium being in Tier II & Tier III cities. These schools are completely shut without any revenues. We expect good recovery in this portfolio as these loans have performed exceptionally well in pre-Covid period. The performance of these loans should improve once the government restrictions eases out.

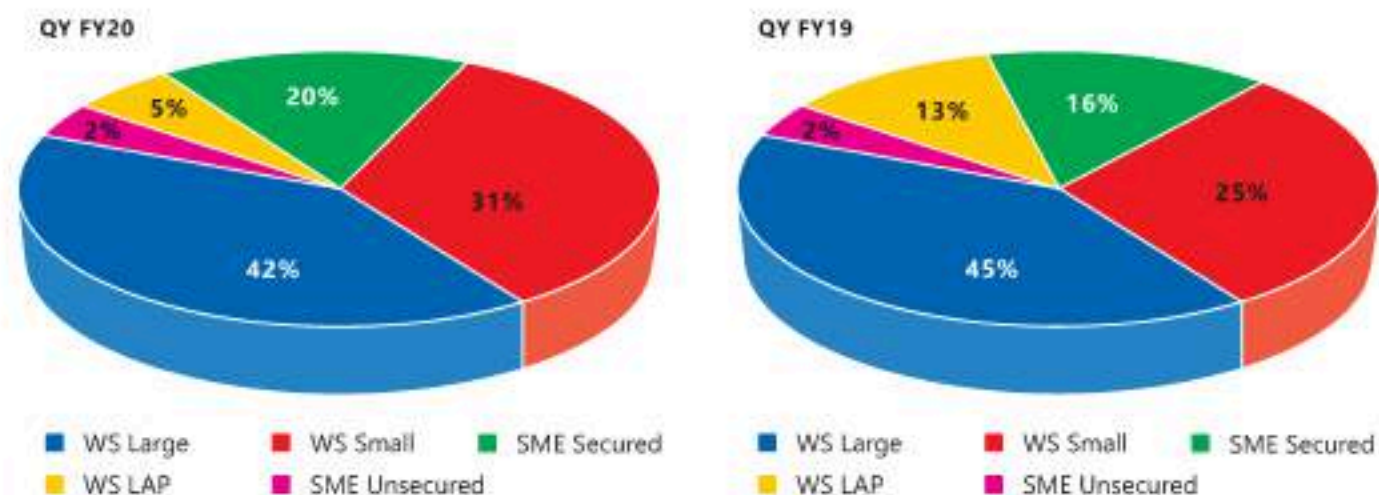
The company is using analytics to evaluate the portfolio quality and further enhance the credit policies and underwriting for future.

AUM BREAKUP

Product Category	Book Size (₹Cr) Q4 FY 20	Product Definition
Wholesale Lending		
Wholesale Large	132.66	Structured loans to be developers of Mid Income/ Affordable Group Housing Project
Wholesale Small	97.03	House Construction loans given against single plotted projects
Wholesale LAP	15.82	Mortgage Loans against SORP/SOCP properties
Total Wholesale Book	245.51	
Retail Lending		
SME Secured	65.51	Micro/Small loan to Kirana Stores, Traders, Schools and other boutique small shops and merchants backed by owned property as collateral
SME Unsecured	7.24	Small ticket loans mainly to K-12 schools in Tier 2 and Tier 3 cities
Total SME Retails Book	72.75	
Total Gross AUM*	318.25	

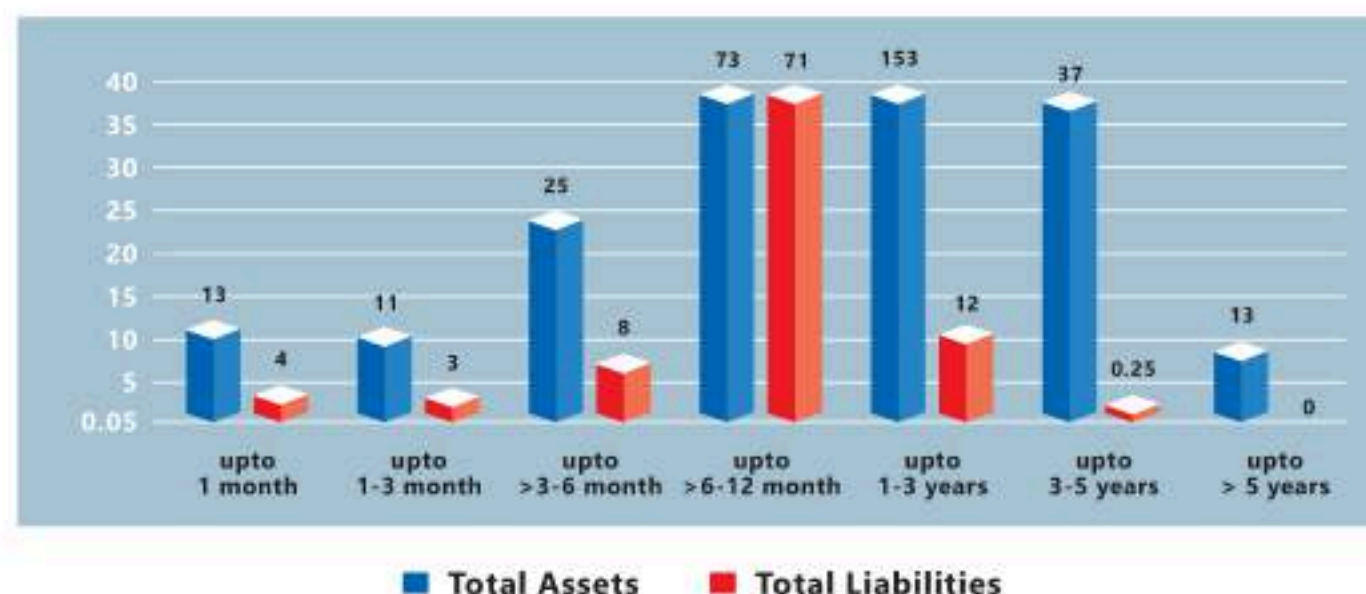
*Gross AUM is before ECL provisions

AUM PROFILE



ASSET LIABILITY PROFILE

Maturity Pattern of Assets & Liabilities as on 31st Mar., 2020 (₹ in Cr.)



Company's asset liability aspect is very comfortable, and it does not see any challenge in meeting its liabilities. CSL has low leverage in its books and the total repayment commitment over the next 1 year is ₹67 Cr. which includes CC limits

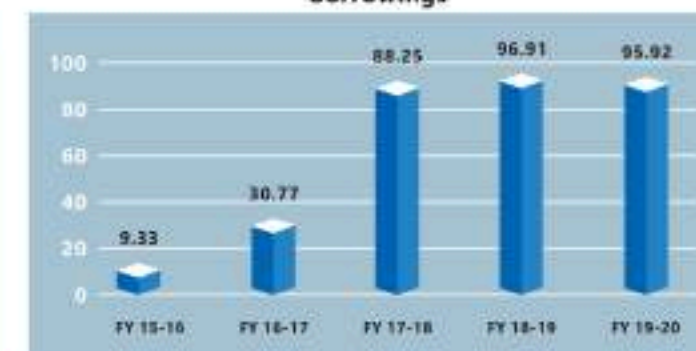
and WCDL renewal every year. Furthermore, its wholesale lending segment has robust cash flows and it maintains 5-7% of cash reserves to meet any contingent demands. CSL is rated BBB from CARE and have 73% CAR ratio.

FINANCIAL UPDATE

Total Income



Borrowings



Profit After Tax (PAT)



Net Interest Income (NII)



Net Worth



AUM



COVID-19 UPDATE

During the complete lockdown announced in March 2020 the company geared up for the Work- From-Home model. It quickly moved all of its databases on the cloud and kickstarted virtual trainings & workshops for employees. Various modes of digital payments such as Wallets, UPI, Credit & Debit Cards and payment gateways were enabled during this period for the ease of EMI collections.

During this phase, RBI also launched its moratorium policy which was availed by about 52% of the customers initially in April 2020. We remained in contact with our customers and educated them, and it gradually came down to an average of 27% by June 2020. One segment that was majorly affected segments was educational institutions where currently 45% customers are in moratorium.

CSL itself did not avail for any moratorium facility. Also, the company prepaid its debt by ₹23 Cr, given the surplus liquidity on hand.

Looking at potential repercussions of the lockdown & RBI loan moratorium, CSL has provided for a total provision of ₹6.89 Cr for FY20 which includes ₹4.61 Cr as a provision to provide for COVID -19 related issues. This provision of ₹4.61Cr is not linked to any specific category of loan

accounts and has been taken as a matter of prudence. Operationally, the company had followed a sustainable approach wherein the company reviewed its existing policies and practices from scratch and made material changes to be better prepared for future disbursements once the situation normalises.

OPERATIONAL UPDATES

CSL has constantly been working to improve its processes around loan underwriting, disbursements, and collections. Among the efforts being taken are

- Finnone Neo is being extensively used to make data analytical reports for better understanding of the portfolio.
- Huge emphasis on collections to ensure timely response to any borrower stress.
- Cross functional teams were involved in the collections. Overall, the company achieved an average monthly collection of ₹23 Cr in FY2020.
- Hired key personnel in the sales, legal and collections department and the total employee base increased by 20% from 144 in FY2019 to 172 employees in March 2020.
- Maintained the credit rating of BBB from CARE Ratings.

TREASURY UPDATE

In the current market situation, it's only the larger NBFCs who have been able to raise debt in the market. Smaller NBFCs are facing challenges in raising debt at reasonable rate of interest. During the year, CSL did get funding opportunities due to its strong balance sheet, but we chose not to raise any high cost debt.

We have largely used the cashflows from Wholesale Lending book to fund the growth of SME Lending book. Total outstanding debt is ₹96 Cr as on 31st March, 2020.

In July 2020, CSL privately placed NCDs worth ₹30 Cr with SBI at reasonable rates. Going forward this will open a new avenue for raising debt and we are engaged with various PSUs for funding.

OUTLOOK AND STRATEGY

Over the longer term, our company remains optimistic about the growth opportunities and our capability to scale up our operations. We have very low leverage on our balance sheet with CAR of 73% as on 31st March, 2020. This gives us the strength to withstand the tough times and capitalise on the growth opportunities once the situation normalises.

While we are actively looking for raising debt at reasonable rates, we are simultaneously working on broadening

our product profile, optimizing our processes, and improving our productivity.

We are actively monitoring our wholesale loan portfolio and are proud of the fact that as on 31st March, 2020 there are no NPAs in this segment. The current slowdown in real estate segment, delays in construction due to lockdown and RBI loan moratorium has aggravated the situation and we are working with our borrowers so that they are able to repay back loans on time and are able to come out the tight liquidity situation. The Retail SME segment has performed quite well till date.

However, we are facing some challenges in the school loans portfolio, as the schools are shut and there have been no cashflows ever since the lockdown was announced in March 2020. We are closely monitoring the portfolio and hoping that the schools will open up in the near future, driving their cash flows and rebuilding their capability to repay loans.

We see this year as a period of consolidation and also adapting to the new normal where we focus on improving our cost of operations and drive productivity in the given circumstances. The growth of the SME Retail book will be funded from the cash flows of the Wholesale book in the foreseeable future. Once the economic growth normalises, we will kickstart our growth again by leveraging our strong balance sheet and quality of our portfolio.

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting of the members of CSL Finance Limited will be held on Monday, 28th September 2020 at 2 p.m. IST through video conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business(es):-

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company at 410-412, 18/12, 4th Floor, W.E.A., Arya Samaj Road, Karol Bagh, New Delhi-110005, which shall be the deemed venue of the AGM.

ORDINARY BUSINESS

Item No.1 – Adoption of Financial Statements

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

"RESOLVED THAT the Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the Financial Year ended 31st March, 2020 together with the Directors' Report and Independent Auditor's Report thereon as circulated to the members and laid before the meeting be and are hereby received, considered, approved and adopted."

Item No.2 – Declaration of Dividend

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

"RESOLVED THAT the dividend of 25% per equity share i.e. ₹2.50/- per equity share as recommended by the Board of Directors of the Company at their meeting held on 20th July, 2020, be and is hereby approved and declared for the year ended 31st March, 2020."

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

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

Place: New Delhi
Date: 1st September, 2020

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

SPECIAL BUSINESS

Item No. 4 – To Re-appoint Ms. Anjna Mittal (DIN: 07143461) as an Independent Director

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

"RESOLVED THAT pursuant to Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules") and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Anjna Mittal (DIN: 07143461), who was appointed as an Independent Director and who holds office of Independent Director upto 29th September, 2020, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 3 (three) consecutive years with effect from 30th September, 2020 to 29th September, 2023, on the Board of the Company.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

By order of the Board of Directors

Sd/-
Gunjan Khara
Company Secretary
Membership No.: A50631
CSL Finance Limited

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

1. In view of the outbreak of the COVID-19 pandemic, social distancing norm and continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 28th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 28th AGM shall be Registered Office of the Company.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out material facts and reasons for the special business, is annexed hereto as **Annexure I**.
3. Details as required in sub-regulation (4) of Regulation 26 and sub-regulation (3) of Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of Director seeking appointment/reappointment at the 28th AGM, forms integral part of the Notice of the 28th AGM as **Annexure II**. Requisite declarations have been received from the Directors for seeking appointment/re-appointment.
4. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 28th AGM and hence the Proxy Form and the attendance slip are not annexed to the notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013 representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 28th AGM through VC/OAVM Facility and e-Voting during the 28th AGM. Institutional/Corporate members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013/Power of Attorney authorizing their representative(s) to attend the AGM 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 its registered email address to naveen.csverma@gmail.com.

5. The Members may join the 28th AGM through VC/OAVM Facility by following the procedure mentioned herein below in the Notice which shall be kept open for the Members from 1:45 P.M. IST i.e. 15 (fifteen) minutes before the time scheduled to start the 28th AGM and the Company may close the window for joining the VC/OAVM Facility 15 (fifteen) minutes after the scheduled time to start the 28th AGM. Members may note that the VC/OAVM Facility, allows participation of at least 1,000 Members on a 'first come first served' basis. The large Shareholders (i.e. shareholders holding 2% or more), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors etc. can attend the 28th AGM without any restriction on account of 'first come first served' basis.
6. The attendance of the Members participating in the 28th AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Voting rights shall be reckoned on the paid-up value of shares registered in the name of member/beneficial owners (in case of electronic shareholding) as on the cut-off date i.e. 21st September 2020.
8. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the MCA Circulars issued by the MCA and SEBI Circular, the Annual Report for the year 2019-20 including Notice of the 28th AGM of the Company, inter alia, indicating the process and manner of e-voting is being sent only by Email, to all the Members whose Email IDs are registered with the Company/Registrar and Share Transfer Agent or with the respective Depository Participant(s) for communication purposes to the Members and to all other persons so entitled. Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the MCA Circulars issued by MCA and SEBI Circular, the Annual Report including Notice of the 28th AGM of the Company will also be

available on the website of the Company at www.csfinance.in. The same can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com.

9. Since the 28th AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agent, MAS Services Limited.
11. Members who are yet to encash their earlier dividend warrants for the dividend in FY 2016-17 and onwards are requested to contact the office of the Company Secretary & Compliance Officer/MAS Services Limited, Registrar and Transfer Agent (RTA) of the Company for revalidation of the dividend warrants/issue of fresh demand drafts.
12. Members who wish to obtain any information on the Company or view the financial statements for the financial year ended 31st March, 2020 may visit the Company's website at www.csfinance.in or send their queries at investor@csfinance.in at least Ten (10) days before the date of 28th AGM. The same will be replied by/ on behalf of the Company suitably.
13. In terms of the applicable provisions of the Companies Act, 2013 and Rules thereto, the Company has obtained e-mail addresses of its Members and have given an advance opportunity to every Member to register their e-mail address and changes therein from time to time with the Company for service of communications/documents (including Notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report and all other documents) through electronic mode. Although, the Company has given opportunity for registration of e-mail addresses and has already obtained e-mail addresses from some of its Members, Members who have not registered their E-mail address so far are requested to register their e-mail for receiving all communications including Annual Report, Notices and Circulars etc. from the

Company electronically. Members can do this by updating their email addresses with their depository participants.

14. Registration of email ID:

- (a) 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.
- (b) In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories, the members are requested to furnish/update their email-id at the earliest with:
 - (i) the respective Depository Participants (DP) (in case of the shares held in electronic mode) or;
 - (ii) the RTA i.e. MAS Services Limited at T-34, 2nd Floor, Okhla Industrial Area, Phase-2, New Delhi-110020 (in case of the shares held in physical form).

15. In terms of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, dividends which remain unpaid/unclaimed over a period of seven (7) years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company have to be transferred to the said fund by the dates mentioned here in below. Shareholders are requested to encash the dividend before the due date of transfer. No claim will be entertained thereafter by the Company. The details of the dates on which dividend should be transferred to the aforesaid fund is given below:-

Financial Year	Date of Declaration	Due for transfer
2016-2017	5 th Sept., 2017	12 th Oct., 2024
2017-2018	29 th Sept., 2018	5 th Nov., 2025
2018-2019	30 th Sept., 2019	6 th Nov., 2026

The Company has uploaded the information in respect of the unpaid/ unclaimed dividend amounts lying with the Company, as on the date of the last meeting held on 30th September, 2019, on the website of the Company viz., www.csfinance.in.

16. Shareholders may note that the Company or its Registrar cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of shareholders.
17. 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 PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent.
18. Securities of listed companies would be transferred in dematerialised form only w.e.f. 1st April, 2019. In view of the same, Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company's RTA for assistance in this regard.
19. Pursuant to Regulation 12 along with Schedule I of the Listing Regulations, all Companies shall mandatorily use any of the electronic mode of payment facility approved by the Reserve Bank of India for making payments such as dividend to the members (where core banking details are available) or to print the bank account details of the members (as per the Company's records) on the physical payment instruments (in case where the core banking details are not available or electronic payment instructions have failed or rejected by the Bank) or to print the address of the member on such payment instructions (in case where the bank details of investors are not available).

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

System Code) etc. at the earliest with:

- i. the respective Depository Participants (DP) (in case of the shares held in electronic mode) or;
- ii. the RTA i.e. MAS Services Limited at T-34, 2nd Floor, Okhla Industrial Area, Phase-2, New Delhi-110020 (in case of the shares held in physical form).

20. The Notice is being sent to the shareholders, whose names appear in the Register of Members/ List of Beneficial owners as at the end of business hours on 28th August, 2020.
21. The Register of Members and Share Transfer Books of the Company shall remain closed from, 22nd September, 2020 to 28th September, 2020 (both days inclusive) for determining the name of members eligible for dividend on equity shares, if declared at the meeting.
22. Dividend on Equity Shares, if declared at the meeting, payment of such dividend shall be made on or before 28th October, 2020 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on 21st September 2020 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on 21st September 2020 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').
23. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
24. Members are requested to mention their Folio Number, DP ID Number and contact details such as email address, contact number, etc in all their correspondence with the Company / Registrar and Share Transfer Agent.
25. Members who are holding shares of the Company in physical form through multiple folios in identical order of names are requested to write to the RTA alongwith their share certificates, to enable the RTA to consolidate their holdings into one folio.

26. The Company has designated an exclusive email id viz investor@csfinance.in to enable the investors to post their queries/suggestions/grievances and monitor its redressal.

27. VOTING

- In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide its Members the facility to cast their votes either for or against each resolutions set forth in the Notice of the 28th AGM using electronic voting system ('remote e-voting') and e-voting (during the 28th AGM), provided by MAS Services Limited ("RTA") and the business may be transacted through such voting..
- Only those Members who will be present in the 28th AGM through VC/OAVM facility and have not cast 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 during the 28th AGM.
- The voting period begins on 25th September, 2020 (9.00 AM IST) and ends on 27th September, 2020 (5.00 PM IST). During this period, Members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on 21st September 2020 may cast their votes electronically. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of 28th AGM and holds shares as of the cut-off date i.e. 21st September 2020, may obtain the login ID and password by sending a request at investor@csfinance.in or info@masserv.com. However, if a Member is already registered with RTA for e-voting, then he/she can use existing user id and password/PIN for casting the vote.

All documents referred to in the accompanying Notice and the Explanatory Statement are available on website of the Company at www.csfinance.in for inspection by the Members. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company

during normal business hours on any working day except Saturdays, upto the date of meeting.

THE INSTRUCTIONS FOR E-VOTING, REMOTE E-VOTING & JOINING OF AGM TO VIDEO CONFERENCING ARE AS FOLLOWS:

- The shareholders need to visit the e-voting website <http://www.evotingindia.com/>.
- Click on "Shareholders" module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) + Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is mentioned in email.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	+ If both the details are not recorded with the company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company for which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For shareholders holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for CSL Finance Limited.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution on which you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHO WISH TO OBTAIN LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE BUT WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES :

- For Physical shareholders- Kindly send an email with a scanned request letter duly signed by first shareholder, scan copy of front and back of one share certificate, copy of PAN card and Aadhar card to info@masserv.com
- For Demat shareholders - Kindly update your email id with your depository participant and send copy of client master to info@masserv.com

INSTRUCTIONS FOR JOINING MEETING THROUGH VC:

- To join the meeting, the shareholders should log on to the e-voting website <http://www.evotingindia.com/> and login as explained above. After logging-in, kindly click on 'live streaming' tab and you will be redirected to 'cisco' website.

In the "Name" field - Put your name.

In the "last name" field - Enter your folio no. as informed in e-mail

In the "Email ID" field - Put your email ID

In the "Event password" field - Put the password as "cdsl@1234"

Click join now button.

Now screen will be displayed for downloading CISCO driver for VC. Please click on run temporary file download. Downloading of driver will be start open driver and click on run.

Event will start and you will be in the AGM through Video conferencing.

You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to download the webex meet app from the respective Play Store.

PRE-REQUISITES FOR JOINING OF MEETING THROUGH DESKTOP OR LAPTOP:

1. System requirement:
 - Windows 7, 8 or 10
 - i3
 - Microphone, speaker
 - Internet speed minimum 700 kbps
 - Date and time of computer should be current date and time

PRE-REQUISITES FOR JOINING OF MEETING THROUGH MOBILE:

- Please download webex application from play store

NOTE: IT IS ADVISABLE TO LOGIN BEFOREHAND AT E-VOTING SYSTEM AS EXPLAINED IN E-VOTING INSTRUCTIONS ABOVE, TO BE FAMILIAR WITH THE PROCEDURE, SO THAT YOU DO NOT FACE ANY TROUBLE WHILE LOGGING-IN DURING THE AGM.

28. Mr. Naveen Kumar, (C.P. No. 22084) of N. Kumar & Associates, Company Secretaries has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the e-voting process at the 28th AGM in a fair and transparent manner.

29. The Scrutinizer shall, immediately after the conclusion of voting at the 28th AGM, first count the votes cast during the 28th AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the 28th AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company (www.csfinance.in). The result will also be displayed on the Notice Board of the Company at its Registered Office. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the date of the 28th AGM i.e. 28th September, 2020.

30. Dividend

1. The Board of Directors has recommended Final Dividend of ₹2.50/- (25%) per Equity Share of ₹10/- each for the year ended 31st March, 2020 that is proposed to be paid subject to the approval of the shareholders at the 28th AGM. Pursuant to the provisions of Section 123 of the Companies Act, 2013, the payment of final dividend on equity shares, upon declaration by the shareholders at the Annual General Meeting, will be made as under:

- a) to all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the closure of business hours on 21st September, 2020 and
- b) to all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closure of business hours on 21st September, 2020.

2. Payment of Dividend through electronic means

(a) 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 the Company or RTA. Members holding shares in dematerialized form are requested to provide the said details to their respective Depository Participants.

(b) 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 upon normalization of the postal services, dispatch the dividend warrant/ cheque to such shareholder by post.

(c) 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.

(d) 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 1st 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.

31. 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 furnish

32. Members holding shares in physical form are advised to furnish, particulars of their bank account, if not done already or if it has changed, to the Company to incorporate the same in the dividend warrants/ payment instruments.

33. 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.

34. Section 72 of the Act, provides for Nomination by the Members of the Company in the prescribed Form No. SH-13 for shares held in physical form. Blank forms will be supplied by RTA on request. Members holding shares in dematerialized form may contact their respective Depository Participants for recording of nomination.

By Order of the Board of Directors

Sd/-

Gunjan Khara
Company Secretary
Membership No.: A50631

Place: New Delhi

Date: 1st September, 2020

ANNEXURE - 1

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

Item No.4: Mrs. Anjna Mittal (DIN: 07143461) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. She holds office as an Independent Director of the Company up to 30th September, 2020 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act). The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Director, has recommended re-appointment of Mrs. Anjna Mittal for a second term of 3 (three) consecutive years on the Board of the Company. The Board, based on the performance evaluation of Independent Director and based on the recommendation of Nomination and Remuneration Committee, considered that her continued association would be beneficial to the Company and it is desirable to continue to avail her services. Accordingly, it is proposed to re-appoint Mrs. Anjna Mittal as an Independent Director for a second term of 3 (three) consecutive years on the Board of the Company w.e.f. 30.09.2020 to 29.09.2023. She does not hold Directorship/ Committee membership in any other Company. She is not holding any shares of the Company either directly or in form of beneficial interest for any other person. She is not related with any other Director

and Key Managerial Personnel (KMP) of the Company.

The Company has received from Mrs. Anjna Mittal (i) Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Sub-Section (2) of Section 164 of the Companies Act, 2013. (ii) A declaration to the effect that she meets the criteria of independence as provided under Sub Section (6) of Section 149 of the Companies Act, 2013. (iii) An undertaking that she is not debarred from holding the office of Director pursuant to order of SEBI or any other authority. In the opinion of the Board, Mrs. Anjna Mittal fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for her re-appointment as an Independent Director of the Company and she is independent of the management. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. None of the Directors or KMP of the Company or their relatives except Mrs. Anjna Mittal herself is concerned or interested (financial or otherwise) in the resolution. The Board of Directors recommends resolution set out at item no.4 for your consideration and approval.

ANNEXURE - 2

Details of Mr. Ashok Kumar Kathuria and Ms. Anjna Mittal seeking re-appointment at the Annual General Meeting:-

Name of Director	Mr. Ashok Kumar Kathuria
DIN	01010305
Age	61 years
Nationality	Indian
Date of first appointment on Board	29 th October, 2005
Qualification	Bachelor of Arts
Brief resume and expertise	Mr. Kathuria has over 30 years of rich experience in administration managing back-end operations, documents processing, liaising and Administration across various projects and assignments. He is an arts graduate.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Shareholding in the Company	Nil
List of outside Directorships held	Nil
Chairmanship/member of the committee of the Board of Directors of other companies in which he/she is a director	Nil
No. of Meetings of the Board attended during the year	No. of meetings held: 8 No. of meetings attended: 8

Part of Annexure -2

Name of Director	Ms. Anjna Mittal
DIN	07143461
Date of Birth	14.04.1981
Nationality	Indian
Date of first appointment on Board	30 th March, 2015
Qualification	Chartered Accountant
Brief resume and expertise in specific functional area	Ms. Anjna is a commerce graduate and a member of The Institute of Chartered Accountants of India (ICAI). She has vast and diverse experience in the field of finance, taxation, accounts & corporate affairs.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Shareholding in the Company	Nil
List of outside Directorships held	Nil
Chairmanship/member of the committee of the Board of Directors of other companies in which he/ she is a director	Nil
Disclosure of relationships between Directors/KMP inter-se	Not Applicable

Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting the 28th Annual Report along with the Audited financial statements of the Company for the financial year ended 31st March, 2020.

1. FINANCIAL HIGHLIGHTS

(₹ in Crores)		
Particulars	Current Year 31-03-2020	Previous Year 31-03-2019
Revenue from operations	60.86	57.84
Other Income	0.09	0.03
Total Income	60.95	57.87
Less: Operating expenses	17.86	11.48
Profit/loss before Depreciation, Finance cost and Tax expenses	43.09	46.39
Less: Depreciation	0.74	0.55
Less: Finance Costs	10.61	11.79
Less: Tax Expense (Current & Deferred)	9.27	10.26
Profit/loss for the year	22.47	23.79
Less: Transfer to reserves	4.49	5.03
Less: Dividend Distribution tax	0.25	0.19
Balance carried forward	17.73	18.57

* The figures for FY 2018-19 have been prepared as per Indian Accounting Standards as Ind-AS has been adopted by the company w.e.f 01-April-2019

During the year under review, the total revenue of the Company was ₹6,095.06 lakhs as compared to ₹5,787.16 lakhs during the previous year, an increase of 5.32 %, while the Profit After Tax was ₹2,247.37 lakhs as compared to ₹2,379.35 lakhs of the previous year, a decrease by 5.55 %

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

First-time adoption of IND AS

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013, read with Section 133 of the Companies Act, 2013 ('Act'), the Company has adopted the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from 1st April, 2019.

2. ECONOMIC AND INDUSTRY OVERVIEW

Risk & Concern

Rise in NPAs

Prolonged slowdown in economy accompanied with Covid-19 induced national lockdown has disturbed businesses across India. Impact on sales and profits due to national lockdown impacts the repayment capabilities of borrowers which may result in delinquencies and large number of NPAs in finance sector.

To counter the rising risk of NPAs company has been very pro-active and remained in regular touch with clients. It has substantially reduced the accounts which went under moratorium. Furthermore, more than 90% of its loan book is secured and it also maintain comfortable LTV of 37%.

Challenges in growing Loan Book

Functionality of businesses has been substantially impacted due to social distancing measures and lockdowns. Operations of branches are also impacted which has resulted in reduced disbursements. The disbursement are likely to remain lower till the vaccine for covid-19 is widely available.

The company is focusing on consolidating its branches and improve its disbursement, collection and underwriting processes. The company has come across various opportunities in its wholesale lending business, and is happy to grab if it fits company's risk and return requirements. Furthermore, all its SME branches are in rural and semi rural area where economic activities are less impacted.

Challenges in borrowing

NBFCs have been struggling to get funding from the banks and financial institutions. Lack of creditworthiness and already huge exposure to NBFCs remain concern for banks to lend further to NBFCs. Lack of adequate funding may adversely impact the growth capabilities.

CSL has healthy balance sheet with CRR at 73% and rated BBB by CARE ratings. CSL has good relations with bankers and has sanctions from various financial institutions. Due to its commitment towards healthy profitable growth it did not raised loans which fall below required IRR. It has been able to get funding from SBI and in talks with other PSUs.

Uncertainty over economy

Covid-19 has impacted the world economy. Social distancing measures by government like lockdown has significantly impacted the business activities. The risk of infection and fear of disease is continue to linger. The economic activities are likely to remain subdued till a vaccine is available to common people. Growth of NBFCs and banking sector depends upon the overall growth of the economy, where growth recovery is uncertain.

At CSL, we have exposure in realty sector in Delhi NCR, the business was impacted during the national lockdown but things are improving now. In our retail segment we have all our branches in rural areas where impact of covid-19 is lesser, furthermore we do business with Kiryana stores, dairies, general merchants are trader which have recovered fast from the impact of covid-19.

Opportunities and threats

Opportunities

- Consolidation in the NBFC sector, players with strong balance sheet will benefit
- Reduction in repo rates from RBI will results in lower interest rates borrowings from banks and will increase NIMs

Threats

- Risk of higher NPAs due to economic slowdown
- Non availability of funds from banks and capital market due to lack of trust in NBFC sector
- Prolonged impact of Covid-19 may trigger economic slowdown which may result in slowdown in credit growth in NBFCs

3. DIVIDEND

The directors recommend for consideration of the members at the ensuing Annual General Meeting payment of dividend of 25% per equity share i.e. ₹2.5/-per equity share of the face value of ₹10/- each for the financial year 2019-20.

4. TRANSFER TO RESERVES

The company proposes to transfer ₹4.49 Crores to Statutory Reserves in accordance with the provisions of the Reserve Bank of India.

5. CAPITAL ADEQUACY

Capital Adequacy as at 31st March, 2020 stood at healthy 73%, which is well above the minimum regulatory norms for Non-Deposit Accepting NBFCs.

6. CREDIT RATING

During FY 2019-20, rating for Long-term Bank Facilities are re-affirmed at CARE BBB; Stable by CARE Ratings Limited ('CARE')

7. BORROWINGS

During the year under review, your company raised a total of ₹5 crores from banks and financial institutions. As on 31st March, 2020, the borrowings of the company stand at ₹95.92 crores. No interest payment or principal repayment of the loan facilities availed by our company from banks/ financial institutions was due and unpaid as on 31st March, 2020. The assets of the company which are available by way of security are sufficient to discharge the claims of the banks and Financial Institutions as and when they become due.

8. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

9. CORPORATE GOVERNANCE

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

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

- c. Report on Corporate Governance and Certificate from, practicing company secretary regarding compliance of conditions of Corporate Governance.

10. DEPOSITS

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

11. RBI GUIDELINES

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

12. SUBSIDIARIES COMPANIES, JOINT VENTURES AND ASSOCIATES

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

13. NUMBER OF MEETINGS OF THE BOARD

The Board met 8 times in the Financial Year 2019-20 viz., 16th May 2019, 27th August 2019, 13th September 2019, 16th October 2019, 13th December 2019, 13th February 2020, 26th February 2020 & 19th March 2020. The maximum time interval between any two meetings did not exceed 120 days.

14. COMMITTEES OF THE BOARD

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

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March, 2020, the Board of your Company consists of four Directors as follows and two Key Managerial Personnel:

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

* Mr. Akash Gupta resigned as Company Secretary and Legal Head w.e.f. the close of business hours of 24.07.2020; and Ms. Gunjan Khera was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 25.07.2020.

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

a) Directors

APPOINTMENT

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

RETIREMENT BY ROTATION

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

RESIGNATION

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

INDEPENDENT DIRECTORS

The Company has received declarations pursuant to Section 149(7) of the Companies

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

The term of office of Ms. Anjna Mittal, as an Independent Director, will expire on 29th September, 2020. The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Ms. Anjna Mittal, as an Independent Director of the Company for a second term of 3 (three) consecutive years on the expiry of her current term of office.

WOMAN DIRECTOR

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

b) Key Managerial Personnel

In accordance to the provisions of Companies Act, 2013, the following persons are the KMPs of the Company, as recorded by the Board as on 31st March, 2020:

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

c) Changes in Key Managerial Personnel (KMP) during the FY 2019-20

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

16. PERFORMANCE EVALUATION

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013 and in accordance to Regulation 17(10) of the Listing Regulations, 2015,

the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the Directors. A structured questionnaire was prepared after taking into consideration the inputs received from the Directors, covering various aspects of functioning mechanism of the Board and Committee. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report annexed to this Report.

17. RELATED PARTY TRANSACTIONS

During FY 2019-2020, the Company entered into transactions with related parties pursuant to approval of the Audit Committee. The details of such transactions were placed before the Committee for noting/review. All related party transactions entered into during FY 2019-20 were on an arm's length basis and in the ordinary course of business under the Companies Act, 2013 and not material under Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the Listing Regulations) and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations. During FY 2019-20, there were no related party transactions requiring disclosure under section 134 of the Companies Act, 2013. A policy on materiality of related party transactions and dealing with related party transactions is placed on the Company's website <https://www.cslfinance.in>.

18. FRAUD REPORTING

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

19. BOARD'S INDEPENDENCE

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

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

20. DECLARATION BY INDEPENDENT DIRECTORS

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

21. FAMILIARISATION PROGRAMME

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

22. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable Indian Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the notes to the annual accounts have been selected and applied consistently and judgments and estimates have been made that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2020 and profit and loss of the company for the year ended on that date;

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

23. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

No Significant or Material Order was passed by the Regulators or Court or Tribunal which impact the going concern status operations of your Company in future.

24. NOMINATION AND REMUNERATION POLICY

The Board has on the recommendation of Nomination and Remuneration Committee framed a policy on directors' appointment and remuneration of Directors including criteria for determining qualification, positive attributes, independence of directors and remuneration for Directors, Key Managerial Personnel and other employees.

25. SECRETARIAL STANDARDS OF ICSI

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

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

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

The Company has zero tolerance towards sexual harassment of women at the workplace. The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committees were carried out as per letter and spirit contained in the provisions of the Act. During the FY 2019-2020, the Company has not received any complaint of sexual harassment and hence there were no complaints pending for redressal as on 31st March, 2020. The Company had conducted 4 workshops/awareness programs regarding women empowerment during the period under review.

29. FAIR PRACTICE CODE (FPC)

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

30. STATUTORY AUDITORS & THEIR REPORT

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

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

31. SECRETARIAL AUDITORS & THEIR REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed Mr. Naveen Kumar, Practising Company Secretary, to undertake the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report for Financial Year 2019-20 has been annexed to this Report.

32. EXTRACT OF ANNUAL RETURN

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

33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

34. THE STATE OF THE COMPANY'S AFFAIRS

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

35. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There has been no change in the nature of business of the company during the Financial Year 2019-20.

36. MEETING OF INDEPENDENT DIRECTORS

During the year under review, meeting of Independent Directors was not held due to COVID-19.

37. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

There are no material changes or commitments affecting the financial position of the Company that have occurred between the end of the financial year and the date of this Report.

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

The requirements of disclosure with regard to

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

40. RISK MANAGEMENT POLICY AND INTERNAL CONTROL

The Company has adopted a Risk Management Policy to identify, assess, monitor and mitigate various risks to its key business objectives. Major risks, if any identified, are systematically addressed through corrective measures on a continuing basis. The Company's internal control systems are commensurate with the nature of its business and the size and complexity.

41. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year 2019-20, no amount was transferred to the investor education and protection fund (IEPF).

42. CSL EMPLOYEE STOCK OPTION SCHEME, 2016

- A. 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
- B. During the Financial Year 2019-20, 90000 options were vested. However 12500 options were lapsed during the financial year 2019-20 and no fresh options were granted during the year.
- C. Employee Stock options details as on the Balance sheet date are as follows:

S. No.	Particulars	31 st March, 2020		31 st March, 2019	
		Options (In Numbers)	Weighted Average exercise price per option (₹)	Options (In Numbers)	Weighted Average exercise price per option (₹)
1	Options outstanding at beginning of the year	2,78,150	231	4,37,500	230/-
	Granted during the year	-	-	-	-
	Vested during the year	90,000	228	90,000	226/-
	Exercised during the year	24,891	226	69,350	226/-
2	Lapsed during the year	12,500	226	90,000	234/-
	Options outstanding at the end of the year	2,40,759	231.75	2,78,150	231/-
	Options available for grant	3,65,000	Few have exercise price of ₹226/- and few have exercise price of ₹240/-	3,52,500	-
	The Weighted Average share price of the date of exercise for stock options exercised during the year	294.92	NA	525.72	-
	Range of the exercise price for options outstanding at the end of the Financial year	Few have exercise price of ₹226/- and few have exercise price of ₹240/-	NA	Few have exercise price of ₹226/- and few have exercise price of ₹240/-	230.98/-

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

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

The remuneration is paid by company to Mr. Rohit Gupta, Managing Director of the company. No other director was paid any remuneration during the year.

The ratio of the remuneration of Mr. Rohit Gupta to the median employee's remuneration is as follows:

Median Employee's Remuneration: ₹2,83,200/-

Annual Salary of the Managing Director: ₹84,00,000/-

Ratio (remuneration of MD: remuneration of median employee) : 0.034:1

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

Name of Director /KMP	Designation	Ratio to median remuneration	%Increase in remuneration
Rohit Gupta	Managing Director	0.034:1	Nil
Naresh Chandra Varshney	Chief Financial Officer	0.025:1	(24.87)
Akash Gupta	Company Secretary & Legal Head	0.172:1	(68.88)

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

The percentage decrease/increase in the median remuneration of employees in the financial year 2019-20 is 5.93%.

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

162 permanent employees are on the rolls of the company at the end of the financial year 2019-20.

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

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

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

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

44. 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 www.csfinance.in. 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.

45. APPRECIATION

Your Directors would like to record their appreciation for the hard work and commitment of

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

46. CAUTIONARY STATEMENT

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

For on & behalf of the Board

Sd/
Rohit Gupta
Managing Director
(DIN:00045077)

Sd/
Ashok Kumar Kathuria
Director
(DIN: 01010305)

Place : New Delhi
Date : 01.09.2020

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

Company's CSR POLICY

1. A brief outline of the company's CSR policy

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

Web-link of the CSR Policy:

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

2. Composition of CSR Committee

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

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

Average Net Profit of the company for the last three financial years is ₹28,50,60,151

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

The Company was required to spend ₹57,01,201 based on the average net profit mentioned in Para 3 above.

5. Details of CSR spent during the financial year

- i. Total amount spent for the financial year: ₹30,00,000
- ii. Amount unspent, if any : Out of the prescribed CSR expenditure of ₹57.01 lacs for FY2019-20, ₹30 lacs was utilized due to limited availability of the sustainable programs or projects which meet the vision of the Company. CSL has been persistently exploring novel opportunities and possibilities in the form of sustainable programs or projects for its CSR activities to create larger social impact and positive changes in the lives of community.

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

(₹ in Cro.)

Sl. No.	CSR Project/ Activity identified	Sector under which the project is covered	Location of project	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promotion of Education	Education	Delhi, India	10	3.57	3.57	Used for operating activities of the Educational Institutions/ repayment of loans and creating infrastructure of the School/ Higher Education Institution running under the banner of society

7. Contact

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

8. Responsibility Statement

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

Place: New Delhi
Date: 31st July, 2020

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

FOR & ON BEHALF OF THE BOARD

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

Form No. MR-3
Secretarial Audit Report
For The Financial Year Ended 31st March, 2020
[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

410-412, 18/12, 4TH FLOOR, W.E.A, ARYA SAMAJ ROAD,

KAROL BAGH, NEW DELHI – 110005

CIN: L74899DL1992PLC051462

I was appointed by the Board of Directors of CSL FINANCE LIMITED (hereinafter called the Company) to conduct Secretarial Audit on a voluntary basis for the period commencing from 1st April, 2019 to 31st March, 2020. I have conducted the secretarial audit in respect of compliance with applicable statutory provisions and adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minutes, 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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, minutes, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of the following Laws (whichever applicable):

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-law framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998/2018. Other specific business/ industry related laws that are applicable to the company, viz.
- (j) NBFC – The Reserve Bank of India Act, 1934 and all applicable laws, Rules, Regulation, Guideline, Circular, Notification, etc.

In respect of other laws specifically applicable to the Company, I have relied on information/records produced by the Company during the course of our audit and the reporting is limited to that extent. In respect of Direct and Indirect Tax Laws like Income Tax Act, Goods & Service Tax Act, Excise & Custom Acts we have relied on point no. 7 of "Annexure A" of the Independent Auditor Report given by the Statutory Auditor of the company.

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

- (i) The Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and SEBI (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

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further no any change has been occurred in the composition of Board of Directors of the Company during the year under review.
- (ii) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.
- (iii) All decision at Board Meetings and Committee Meetings are carried unanimously and subsequently the minutes of the Board of Directors or Committee of the Board, as the case may be were recorded.

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

I further report that as informed to us, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

NAVEEN KUMAR
PRACTISING COMPANY SECRETARY

M. NO.- ACS 58452

C.P NO.- 22084

UDIN:- A058452B000568599

DATE: 11.08.2020

PLACE: NEW DELHI

ANNEXURE

To,

The Members,

CSL FINANCE LIMITED

410-412, 18/12, 4TH FLOOR, W.E.A, ARYA SAMAJ ROAD,

KAROL BAGH, NEW DELHI - 110005

CIN: L74899DL1992PLC051462

My Secretarial Audit Report of even date, for the financial year 2019-20 is to be read with this Management Responsibility letter.

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper system to ensure compliance with the provision of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

- My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
- I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for our opinion.
- Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

- The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

NAVEEN KUMAR
PRACTISING COMPANY SECRETARY
M. NO.- ACS 58452
C.P NO.- 22084

DATE: 11.08.2020

PLACE: NEW DELHI

SECRETARIAL COMPLIANCE REPORT OF CSL FINANCE LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2020

I Naveen Kumar, Practicing Company Secretary have examined:

- all the documents and records made available to us and explanation provided by CSL FINANCE LIMITED;
- the filings/ submissions made by the listed entity to the stock exchanges;
- website of the listed entity;
- any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31st March, 2020 in respect of compliance with the provisions of :
 - the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder;

And based on the above examination, I hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sl. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	N.A.		

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.
- The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sl. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
	N.A.			

- The listed entity has taken the following actions to comply with the observations made in previous reports:

Sl. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	N.A.			

NAVEEN KUMAR
PRACTISING COMPANY SECRETARY
M. NO.- ACS 58452
C.P NO.- 22084

DATE: 23.05.2020
 PLACE: NEW DELHI
 UDIN : A0584528000272853

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	NBFC engaged in lending & allied services	64920	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: Not Applicable

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	13,22,827	-	13,22,827	21.44	13,22,827	-	13,22,827	21.44	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	21,43,338	-	21,43,338	34.74	21,96,503	-	21,96,503	35.60	0.86
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	34,66,165	-	34,66,165	56.18	35,19,330	-	35,19,330	57.05	0.87
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter = (A)(1) + (A)(2)	34,66,165	-	34,66,165	56.18	35,19,330	-	35,19,330	57.05	0.87
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	50	-	50	0	50	-	50	0	0
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Portfolio Investors)	0	-	0	0	0	-	0	0	-
Sub Total (B)(1)	50	-	50	0	50	-	50	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	9,87,691	35,100	10,22,791	16.58	10,45,366	35,100	10,80,466	17.51	0.92
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual Shareholders holding nominal share capital upto ₹2 Lakh	8,82,084	95525	9,77,609	15.85	8,68,797	93525	9,62,322	15.60	(0.25)
ii) Individual shareholders Holding nominal share capital in excess of ₹2 Lakh	3,13,972	1,00,000	4,13,972	6.71	3,25,570	-	3,25,570	5.27	(1.44)
c) NBFCs Registered with RBI	0	-	0	0	0	-	0	0	-
d) (Non Resident Indian non-repeat/ Non Resident Indian repeat/OCB)	1,12,808	68,800	1,81,608	2.94	1,27,447	68,800	1,96,247	3.18	0.24
e) Others (Clearing Member)	11,362	-	11,362	0.81	14,463	-	14,463	0.23	(0.58)
Sub Total (B)(2)	23,07,917	2,99,425	26,07,342	42.26	24,52,402	1,97,425	26,49,827	42.95	0.69
Total public shareholding (B)=(B)(1)+(B)(2)	2,30,7967	2,99,425	26,07,392	42.26	24,52,452	1,97,425	26,49,877	42.95	0.69
C. Shares held by Employee Trust	95,650	-	95,650	1.55	70,759	-	70,759	1.15	(0.40)
Grand Total (A+B+C)	58,69,782	2,99,425	61,69,207	100	59,71,782	1,97,425	61,69,207	100	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	CSL Capital Private Limited	21,43,338	34.74	-	21,96,503	35.60	-	0.86
2.	Rohit Gupta	12,58,114	20.39	-	12,58,114	20.39	-	0
3.	Sat Paul Gupta	20,835	0.34	-	20,835	0.34	-	0
4.	Ridhima Gupta	24,377	0.40	-	24,377	0.40	-	0
5.	Rachita Gupta	19,501	0.32	-	19,501	0.32	-	0

(iii) Change in Promoters' Shareholding:

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	CSL Capital Private Limited	21,43,338	34.74	21,96,503	35.60
	At the end of the year	21,96,503	35.60	21,96,503	35.60

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

Sl. No.	For Each of the top ten shareholder	Shareholding at the beginning of the year		Date wise Increase/ (Decrease) in Shareholding during the year specifying the reason for increase /decrease			Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Date	No. of Shares	Reasons	No. of Shares	% of total Shares of the Company
1.	GEECEE HOLDINGS LLP	3,85,000	6.24	-	-	-	3,85,000	6.24
2.	AADI FINANCIAL ADVISORS LLP	3,85,000	6.24	-	-	-	3,85,000	6.24
3.	GAURAV SUD	0	0	16.03.2019	1,00,000	Conversion of warrants into shares	1,00,000	1.62
4.	SACHET SINGH	71,000	1.15	05.04.2019	1,000	Purchase	85,080	1.38
				26.04.2019	1,200	Purchase		
				10.05.2019	302	Purchase		
				17.05.2019	498	Purchase		
				14.06.2019	2,000	Purchase		
				21.06.2019	792	Purchase		
				28.06.2019	208	Purchase		
				19.07.2019	1,350	Purchase		
				26.07.2019	160	Purchase		
				02.08.2019	490	Purchase		
				30.08.2019	100	Purchase		
				13.09.2019	400	Purchase		
				30.09.2019	407	Purchase		
				04.10.2019	93	Purchase		
				29.11.2019	1,000	Purchase		
				31.01.2020	508	Sell		
				07.02.2020	508	Purchase		
				21.02.2020	1,000	Purchase		
				06.03.2020	600	Purchase		
				13.03.2020	1,400	Purchase		
				20.03.2020	1,000	Purchase		
				27.03.2020	80	Purchase		
5.	MADHURI MADHUSUDAN KELA	80,000	1.30	-	-	-	80,000	1.30
6.	PTG CONSULTANTS PRIVATE LIMITED	27,992	0.45	02.08.2019	5,072	Purchase	39,724	0.64
				18.10.2019	294	Purchase		
				08.11.2019	1,317	Purchase		
				22.11.2019	2,355	Purchase		
				06.12.2019	1,000	Purchase		
				24.01.2020	415	Sell		
				20.03.2020	2,109	Purchase		
7.	SINGULARITY HOLDINGS LIMITED	36,000	0.58	17.01.2020	1800	Purchase	37,800	0.61

Sl. No.	For Each of the top ten shareholder	Shareholding at the beginning of the year		Date wise Increase/ (Decrease) in Shareholding during the year specifying the reason for increase /decrease			Shareholding at the end of the year	
	Name of the shareholders	No. of Shares	% of total Shares of the Company	Date	No. of Shares	Reasons	No. of Shares	% of total Shares of the Company
8.	ENPRO EXPORTS PRIVATE LIMITED	37,133	0.60	-	-	-	37,133	0.60
9.	RAJASTHAN GLOBAL SECURITIES Pvt. Ltd.	8,103	0.13	05.04.2019	26,990	Purchase	34,732	0.56
				07.06.2019	1,235	Sell		
				06.09.2019	30	Sell		
				27.09.2019	767	Sell		
				27.03.2020	1,671	Purchase		
10.	LLOYDS FINANCE LIMITED	30,800	0.50	-	-	-	30,800	0.50

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		For Each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	Rohit Gupta	12,58,114	20.39	12,58,114	20.39
		Naresh Chandra Varshney (CFO)	55	00	55	00
	Date wise Increase/ decrease in promoter's shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	Nil	Nil	Nil	Nil	Nil
	At the end of the year	Rohit Gupta	12,58,114	20.39	12,58,114	20.39
		Naresh Chandra Varshney (CFO)	55	0	55	0

V. Indebtedness

[₹ in Lacs]

Particulars	Secured Loans excluding deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
Indebtedness at the beginning of the financial year				
i) Principal Amount	12,193.81	-	-	12,193.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	30.52	-	-	30.52
Total (i+ii+iii)	12,224.33	-	-	12,224.33
Change in Indebtedness during the financial year				
* Addition	500.00	-	-	500.00
* Reduction	3,122.08	-	-	3,122.08
Net Change	-2,622.08	-	-	-2,622.08
Indebtedness at the end of the financial year				
i) Principal Amount	9,584.40	-	-	9,584.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	17.84	-	-	17.84
Total (i+ii+iii)	9,602.25	-	-	9,602.25

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

[₹]

Sl. No.	Particulars of Remuneration	Rohit Gupta			Amount
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	84,00,000			-
		Nil			Nil
		Nil			Nil
2.	Stock Option	-			
3.	Sweat Equity	-			
4.	Commission - as % of profit - others, specify	-			
5.	Others, please specify				
	Total(A)	84,00,000			-
	Ceiling as per the Act	1,58,71,241			-

B. Remuneration to other Directors: Nil

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

C. Remuneration to Company Secretary:

Sl. No.	Particulars of Remuneration	Mr. Akash Gupta
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	17,28,000 Nil Nil
2.	Stock Option	-
3.	Sweat Equity	
4.	Commission - as % of profit - others, specify	
5.	Others, please specify	
	Total	17,28,000

VII) Penalties/Punishments/Compounding of offences

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant To Regulation 34(3) And Schedule V Para C Clause (10)(i) Of The Sebi (Listing Obligations And Disclosure Requirements) Regulations, 2015)

To,

The Members of CSL FINANCE LIMITED

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of CSL Finance Limited having CIN: L74899DL1992PLC051462 and having registered office at 410-412, 18/12, 4th Floor, W.E.A, Arya Samaj Road, Karol Bagh, New Delhi – 110005 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have 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 other Statutory Authority.

Name	DIN
Mr. Rohit Gupta	00045077
Mr. Ashok Kumar	01010305
Ms. Anjna Mittal	01160953
Mr. Manoj Gupta	07143461

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

NAVEEN KUMAR

Membership No.: 58452

COP No.: 22084

UDIN: A058452B000623051

Place: New Delhi

Date: 27.08.2020

Corporate Governance Report

BOARD'S REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Prevention of Insider Trading

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

Whistle Blower Policy & Vigil Mechanism

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

2. BOARD OF DIRECTORS

A. Composition of Board

The Company has a judicious mix of Executive, Non-Executive and Independent Non-Executive Directors on its Board. As on 31st March, 2020, there are four (4) directors on the Board of the company, out of which one (1) Director is a Woman Director, three (3) Directors are Non-Executive and two (2) amongst those are Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations').

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

The composition of the Board as on 31st March, 2020 is as under:

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

B. Board Meetings

The Board met 8 times in financial year 2019-20 viz., 16th May, 2019, 27th August, 2019, 13th September, 2019, 16th October, 2019, 13th December, 2019, 13th February, 2020, 26th February, 2020 and 19th March, 2020. The attendance at the Board Meetings during the financial year and the last Annual General Meeting as also the number of other Directorships and Committee Memberships are given below:

Name of the Director	DIN	Category of Director	No. of board meetings		Attendance at the last AGM	Directorships*			Committee Position**		Share-holding (no. of shares)
			Held during the tenure	Attended		Total no. of directorships	No. of Directorships in Listed companies other than the present	Name of Listed Companies & Category of Directorship	Chairman	Member	
Rohit Gupta	00045077	Executive Promoter Director (Managing Director)	8	8	Yes	3	Nil	NA	Nil	Nil	12,58,114
Ashok Kumar Kathuria	01010305	Non-Executive Promoter Director	8	8	Yes	Nil	Nil	NA	Nil	Nil	Nil
Manoj Gupta	01160953	Non-Executive Independent Director	8	8	Yes	6	Nil	NA	Nil	Nil	919
Anjna Mittal	07143461	Non-Executive Independent Director (Woman Director)	8	8	Yes	Nil	Nil	NA	Nil	Nil	Nil

* represents directorships in other companies

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

C. Familiarisation Programme

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

D. Director's Profile

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

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

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

ii) Skills:

- Strategic thinking and decision making;
- Interpersonal skills;
- Leadership;
- Analysis and Reporting;
- Ability to determine appropriate levels of remuneration of Executive Directors, KMPs and play a prime role in appointing and where necessary, recommending removal of Executive Directors and KMPs;
- Ability to oversee strategic human resource management.

iii) Mind-Set:

- Ethics
- Commitment;
- Instinct & Business Acumen;
- Independent and Awareness (self and other) – ability to display independence by willing to disagree and take an independent stance in the face of dissenting views.

It is pertinent to mention that the above set of skills, knowledge and mind set are present in all the directors

E. Code of Conduct

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

The Code has been circulated to all the board members and senior executives of the company who have affirmed compliance with this Code for the year ended 31st March, 2020.

F. Independent Directors

In terms of proviso to sub-section (5) of Section 152 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Board of Directors is of the opinion that Mr. Manoj Gupta and Ms. Anjna Mittal fulfil the conditions specified in the Act for their appointment as Independent Directors.

3. COMMITTEES

As on 31st March, 2020, CSL Finance Limited has six Committees of the Board: -

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

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

3.1 Audit Committee

Terms of Reference

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

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

a) Financial Matters:

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

- Reviewing with the management, the quarterly Unaudited Financial Statements and Annual Audited Financial Statements alongwith Limited Review Report/ Auditors Report thereon before submission to the Board for the approval. Reviewing of Annual Financial Statements inter alia including reviewing changes in Accounting Policies if any, major accounting entries involving estimates, significant adjustments made in Financial Statements, qualifications in draft Audit Report, if any etc.
- Valuation of assets of the company as and when required.
- Monitoring the end use of funds already raised and related matters.
- Reviewing Management Discussion and Analysis of financial condition and results of operations; and
- Scrutinising the inter-corporate loans and investments.

b) Internal Controls, Audit and Auditors:

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

c) Other Matters:

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

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

Composition of Audit Committee and Attendance during the year:

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

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

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

Members	Meeting Held During the year and Attendance			
	16.05.19	13.09.19	13.12.19	13.02.2020
Mr. Manoj Gupta (Chairman)	Yes	Yes	Yes	Yes
Ms. Anjna Mittal (Member)	Yes	Yes	Yes	Yes
Mr. Ashok Kumar Kathuria (Member)	Yes	Yes	Yes	Yes
Mr. Akash Gupta (Secretary)	Yes	Yes	Yes	Yes

4. NOMINATION & REMUNERATION COMMITTEE

Terms of Reference

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

Review of matters by the Committee

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

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

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

Approval of matters by the Committee

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

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

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

Personnel in accordance with the criteria laid down;

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

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

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

Meeting and Attendance during the year:

Members	Meeting Held During the year and Attendance
	24.06.2019
Mr. Manoj Gupta (Chairman)	Yes
Ms. Anjna Mittal (Member)	Yes
Mr. Ashok Kumar Kathuria (Member)	Yes

Performance evaluation criteria for Independent Directors:

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

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

5. INVESTOR RELATIONS & SHARE TRANSFER COMMITTEE

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

The Committee deals with the following:

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

As on 31st March, 2020, no investor complaint was pending.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

a) Composition:

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

b) Compliance Officer: Mr. Akash Gupta, Company Secretary of the Company was the Compliance Officer in this respect.

c) During the financial year, one complaint was received by the company. As on 31st March 2020, no investor complaint was pending. The Committee deals with resolving the grievances of security holders of the Company.

7. CSR COMMITTEE

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

The Company has also formulated a CSR Policy which is available on the website of the company at www.csfinance.in

Composition:

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

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

Meeting and attendance during the year:

During the year under review, the CSR met once on 21st March, 2020, to deliberate on various matters and all the Members of the Committee were present for the meeting.

Brief description of terms of reference:

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

8. REMUNERATION OF DIRECTORS:

Criteria of Making Payments to Non-Executive Directors:

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

Sitting Fee:

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

Commission:

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

Refund of excess remuneration paid:

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

Reimbursement of actual expenses incurred:

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

Payment to Independent Directors:

An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

Disclosures with respect to remuneration:

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

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

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

Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.

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

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

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

9. GENERAL BODY MEETINGS

The last three annual general meetings were held as under:

AGM	Year	Date	Venue	Time	Special resolution(s) passed
27 th	2018-19	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 am	Nil
26 th	2017-18	29.09.2018	Hotel Oodles, 759-762, Main Road, Chattarpur, New Delhi-110074	10:30 a.m.	Nil
25 th	2016-17	05.09.2017	Hotel Oodles, 759-762, Main Road, Chattarpur, New Delhi-110074	11:30 a.m.	4

Postal Ballot

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

Extra-Ordinary General Meeting (EOGM)

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

10. DISCLOSURES

- a) During the year 2019-20, other than the transactions entered in the normal course of the

company, the Company has not entered any materially significant related party transaction with its Promoters/ Directors/ Senior Employees or relatives etc., which could have a potential conflict with the interest of the Company at large. The details of the related party transactions have been reported in the notes to accounts in compliance with AS 18.

- b) During the year under review, the Company has duly complied with the requirements of the regulatory authorities on capital markets. No penalties have been imposed on the Company by the stock exchanges, SEBI or other statutory authorities during the year.
- c) The Company promotes a favorable environment for employees and employees can report to the management their concern about any unethical behavior, actual or suspected fraud or violation of company's code of conduct. No Personnel has been denied access to audit committee, so as to ensure ethical and fair conduct of the business of the company.
- d) In preparation of financial statements, the company has followed the Accounting Standards laid by the Institute of Chartered Accountants of India to the extent applicable and the significant accounting policies have been set out in the Notes to the Accounts.
- e) The Company is complying with all mandatory requirements on Corporate Governance as specified in the Listing Regulations, 2015.

11. MEANS OF COMMUNICATION**Quarterly/Annual results**

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

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

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

Date, Day & Time : 28th September, 2020
(Monday, 2:00 p.m.)

Place : Registered office of the company

12.2 : Financial Calendar 2020-21 (tentative)**Approval of quarterly/Annual Results**

For the quarter ending June, 2020 :

August/September, 2020

For the quarter ending September, 2020 :

November/December, 2020

For the quarter ending December, 2020 :

January/ February, 2021

For the quarter/year ended March, 2021 :

April/ May, 2021

12.3 Book Closure dates

22nd September, 2020 to 28th September, 2020 (both days inclusive)

12.4 Dividend Payment Date

Dividend on Equity Shares, if declared at the meeting, payment of such dividend shall be made on or before 28th October, 2020 and paid to those members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on 21st September, 2020 ('Record Date'). In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names appear as beneficial owners as at the end of the business hours on 21st September, 2020 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').

12.5 Meeting of Independent Directors

During the year under review, the meeting of Independent directors was not held due to Covid-19

12.6 The Company is listed at the following stock exchange:

BSE Limited

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

Annual Listing Fees for the Financial Year 2019-20

has been duly paid to BSE Ltd.

12.7 Stock Code

BSE Limited : 530067

CIN : L74899DL1992PLC051462

12.8 Stock Market Data

BSE Scrip Code: 530067

For the period: April 2019-March 2020

Month	Year	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares
Apr	2019	306.85	314.75	285	288.50	66,094
May	2019	298.75	329.95	270.05	308.25	61,844
Jun	2019	304.95	328.50	267	283.05	35,286
Jul	2019	283.05	300	236.25	271	37,221
Aug	2019	257.50	303.15	242	277.85	16,483
Sep	2019	280.10	323.95	261.05	282.15	14,065
Oct	2019	267	286.75	239	257.75	19,661
Nov	2019	250	260	202	250.10	26,380
Dec	2019	254.50	289	232.50	249.80	23,803
Jan	2020	253.40	312	245	291.45	51,746
Feb	2020	344.95	344.95	250	254.85	18,194
Mar	2020	270	279.95	143.05	168.80	89,875

12.9 Performance in comparison with BSE

Month	Sensex Closing	CSL Close Price
Apr-19	39,031.55	288.5
May-19	39,714.20	308.25
Jun-19	39,394.64	283.05
Jul-19	37,481.12	271.00
Aug-19	37,332.79	277.85
Sep-19	38,667.33	282.15
Oct-19	40,129.05	257.75
Nov-19	40,793.81	250.10
Dec-19	41,253.74	249.80
Jan-20	40,723.49	291.45
Feb-20	38,297.29	254.85
Mar-20	29,468.49	168.80

12.10 SEBI Complaints Redress System (SCORES)

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

12.11 Registrar and Share Transfer Agent

MAS Services Limited

T-34, 2nd Floor,

Okhla Industrial Area Phase-2,

New Delhi-110 020

Tel: 011-26387281, 82, 83

Fax: 011-26787384

Email: info@masserv.com**12.12 Share Transfer System**

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

12.13 Distribution of shareholding

Distribution of shareholding as on 31st March, 2020 is as under:-

Range (No. of Shares)	No. of Share-holders	%	No. of Shares	%
Upto – 5,000	1964	82.52	2,55,392	4.14
5001-10,000	180	7.56	1,38,444	2.24
10,001-20,000	97	4.08	1,40,455	2.28
20,001-30,000	39	1.64	96,904	1.57
30,001-40,000	17	0.71	59,147	0.96
40,001-50,000	16	0.67	70,977	1.15
50,001-1,00,000	28	1.18	2,02,067	3.28
1,00,001 & above	39	1.64	52,05,821	84.38
Total	2,380	100	61,69,207	100

Shareholding pattern of the Company as on 31st March 2020 was as under:

Category	No. of shares held	% of Equity Capital
Promoters	35,19,330	57.05
Mutual Funds	Nil	Nil
Bodies Corporate	10,80,466	17.51
Non-Resident Indians/OCB	1,96,247	3.18
Others	13,73,164	22.26
Total	61,69,207	100.00

12.14 Dematerialization of shares

As on 31st March, 2020, 96.80% of the Share Capital stands dematerialized. The break-up of equity shares held in demat and physical form as on 31st March, 2020 is as follows:

Particulars	No. of shares	% of shares
Held in dematerialized form in NSDL	53,27,620	86.36
Held in dematerialized form in CDSL	6,44,162	10.44
Physical	1,97,425	3.20
TOTAL	61,69,207	100.00

The Company's shares are traded at BSE Limited. The promoters hold their entire shareholding in dematerialized form.

12.15 Address for Investor's Correspondence For share transfer/transmission/Dematerialization or other query relating to the securities of the Company:

MAS Services Limited

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

New Delhi-110 020 • Tel: 011-26387281, 82, 83

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: 120-4290652-54

Email id for investor grievance:

investor@cslfinance.in

Compliance Officer

Ms. Gunjan Khara,

Company Secretary & Compliance Officer

12.16 Credit Rating

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

CONTINUATION CERTIFICATE ON NBFC BUSINESS

To
The Board of Directors
CSL Finance Limited

Dear Sir,

On the basis of books of accounts and other records for the year ended 31st March, 2020 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, 2020 requiring holding of certificate of registration issued to it by Reserve Bank of India under Section 45-IA of the Reserve bank of India Act, 1934;
3. The Company has passed a resolution for non-acceptance of public deposit as on 09.02.2020;
4. The Company has not accepted any public deposit and does not hold any public deposits during the year 2019-20.
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 : 20515644AAAAAU1642

Place: New Delhi
Date: 20th July, 2020

DECLARATION ON CODE OF CONDUCT

To,
The Board of Directors
CSL Finance Limited

I, Rohit Gupta, Managing Director of the Company, declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of the company laid down for them for the year ended 31st March, 2020.

Place: New Delhi
Date: 1st September, 2020

Sd/-
Rohit Gupta
Managing Director

CFO CERTIFICATE

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

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

Sd/-
Naresh Chandra Varshney
(Chief Financial Officer)
CSL Finance Limited

Place: New Delhi
Date: 1st September, 2020

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

The Members,

CSL FINANCE LIMITED

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

CIN: L74899DL1992PLC051462

I have examined all relevant records of CSL Finance Limited (the Company) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March, 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced explanations and information furnished, I certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sd/-
NAVEEN KUMAR
Membership No.: 58452
COP No.: 22084
UDIN: A058452B000623082

Place: New Delhi

Date: 27.08.2020

Financial Statements

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CSL FINANCE LIMITED

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the standalone financial statements of **CSL FINANCE LIMITED** ("the Company"), which comprises of the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, Statement of Cash Flows for the year ended, Statement of Changes in Equity and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India 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 March 31, 2020, and profit/loss and its cash flows and the statement of changes in equity 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.

EMPHASIS OF MATTER

- We draw your attention to Note 44 and 45 to these Ind AS Financial Statements which describes the uncertainty caused by Coronavirus (Covid-19) Pandemic on the financial performance of the Company with respect to the estimates of impairment of loans to its customers and provisions created due to the moratorium benefit granted in accordance with the Reserve Bank of India Covid-19 Regulatory Package vide circular dated March 27, 2020 along with the provision of Rs.9,54,812 provided for additionally in accordance with guidelines vide RBI Circular dated April 17, 2020.
- The Company has provided a provision for Rs. 4.61 crore on account of anticipated non-performing assets considering the current economic situation due to Covid 19 Pandemic; since it being a technical matter we have relied upon the management judgement and are unable to comment on the adequacy of the same at this moment.

Our opinion is not modified in respect of this matter.

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 Financial Assets as at Balance sheet date (expected credit losses) (As described in Note 3.6 of the Accounting Policies and amounts as specified in Note 6 to the Balance Sheet)	
<p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Ind AS 109 requires to provide for impairment of its financial assets designated at amortised cost and fair value through other comprehensive income using expected credit loss (ECL) approach.</p> <p>In the said process, significant degree of judgement has been applied by management for specific areas-</p> <ul style="list-style-type: none"> Staging of the financial assets Grouping of borrowers based on appropriate techniques Estimation of losses for financial assets Complexity of disclosures <p>Additional considerations on account of Covid-19</p> <p>We have identified the impact of and uncertainty related to Covid-19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of increased risk to macro-economic factors along with the impact on revenues of the Company resulting in increase in actual credit losses than estimated.</p> <p>In view of the high degree of management's judgement involved in the estimation of ECL accentuated by Covid-19 pandemic, it is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> Read and assessed the Company's accounting policies for impairment of financial assets and their compliances with Ind AS 109. Read and assessed their policies with respect to moratorium pursuant to RBI circular dated March 27, 2020 allowing lending institutions to offer moratorium to borrowers on payment of installments falling due between March 1, 2020 and May 31, 2020. Evaluated management's control over collation of relevant information used for determining estimates for management overlays on account of Covid-19. Assessed the criteria for staging of financial assets based on their past due status to check the compliance with requirement of Ind AS 109. Tested the ECL model and further assessed the minimum rates applied by the management for provisioning of the financial assets. Tested review controls over measurement of impairment losses and assessed the accuracy and appropriateness of the disclosures made in the Ind AS financial statements with regards to the Covid-19 Pandemic.

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.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 of the Company as on 31 March 2020 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:
- The Company, as detailed in Note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020.
 - There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020.

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

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

**Place: New Delhi
Date: 20th July, 2020**

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 31 March 2020, we report the following:

- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 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.
 - 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.
- 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.
- The company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013
 - In our opinion the rate of interest and other terms and conditions 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.
 - In the case of loans granted to body corporate covered in the register maintained under section 189 of the Companies Act, 2013 the borrower has been regular in the payment of interest. The terms of arrangement does not stipulate any repayment schedule and the loans were repayable on demand.
 - The principal and interest has been received in full and no amounts stands outstanding.
- In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act 2013, with respect to the loans and investments made.
- 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.
- The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act 2013, for any of the activities of the Company.
- The company is generally regular in depositing 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.
 - 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 Income which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of dues	Assessment Year	Deposit (₹)	Forum where appeal is pending
The Income Tax Act, 1961	Income Tax	2014-15	57,72,070	Income Tax Appellate Tribunal- Delhi
The Income Tax Act, 1961	Income Tax	2012-13	25,63,838	Commissioner of Income Tax (Appeals), Delhi
The Income Tax Act, 1961	Income Tax	2009-10	1,26,112	Commissioner of Income Tax (Appeals), Delhi
The Income Tax Act, 1961	Income Tax	2006-07	5,95,782	Income Tax Appellate Tribunal- Delhi

- 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.
- 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- 16) The Company is 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

Place: New Delhi
Date: 20th July, 2020

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

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of CSL FINANCE LIMITED ("the Company") as of March 31, 2020 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.

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 31 March 2020, 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

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

Place: New Delhi
Date: 20th July, 2020

BALANCE SHEET

As at 31st March, 2020

[₹ in Lacs]				
Particulars	Notes	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
ASSETS				
Financial Assets				
Cash and cash equivalents	4	1,215.32	684.88	4.30
Bank Balance other than cash and cash equivalents	5	310.15	281.52	263.36
Loans	6	31,096.31	32,066.66	28,113.64
Investments	7	-	-	38.61
Other Financial assets	8	61.41	57.90	55.95
Non-financial Assets				
Deferred tax Assets (Net)	9	112.09	77.76	18.99
Investment property	10	14.29	14.58	14.86
Property, plant and equipment	11	144.82	160.99	74.69
Intangible assets	12	2.31	4.54	4.25
Right-of-use assets	13	182.62	221.68	29.66
Other non-financial assets	14	107.92	46.74	39.86
Total Assets		33,247.25	33,617.25	28,658.18
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		-	-	-
Borrowings	15	9,592.45	12,199.58	10,220.27
Lease liabilities	13	204.54	232.03	29.01
Other financial liabilities	16	115.36	49.91	39.99
Non-Financial Liabilities				
Current tax liabilities (Net)	17	53.91	24.38	11.94
Provisions	18	5.84	10.57	8.19
Other non-financial liabilities	19	20.10	28.66	12.18
EQUITY				
Equity Share Capital	20	609.84	607.36	590.42
Other Equity	21	22,645.20	20,464.75	17,746.17
Total Liabilities and Equity		33,247.25	33,617.25	28,658.18
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: 20th July, 2020

FOR & ON BEHALF OF THE BOARD

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

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

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

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

STATEMENT OF PROFIT & LOSS

For the year ended 31st March, 2020

[₹ in Lacs]			
Particulars	Notes	Year Ended 31.03.2020	Year Ended 31.03.2019
Revenue from operations			
Interest Income	22	5,840.46	5,632.52
Fees and commission Income	23	229.88	130.95
Recoveries of financial assets written off	24	15.18	20.42
Total Revenue from operations (I)		6,085.53	5,783.88
Other Income	25	9.53	3.28
Other Income (II)		9.53	3.28
Total Income (III)=(I+II)		6,095.06	5,787.16
Expenses			
Finance costs	26	1,060.69	1,179.78
Fees and commission expense	27	19.50	26.97
Employee benefits expenses	28	834.45	688.08
Impairment of financial instruments	29	591.83	53.28
Depreciation, amortization and impairment	30	74.45	55.00
Other expenses	31	339.89	378.42
Total Expenses (IV)		2,920.81	2,381.53
Profit / (loss) before tax (V)=(III-IV)		3,174.25	3,405.63
Tax Expense: (VI)	9		
(1) Current tax		964.01	1,082.70
(2) Deferred tax		-38.57	-56.80
(3) For earlier years		1.44	0.38
Profit for the year (VII)=(V-VI)		2,247.37	2,379.35
Other Comprehensive Income			
(I) Items that will not be reclassified to profit or loss Re-measurement gains/ (losses) on defined benefit plans		15.76	-6.73
Income tax impact thereon		-4.23	1.96
Other Comprehensive Income (VIII)		11.53	-4.77
Total Comprehensive Income for the year (VII+VIII)		2,258.90	2,374.58
Earnings per equity share (face value of ₹10/- per share)			
Basic (₹)		36.88	40.01
Diluted (₹)		36.69	38.69
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: 20th July, 2020

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DIN- 01010305

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

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2020

A. Equity Share Capital

(₹ in Lacs)

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, 2019	590.42	10.00	16.50	616.92	-9.57	607.36
For the year ended 31 st March, 2020	616.92	-	-	616.92	-7.08	609.84

B. Other Equity

(₹ in Lacs)

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 April 1, 2018	2,094.14	157.74	62.16	5,098.60	4.00	10,099.67	83.62	146.25	17,746.17
Profit for the year	-	-	-	-	-	2,379.35	-	-	2,379.35
Other Comprehensive Income/(loss) for the year	-	-	-	-	-	-4.77	-	-	-4.77
Transfer to statutory reserve	503.10	-	-	-	-	-503.10	-	-	-
Issue of shares under ESOS	-	-	-	149.80	-	-	-	-	149.80
Share based payment expenses	-	-	-	-	-	-	21.28	-	21.28
Dividends	-	-	-	-	-	-91.04	-	-	-91.04
Dividend Distribution Tax	-	-	-	-	-	-18.54	-	-	-18.54
Amount received on conversion of warrants	-	-	-	-	-	-	-	292.50	292.50
Transfer from Share Option Outstanding account	-	-	-	36.61	-	-	-36.61	-	-
On conversion of warrants into 100000 equity shares	-	-	-	380.00	-	-	-	-380.00	-
Transfer from Share Warrants	-	48.75	-	-	-	-	-	-48.75	-
Transfer to Share Capital	-	-	-	-	-	-	-	-10.00	-10.00
Balance as at March 31, 2019	2,597.24	206.49	62.16	5,665.00	4.00	11,861.57	68.29	-	20,464.75
Profit for the year	-	-	-	-	-	2,247.37	-	-	2,247.37
Other Comprehensive Income for the year	-	-	-	-	-	11.53	-	-	11.53
Transfer to statutory reserve	449.47	-	-	-	-	-449.47	-	-	-
Share based payment expenses	-	-	-	-	-	-	16.54	-	16.54
Dividends	-	-	-	-	-	-123.38	-	-	-123.38
Dividend Distribution Tax	-	-	-	-	-	-25.37	-	-	-25.37
Issue of shares under ESOS	-	-	-	53.76	-	-	-	-	53.76
Reclassified to Provision for loans and advances	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	3,046.71	206.49	62.16	5,718.77	4.00	13,522.24	84.82	-	22,645.20

As Per Our Report Attached

FOR & ON BEHALF OF THE BOARD

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

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
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Company Secretary & Head Legal
M. No. FCS 8439

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

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

Notes to the Financial Statements for the year ended 31st March 2020

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, 2020 were authorised vide resolution of directors dated July 20, 2020.

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.

For all periods up to and including the year ended 31st March, 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31st March, 2020 are the first the

Company has prepared in accordance with Ind AS. Refer to Note no. 50 for information on how the Company adopted Ind AS."

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 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 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 expenses 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 informations and analysis, including on historical experience and forward-looking informations.

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.

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.

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 of 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 of 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.

Transition:

Effective April 1, 2018, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2018 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at amount equal to the lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather, the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under AS 19.
4. Does not recognize right-of-use assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

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 As.

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 are 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	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.

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. 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.

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.

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.

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 Taxes

3.19.1 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.

3.19.2 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.

3.20 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 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.

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.

3.22 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, 2020.

(₹ in Lacs)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
4 CASH AND CASH EQUIVALENTS			
Cash in hand	0.79	1.36	0.93
Balances with banks on current accounts	1214.53	683.51	3.37
Total	1215.32	684.88	4.30
5 BANK BALANCE OTHER THAN CASH & CASH EQUIVALENTS			
Unpaid Dividend	8.34	5.35	-
Bank deposits with original maturity of more than 3 months	301.81	276.17	263.36
Total	310.15	281.52	263.36
6 LOANS			
Loans measured at amortised cost			
Term Loans:			
Loans to customers			
SME	7,084.60	5,456.66	1,595.48
Wholesale	24,701.31	26,734.25	26,589.93
Retail	-	-	9.29
Total - Gross	31,785.91	32,190.91	28,194.70
Less: Impairment loss allowance	689.59	124.25	81.05
Total - Net	31,096.31	32,066.66	28,113.64
(a) Secured by tangible assets	30,699.25	31,744.29	28,013.53
(b) Secured by intangible assets	-	-	-
(c) Covered by Bank/Government Guarantees	-	-	-
(d) Unsecured	1086.66	446.62	181.17
Total - Gross	31,785.91	32,190.91	28,194.70
Less: Impairment loss allowance	689.59	124.25	81.05
Total - Net	31,096.31	32,066.66	28,113.64
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	31,785.91	32,190.91	28,194.70
Total (i) - Gross	31,785.91	32,190.91	28,194.70
Less: Impairment loss allowance	689.59	124.25	81.05
Total (i) - Net	31,096.31	32,066.66	28,113.64
(ii) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (ii) - Net	-	-	-
Total (i) and (ii)	31,096.31	32,066.66	28,113.64
Note- There is no loan asset measured at FVOCI or designated at FVTPL.			

[₹ in Lacs]

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
7 INVESTMENTS			
Investments measured at Cost			
Associates	-	-	-
CSL Advisory Services Pvt Ltd	-	-	2.45
CSL Capital Pvt Ltd*	-	-	36.16
Total (A)	-	-	38.61
(i) Investments outside India	-	-	-
(ii) Investments in India	-	-	38.61
Total (B)	-	-	38.61
Less: Allowance for Impairment loss (c)	-	-	-
Total - Net D= (A)-(c)	-	-	38.61
*These equity shares received from CSL Holdings Pvt Ltd. at the time of amalgamation with the company during the financial year 2017-18.			
8 OTHER FINANCIAL ASSETS			
Security Deposits	6.77	5.89	10.78
Amount receivable on account of sale of shares	0.00	0.00	44.10
Staff Advances	47.63	49.31	0.56
Other Receivables	3.28	0.76	0.00
Advances recoverable	3.74	1.95	0.50
Total	61.41	57.90	55.95

9 DEFERRED TAX**9.1 Deferred Tax Assets (Net)**

[₹ in Lacs]

Particulars	As at 31.03.2018	Change to Profit & Loss	Charge to OCI	As at 31.03.2019	Change to Profit & Loss	Charge to OCI	As at 31.03.2020
Tax Effect of items constituting deferred tax liabilities :							
- Tax bases of Property, Plant & Equipment	0.03	0.10	-	0.13	(1.58)	-	(1.45)
- Application of EIR on Financial Liabilities	7.21	(0.01)	-	7.21	(4.74)	-	2.47
	7.24	0.09	-	7.34	(6.32)	-	1.01
Tax Effect of items constituting deferred tax assets :							
- Application of EIR on financial assets	23.87	53.88	-	77.75	28.37	-	106.13
- Application of leases (Ind AS 116)	-	4.28	-	4.28	2.24	-	6.51
- Provision for leave encashment	-	3.08	-	3.08	(1.61)	-	1.47
- Provision for gratuity	2.36	(4.34)	1.96	(0.01)	3.24	(4.23)	(1.01)
	26.23	56.90	1.96	85.09	32.24	(4.23)	113.10
Net deferred tax	18.99	56.80	1.96	77.76	38.57	(4.23)	112.09

	As at 31.03.2020	As at 31.03.2019
9.2 Income tax recognised in Statement of profit and loss		
Current Tax:		
In respect of the current year	964.01	1,082.70
In respect of the prior year	1.44	0.38
	965.45	1,083.08
Deferred tax:		
Current year origination and reversals	(38.57)	(56.80)
Total Income tax recognised in Profit and Loss	926.88	1,026.28
9.3 Income tax recognised in Other Comprehensive Income		
Remeasurement of defined benefits	(4.23)	1.96
Total Income tax recognised in Other Comprehensive Income	(4.23)	1.96
9.4 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	3,174.25	3,405.63
Applicable Income tax rate	0.25	0.29
Expected Income tax expenses	798.96	991.72
Adjustments:		
- Effect of income exempt from tax	(49.86)	(0.25)
- Effect of expenses not deductible	163.61	26.28
- Effect of changes in tax rates*	10.26	(0.18)
- Adjustment related to tax of prior years	1.44	0.38
- Others	2.54	8.33
Reported Income tax expenses	926.95	1,026.28
Effective tax rate	29.20%	30.13%

* 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.

10 INVESTMENT PROPERTY

Cost	Amount
Deemed cost as at 1st April, 2018	14.86
Additions	-
Disposals	-
As at 31st March, 2019	14.86
Additions	-
Disposals/adjustments	-
Closing as at 31st March, 2020	14.86
<u>Accumulated amortization and impairment, if any</u>	
For the year	0.29
Disposals	-
Up to 31 March 2019	0.29
For the year	0.29
Disposals/adjustments	-
Closing as at 31st March, 2020	0.58
<u>Net block</u>	
As at 31st March, 2020	14.29
As at 31st March, 2019	14.58
As at 01st April, 2018	14.86

[₹ in Lacs]

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 approximation of carrying amount disclosed above.

11. PROPERTY, PLANT & EQUIPMENT

[₹ in Lacs]

Particulars	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	As at 01.04.2019	Additions / adjustments	Deductions / adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Airconditioner	3.48	0.97	-	0.85	1.41	3.04
Computer	17.49	8.38	-	7.61	12.90	12.97
Electrical Installation	24.55	-	-	2.33	3.04	21.51
Furniture and Fixtures	45.95	3.44	-	4.57	6.95	42.44
Leasehold Improvement	30.84	-	-	3.26	4.07	26.77
Mobile	2.16	0.26	-	0.50	0.83	1.60
Vehicles	51.97	0.61	0.59	11.42	22.71	29.28
Office Equipment	5.65	2.85	-	1.38	2.20	6.30
Printer	1.50	0.00	-	0.30	0.59	0.91
Total	183.60	16.50	0.59	32.21	54.69	144.82
						160.99

[₹ in Lacs]

Particulars	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	As at 01.04.2018 (Deemed Cost)	Additions / adjustments	Deductions / adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Airconditioner	1.67	1.81	-	0.55	2.93	1.67
Computer	9.44	8.06	-	5.30	12.20	9.44
Electrical Installation	-	24.55	-	0.71	23.84	-
Furniture & Fixtures	8.07	37.88	-	2.39	43.56	8.07
Leasehold Improvement	-	30.84	-	0.82	30.03	-
Mobile	0.46	1.70	-	0.33	1.83	0.46
Vehicles	51.97	-	-	11.41	40.56	51.97
Office Equipment	2.04	3.61	-	0.82	4.83	2.04
Printer	1.04	0.46	-	0.28	1.21	1.04
Total	74.69	108.91	-	22.61	160.99	74.69
						183.60

[₹ in Lacs]

Particulars	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	As at 01.04.2019	Additions / Deductions / adjustments	As at 31.03.2020	As at 01.04.2019	For the year	Deductions / adjustments
Computer Software	6.35	-	6.35	1.89	2.20	-
Company Logo	0.09	-	0.09	0.00	0.03	-
Total	6.44	-	6.44	1.90	2.23	-

[₹ in Lacs]

Particulars	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	As at 01.04.2018 (Deemed Cost)	Additions / Deductions / adjustments	As at 31.03.2019	As at 01.04.2018 (Deemed Cost)	For the year	Deductions / adjustments
Computer Software	4.25	2.10	6.35	-	1.89	-
Company Logo	0.00	0.09	0.09	-	0.00	-
Total	4.25	2.19	6.44	0.00	1.90	0.00

13 LEASES

13.1 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]

	31.03.2020	31.03.2019
13.2 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:		
Opening Balance	221.68	29.66
Additions during the year	3.37	224.56
Deductions during the year	(2.71)	(2.34)
Depreciation charge for the year	(39.72)	(30.21)
Closing Balance	182.62	221.68
13.3 Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:		
Opening balance	232.03	29.01
Additions during the year	3.29	220.24
Deductions during the year	(2.94)	(2.47)
Accretion of Interest	21.64	16.53
Payments during the year	(49.49)	(31.27)
Closing balance	204.54	232.03
Current	43.44	46.51
Non Current	161.10	185.52

[₹ in Lacs]

	31.03.2020	31.03.2019	1.04.2018
13.4 Maturity Analysis:			
Less than 1 Year	46.15	49.00	9.80
1-3 Years	74.06	84.67	15.20
3-5 Years	72.78	70.01	3.76
5 Years and above	93.06	130.77	8.90
Total	286.06	334.45	37.67
Discounting Charge	81.53	102.42	8.65
Lease Liabilities	204.54	232.03	29.01

	31.03.2020	31.03.2019
13.5 Amounts recognised in profit or loss		
Interest on lease liabilities	21.64	16.53
Depreciation expense for right-of-use assets	39.72	30.21
Expenses relating to short-term leases	8.23	14.06
Total Amount recognised in profit & Loss	69.59	60.80
13.6 Amounts recognised in the statement of cash flows		
Payments during the year for long-term leases	(49.49)	(31.27)
Expenses relating to short-term leases	(8.23)	(14.06)
Total cash outflow for leases	(57.71)	(45.34)

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
14 OTHER NON FINANCIAL ASSETS			
Balance with government authorities	96.56	43.67	37.91
Prepaid expenses	5.57	2.46	0.75
Advances recoverable	1.80	0.57	1.20
Gratuity fund - plan assets	3.99	0.05	-
Total	107.92	46.74	39.86
15 BORROWINGS (OTHER THAN DEBT SECURITIES)			
Borrowings measured at Amortised Cost			
(a) Term loans			
(i) from banks			
Secured	2,162.47	3,442.45	2,589.97
(ii) from other parties			
Secured	1,883.36	2,558.58	2,508.77
(b) Loans repayable on demand (secured)			
(i) from banks			
Secured	5,546.63	6,198.56	5,121.54
Total (A)	9,592.45	12,199.58	10,220.27
Borrowings in India	9,592.45	12,199.58	10,220.27
Borrowings outside India	-	-	-
Total (B) to tally with (A)	9,592.45	12,199.58	10,220.27

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

15.1 Security and terms of repayment for term loans from Banks

S. No.	Funder	Amount outstanding as on 31 st March 2020	Amount outstanding as on 31 st March 2019	Amount outstanding as on 1 st April 2018	Repayment Terms			Nature of Security
					No. of Installments	Periodicity	Start Date	End Date
1	State Bank of India	653.93	1,205.59	1,804.65	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	446.12	779.96	36	Monthly	14-Aug-17	15-Jul-20
4	AU Small Finance Bank Limited	894.83	1,786.92	-	27	Monthly	4-Jan-19	5-Mar-21
5	ICICI Bank Ltd (Car Loan)	2.07	3.82	5.36	60	Monthly	1-May-16	1-Apr-21
	Total	2,162.47	3,442.45	2,589.97	-	-	-	-

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

S. No.	Funder	Amount outstanding as on 31 st March 2020	Amount outstanding as on 31 st March 2019	Amount outstanding as on 1 st April 2018	Repayment Terms			Nature of Security
					No. of Installments	Periodicity	Start Date	End Date
1	Tourism Finance Corporation of India	1,554.71	2,128.24	2,496.43	16	Quarterly	15-Apr-18	15-Jan-22
2	Tata Capital Financial Services	322.87	421.10	-	60	Monthly	19-Jul-18	20-Jun-23
3	Toyota Finance Services (I) Ltd (Car Loan)	5.78	9.24	12.33	60	Monthly	10-Nov-16	9-Oct-21
	Total	1,883.36	2,558.58	2,508.77	-	-	-	-

15.3 Loans repayable on demand (secured)

[₹ in Lacs]

S. No.	Funder	Amount outstanding as on 31 st March 2020	Amount outstanding as on 31 st March 2019	Amount outstanding as on 1 st April 2018	Nature of Security
1	Cash Credit From Au Small Finance Bank	10.48	907.77	120.08	200% Book Debts on loan outstanding
2	Cash Credit From SBI	1,799.54	1,553.19	1,272.87	125% Book Debts on loan outstanding
3	Overdraft From Kotak Mahindra Bank	5.35	6.48	-	Overdraft Facility against Fixed Deposit
4	Working Capital Demand Loan From SBI	3,731.26	3,731.11	3,728.59	125% Book Debts on loan outstanding
	Total	5,546.63	6,198.56	5,121.54	

*The company have not defaulted in the repayment of principal and interest on the term loans during the financial year 2019-20.

[₹ in Lacs]

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
16 OTHER FINANCIAL LIABILITIES			
Unpaid Dividend	8.34	5.35	-
Salary Payable	-	-	29.43
Other Liabilities	107.02	44.55	10.57
Total	115.36	49.91	39.99
17 CURRENT TAX LIABILITIES (NET)			
Current income tax payable [net of advance tax ₹490 lacs and TDS ₹420.10 lacs (31 March 2019: ₹590 lacs)]	53.91	24.38	11.94
Total	53.91	24.38	11.94
18 PROVISIONS			
Provision for gratuity	-	-	8.19
Compensated absences	5.84	10.57	-
Total	5.84	10.57	8.19
19 OTHER NON FINANCIAL LIABILITIES			
Statutory due payable	14.57	28.44	12.18
Advances from clients/customers	0.45	0.22	-
Other Liabilities	5.09	-	-
Total	20.10	28.66	12.18

[₹ in Lacs]

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
20 EQUITY SHARE CAPITAL			
<u>Authorized</u>			
94,00,000 Equity Shares of Par Value ₹10/- each (31 March 2019: 94,00,000; 1 April 2018: 94,00,000)	940.00	940.00	940.00
Equity Shares of ₹10 each			
(24,00,000 Equity shares of the CSL Holding Private Limited was included in the Authorised Share Capital of the Company during the year by order dated 31-05-2017 of Hon'ble National Company Law Tribunal Principal Bench New Delhi against the approval of the Scheme of Amalgamation	940.00	940.00	940.00
<u>Issued, subscribed and paid up</u>			
61,69,207 (31 March 2019: 61,69,207; 1 April 2018: 59,042,070) Equity Shares of ₹10 each	616.92	590.42	590.42
Add : On conversion of warrants into 1,00,000 equity shares.	-	10.00	-
Add: Share issued to ESOS Trust	-	16.50	-
Total	616.92	616.92	590.42
Less : Treasury shares (held with trust)	-7.08	-9.57	-
Total	609.84	607.36	590.42

[Amount in ₹]

	As at 31.03.2020		As at 31.03.2019		As at 01.04.2018	
	Number of Shares	Amount	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	5,904,207	59,042,070	5,904,207	59,042,070
Add: Issued during the year						
On conversion of warrants into 1,00,000 equity shares	-	-	100,000	1,000,000	-	-
Share issued under ESOP scheme	-	-	165,000	1,650,000	-	-
Outstanding at the end of the year	6,169,207	61,692,070	6,169,207	61,692,070	5,904,207	59,042,070
Less : Treasury shares (held with trust)	-70,759	-707,590	-95,650	-956,500	-	-
Outstanding at the end of the year	6,098,448	60,984,480	6,073,557	60,735,570	5,904,207	59,042,070

(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.

	As at 31.03.2020		As at 31.03.2019		As at 01.04.2018	
	Number of Shares	% holding in the Class	Number of Shares	% holding in the Class	Number of Shares	% holding in the Class
(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company						
CSL Capital Private Limited	2,196,503	35.60%	2,143,338	34.74%	2,135,037	36.16%
Rohit Gupta	1,258,114	20.39%	1,258,114	20.39%	1,254,799	21.25%
Geecee Holdings LLP	385,000	6.24%	385,000	6.24%	385,000	6.52%
Aadi Financial Advisors LLP	385,000	6.24%	385,000	6.24%	385,000	6.52%

- (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. 34

(₹ in Lacs)

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
21 OTHER EQUITY			
<u>(A) Share Options Outstanding Account</u>			
Balance at the beginning of the year	68.29	83.62	83.62
Add: Employee share option expense	16.54	21.28	-
Less: Transferred to securities premium on exercise of share options	-	-36.61	-
Closing balance	84.82	68.29	83.62
*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	157.74	157.74
Add : Transferred from Share Warrants	-	48.75	-
Closing balance	206.49	206.49	157.74

Capital reserve of ₹157.74 lacs 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 lacs on non conversion of share warrants.

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
<u>(C) Securities premium (SP)*</u>			
Opening balance	5,665.00	5,098.60	5,098.60
Add : Issue of Share under ESOS	53.76	149.80	-
Add : Transfer from Share Option Outstanding account	-	36.61	-
Add : On conversion of warrants into 100000 equity shares	-	380.00	-
Closing balance	5,718.77	5,665.00	5,098.60
*SP record premium on issue of shares to be utilized in accordance with the Act.			
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.			
<u>(D) Capital Redemption Reserve</u>			
Opening balance	62.16	62.16	62.16
Add: Capital Redemption Reserve created during the year	-	-	-
Closing balance	62.16	62.16	62.16
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.			
<u>(E) General reserve</u>			
Opening balance	4.00	4.00	4.00
Add: Transfer from ESOSA	-	-	-
Closing balance	4.00	4.00	4.00
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.			
<u>(F) Statutory reserve fund under Section 45-IC of the Reserve Bank of India Act, 1934[^]</u>			
Opening balance	2,597.24	2,094.14	2,094.14
Add : Additions/Deductions	449.47	503.10	-
Closing balance	3,046.71	2,597.24	2,094.14

[^] 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.

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
(G) Money received against share warrants			
Opening balance	-	146.25	146.25
Add : Additions/Deductions	-	-146.25	-
Closing balance	-	-	146.25
During the Financial year 2018-19 the company has forfeited ₹48.75 lacs on non conversion of warrants and the balance amount of ₹97.50 lacs was adjusted against 1,00,000 equity shares converted with additional consideration received of 282.50 lacs (₹282.50 per share).			
(H) Surplus/(deficit) in the Statement of Profit and Loss			
Opening balance	11,861.57	10,099.67	10,099.67
Add: Net profit/(loss) for the current year	2,247.37	2,379.35	-
Add: Other Comprehensive Income/(loss) for the year	11.53	-4.77	-
Less: Transfer to statutory reserve	-449.47	-503.10	-
Less: Dividend	-123.38	-91.04	-
Less: Tax on dividend	-25.37	-18.54	-
Closing balance	13,522.24	11,861.57	10,099.67
Total other equity	22,645.20	20,464.75	17,746.17

(₹ in Lacs)

	31.03.2020	31.03.2019
22 INTEREST INCOME		
On Financial Assets measured at Amortised Cost		
Interest on loans	5,821.73	5,616.55
Interest on Deposits with banks	18.18	15.28
Other Interest Income	0.55	0.68
Total	5,840.46	5,632.52
23 FEES AND COMMISSION INCOME		
Advisory fees	97.50	-
Legal & Technical Charges	88.84	78.85
Foreclosure Charges	29.51	10.31
Other Charges	14.03	41.79
Total	229.88	130.95

	As at 31.03.2020	As at 31.03.2019
24 RECOVERIES OF FINANCIAL ASSETS WRITTEN OFF		
Bad Debt Recovered	15.18	20.42
Total	15.18	20.42
25 OTHER INCOME		
Net gain on derecognition of investments	0.26	0.79
Derecognition of Lease Liability	0.28	0.17
Decrease in provision on compensated expenses	4.73	-
Interest on income tax refund	3.19	-
Miscellaneous Income	1.08	2.31
Total	9.53	3.28
26 FINANCE COSTS		
On Financial liabilities measured at Amortised Cost		
Interest on borrowings		
on bank borrowings	761.28	822.86
on bank borrowings from other parties	257.85	303.46
on borrowings from others	19.92	36.93
Interest on lease liability	21.64	16.53
Total	1,061	1,180
27 FEES AND COMMISSION EXPENSES		
Fees and commission expenses	19.50	26.97
Total	19.50	26.97
28 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	752.77	614.89
Contribution to provident and other funds	37.04	25.32
Share based payment expenses	16.54	21.28
Staff welfare expenses	16.29	10.53
Compensated absences	-	10.57
Gratuity	11.81	5.49
Total	834.45	688.08

[₹ in Lacs]

	As at 31.03.2020	As at 31.03.2019
29 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
On financial Instruments measured at Amortised cost		
Impairment provision on loans	103.88	43.19
Impairment for significant increase in credit risk due to COVID-19*	461.47	-
Loans & Advances written off	26.48	10.09
Total	591.83	53.28
*The Company has anticipated potential stress on probability of default and exposures at default due to COVID-19 global pandemic. Accordingly, the Company has recognised an additional impairment allowance of ₹461.46 lakhs. Given the dynamic nature of pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.		
30 DEPRECIATION, AMORTIZATION AND IMPAIRMENT		
Depreciation on Property, Plant and Equipment	32.21	22.61
Depreciation on Investment Property	0.29	0.29
Depreciation on Right to use Assets	39.72	30.21
Amortization on Intangible Assets	2.23	1.90
Total	74.45	55.00
31 OTHER EXPENSES		
Annual Listing Fees	3.27	4.30
Audit Fees *	2.07	1.84
Books & Periodicals	0.08	0.24
Bank Charges	4.48	2.94
Business Promotion	5.62	2.12
Corporate Social Responsibility Expenses	57.10	46.00
EDP Expenses	1.95	2.97
Electricity Expenses	6.30	9.48
Festival Expenses	2.41	1.89
Net loss on derecognition of property, plant and equipment	0.13	-
Generator Repair & Maintenance	0.97	0.42
Insurance Expenses	0.92	1.03
Legal & Professional Charges	101.57	170.74
Internal Audit Fees	10.45	7.20

	As at 31.03.2020	As at 31.03.2019
Software & Technical Services	46.53	31.37
Meeting & Conference Expenses	2.27	0.84
Office Expenses	12.50	13.46
Postage & Courier Expenses	4.29	4.25
Printing & Stationery	5.21	4.93
Advertisement Expenses	3.46	3.83
Rent (Short term leases)	8.23	14.06
Repair & Maintenance	20.21	14.07
Telephone Expenses	4.55	4.73
Travelling & Conveyance	32.06	32.68
Vehicle Running Expenses	3.18	2.52
Miscellaneous Expenses	0.11	0.51
Total	339.89	378.42
* Payment to auditors		
As auditor		
Statutory audit of Company	1.47	1.35
for tax audit	0.44	0.40
for reimbursement of expenses	0.16	0.09
Total	2.07	1.84

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

[₹ in Lacs]

Particulars	1 st April, 2018	Cash Flows	Amortisation of Loan Origination cost	Impact of Ind AS 116	31 st March, 2019
Borrowings (other than debt securities)	10,220.27	1,979.05	0.26	-	12,199.58
Lease liabilities	29.01	-31.27	-	234.29	232.03
	10,249.28	1,947.78	0.26	234.29	12,431.61

[₹ in Lacs]

Particulars	1 st April, 2019	Cash Flows	Amortisation of Loan Origination cost	Impact of Ind AS 116	31 st March, 2020
Borrowings (other than debt securities)	12,199.58	-2,622.08	14.95	-	9,592.45
Lease liabilities	232.03	-49.49	-	21.99	204.54
	12,431.61	-2,671.57	14.95	21.99	9796.99

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 of 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 counter party amounted to 10% or more of the Company's total revenue in year ended 31st March 2020 or 31st March 2019.

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 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 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 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 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 450,000 options.

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	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: i) For the Exercise Price to the Trust ii) For applicable income tax to the Company On receipt of the payment as above, the Trust will transfer the relevant number of Shares in the de-mat account of the Grantee. 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

Vesting conditions

(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.

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.
2. The Committee at its discretion, may link the actual vesting of the Options with the performance of the Grantee.
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.

- 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 31.03.2020		As at 31.03.2019		As at 01.04.2018	
	Number	WAEP (INR)	Number	WAEP (INR)	Number	WAEP (INR)
Options outstanding at beginning of year	278,150	231	437,500	230	437,500	230
Options granted during the year	-	-	-	-	-	-
Options vested during the year	90,000	228	90,000	226	-	-
Less:						
Options exercised during the year	24,891	226	69,350	226	-	-
Options forfeited during the year*	12,500	226	90,000	234	-	-
Options outstanding at the end of year	240,759	232	278,150	231	437,500	230

In accordance with the above mentioned ESOS Scheme, ₹16,53,565 (Year ended 31st March, 2019: ₹21,27,782) has been charged to the Statement of Profit and Loss in relation to the options granted during the year ended 31st March, 2020 as Employee Stock Option Scheme Compensation expense.

The options outstanding for the year ending on 31st March, 2020 with weighted average exercise price of ₹231.75/- are 240,759 options (31st March, 2019: 278,150 options with weighted average exercise price of ₹230.98/-).

(Amount in ₹)

	2019-20	2018-19
35 EARNINGS PER SHARE		
Net profit from operations attributable to equity holders	224,737,017	237,935,296
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	224,737,017	237,935,296
Weighted average number of ordinary shares for basic earnings per share	6,093,747	5,947,174
Effect of dilution:		
Employee share options (In Nos.)	31,230	183,919
Share warrants (In Nos.)	-	18,336
Weighted average number of ordinary shares adjusted for the effect of dilution	6,124,978	6,149,428
	INR	INR
Earnings per share		
Equity shareholders for the year:		
Basic earnings per share	36.88	40.01
Diluted earnings per share	36.69	38.69

36 CONTINGENT LIABILITIES

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Claims against the company not acknowledged as debts	-	-	-
Guarantees excluding financial guarantees	-	-	-
Other money for which the company is contingently liable	REFER TABLE BELOW		
Contingent liability towards Income Tax Demand			

(₹ in Lacs)

Assessment Year	Demand	Forum where appeal is pending as at 31-03-2020	Deposit Under Protest		
			As at 31 st March, 2020	As at 31 st March, 2019	As at 1 st April, 2018
2014-15	88.20	ITAT	57.72	17.64	17.64
2012-13	128.19	CIT(A)	25.64	-	-
2009-10	9.07	CIT(A)	1.26	1.26	1.26
2006-07	5.96	ITAT	5.96	5.96	5.96

37 THERE ARE NO COMMITMENTS AT THE END OF THE REPORTING PERIODS 2017-2018, 2018-19 AND 2019-2020.**38 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)

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

(₹ in Lacs)

As at 31 st March, 2019	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash and Cash equivalent	684.88	684.88	684.88	-	-
Bank balances other than cash and cash equivalent	281.52	281.52	281.52	-	-
Loans and advances to customers	32,066.66	32,024.40	-	-	32,024.40
Financial assets – at amortised cost	57.90	57.90	-	-	57.90
Total financial assets	33,090.96	33,048.70	966.40	-	32,082.30
Financial Liabilities					
Borrowing (other than debt securities)	12,199.58	12,257.06	-	-	12,257.06
Lease Liabilities	232.03	232.03	-	-	232.03
Other financial liabilities	49.91	49.91	-	-	49.91
Total Financial liabilities	12,481.52	12,539.00	-	-	12,539.00

(₹ in Lacs)

As at 1 st April, 2018	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash and Cash equivalent	4.30	4.30	4.30	-	-
Bank balances other than cash and cash equivalent	263.36	263.36	263.36	-	-
Investments	38.61	38.61	38.61	-	-
Loans and advances to customers	28,113.64	28,182.16	-	-	28,182.16
Financial assets – at amortised cost	55.95	55.95	-	-	55.95
Total financial assets	28,475.86	28,544.38	306.28	-	28,238.10
Financial Liabilities					
Borrowing (other than debt securities)	10,220.27	10,267.62	-	-	10,267.62
Lease Liabilities	29.01	29.01	-	-	29.01
Other financial liabilities	39.99	39.99	-	-	39.99
Total Financial liabilities	10,289.28	10,336.63	-	-	10,336.63

38.2 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.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

39 CREDIT RISK MANAGEMENT

39.1 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.

39.2 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)

	31.03.2020	31.03.2019	01.04.2018
Wholesale Loans			
Not due	24,172.49	26,614.25	26,589.93
0-30 days past due	437.86	100.00	-
31-90 days past due	90.96	20.00	-
Impaired (more than 90 days)	-	-	-
Total Gross carrying value as at reporting date	24,701.31	26,734.25	26,589.93
SME Loans			
Not due	6,522.30	5,322.53	1,590.67
0-30 days past due	223.56	62.10	4.81
31-90 days past due	120.30	32.84	-
Impaired (more than 90 days)	218.44	39.19	-
Total Gross carrying value as at reporting date	7,084.60	5,456.66	1,595.48

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.

39.3 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 financial 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.

39.4 Impairment Loss

[₹ in Lacs]

	Stage 1	Stage 2	Stage 3	Total
a). Wholesale Loans				
31 March 2020				
Gross Balance	24,610.35	90.96	-	24,701.31
Expected Credit loss rate	0.57%	0.90%	-	0.57%
Expected Credit loss	139.17	0.82	-	140.00
Carrying Amount	24,471.18	90.13	-	24,561.31
31 March 2019				
Gross Balance	26,714	20	-	26,734
Expected Credit loss rate	0.36%	0.58%	-	0.36%
Expected Credit loss	96.63	0.12	-	96.74
Carrying Amount	26,617.63	19.88	-	26,637.51
1 April 2018				
Gross Balance	26,589.93	-	-	26,589.93
Expected Credit loss rate	0.29%	-	-	0.29%
Expected Credit loss	76.47	-	-	76.47
Carrying Amount	26,513.46	-	-	26,513.46

	Stage 1	Stage 2	Stage 3	Total
b). SME Loans				
31 March 2020				
Gross Balance	6,745.86	120.30	218.44	7,084.60
Expected Credit loss rate	0.57%	0.00%	22.38%	1.23%
Expected Credit loss	38.15	0.00	48.89	87.04
Carrying Amount	6,707.71	120.30	169.54	6,997.56
31 March 2019				
Gross Balance	5,384.63	32.84	39.19	5,456.66
Expected Credit loss rate	0.36%	0.00%	20.00%	0.50%
Expected Credit loss	19.48	0.00	7.84	27.31
Carrying Amount	5,365.15	32.84	31.35	5,429.34
1 April 2018				
Gross Balance	1,595.48	-	-	1,595.48
Expected Credit loss rate	0.29%	-	-	0.29%
Expected Credit loss	4.59	-	-	4.59
Carrying Amount	1,590.89	-	-	1,590.89

*The Company has anticipated potential stress on probability of default and exposures at default due to COVID-19 global pandemic. Accordingly, the Company has recognised an additional impairment allowance of ₹461.46 lakhs. Given the dynamic nature of pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

39.5 Gross Exposure and ECL Balance reconciliation**a). Wholesale Loans****i). Reconciliation of gross exposure is given below:**

[₹ in Lacs]

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial Year 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

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial 2018-19				
Gross carrying amount - Opening balance	26,589.93	-	-	26,589.93
New assets originated or purchased	18,919.25	-	-	18,919.25
Assets derecognised or repaid	-18,774.93	-	-	-18,774.93
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-20.00	20.00	-	-
Transfers to Stage 3	-	-	-	-
Gross carrying amount - Closing balance	26,714.25	20.00	-	26,734.25

ii). Reconciliation of ECL Balance is given below:

Particulars	Stage 1	Stage 2	Stage 3	Total
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
Financial 2018-19				
ECL allowance - opening balance	76.47	-	-	76.47
New assets originated or purchased	68.43	-	-	68.43
Assets derecognised or repaid	-35.64	-	-	-35.64
Changes in ECL due to Gross exposure changes	-12.42	-0.10	-	-12.52
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-0.22	0.22	-	-
Transfers to Stage 3	-	-	-	-
ECL allowance - Closing balance	96.63	0.12	-	96.74

b). SME Loans

i). Reconciliation of gross exposure is given below:

[₹ in Lacs]

Particulars	Stage 1	Stage 2	Stage 3	Total
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
Financial Year 2018-19				
Gross carrying amount - Opening balance	1,595.48	-	-	1,595.48
New assets originated or purchased	4,423.95	-	-	4,423.95
Assets derecognised or repaid	-562.77	-	-	-562.77
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-32.84	32.84	-	-
Transfers to Stage 3	-39.19	-	39.19	-
Gross carrying amount - Closing balance	5,384.63	32.84	39.19	5,456.66

ii) Reconciliation of ECL balance is given below:

[₹ in Lacs]

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

Particulars	Stage 1	Stage 2	Stage 3	Total
Financial 2018-19				
ECL allowance - opening balance	4.59	-	-	4.59
New assets originated or purchased	18.43	-	-	18.43
Assets derecognised or repaid	-1.13	-	-	-1.13
Changes in ECL due to Gross exposure changes	0.23	0.10	5.28	5.62
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-0.09	0.09	-	-
Transfers to Stage 3	-2.56	-	2.56	-
ECL allowance - Closing balance	19.48	0.19	7.84	27.50

39.6 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)

Region	31.03.2020	31.03.2019	01.04.2018
SME Loans			
North	4,365.87	3,856.02	1,595.48
West	2,718.72	1,600.64	-
Wholesale Loans			
North	24,701.31	26,734.25	26,589.93
Total Gross carrying value as at reporting date	31,785.91	32,190.91	28,185.41

39.7 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 collateral from the borrowers. The company deploys internal policies on the acceptability 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)

Loan to Value	Gross value of secured Wholesale loans			Gross value of secured SME loans		
	31 st March, 2020	31 st March, 2019	1 st April 2018	31 st March, 2020	31 st March, 2019	1 st April 2018
0% to 25%	13,199.04	7,244.83	6,738.03	2,564.70	1,651.17	331.82
26% to 50%	10,393.06	14,892.61	12,166.39	3,529.42	7.21	1,006.16
51% to 75%	726.84	4,596.82	7,685.51	183.99	3,243.57	85.62
76% to 100%	-	-	-	102.20	108.08	-
More than 100%	-	-	-	-	-	-
Total	24,318.94	26,734.25	26,589.93	6,380.31	5,010.03	1,423.60

iii) Fair value of collateral held against credit impaired assets

(₹ in Lacs)

	Maximum Exposure	Plant & Machinery	Land & Building	Other	Surplus Collateral	Total Collateral
31 March 2020						
Wholesale Loans*	-	-	-	-	-	-
SME Loans	218.44	-	768.40	-	-	768.40
Total	218.44	-	768.40	-	-	768.40
31 March 2019						
Wholesale Loans*	-	-	-	-	-	-
SME Loans	39.19	-	242.97	-	-	242.97
Total	39.19	-	242.97	-	-	242.97
1 April 2018						
Wholesale Loans*	-	-	-	-	-	-
SME Loans	-	-	-	-	-	-
Total	-	-	-	-	-	-

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

40 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.

40.1 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.

(₹ in Lacs)

	Less than 1 year	1-3 years	1-3 years	3-5 years	5 years & above	Total
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
Total	8,493.60	1,073.86	24.99	-	-	9,592.45
As at 31 March 2019						
Borrowings						
Term Loans	2,529.01	3,172.02	299.99	-	-	6,001.03
Loans repayable on demand	6,198.56	-	-	-	-	6,198.56
Total	8,727.57	3,172.02	299.99	-	-	12,199.58
As at 1 April 2018						
Borrowings						
Term Loans	1,330.98	2,892.75	875.00	-	-	5,098.73
Loans repayable on demand	5,121.54	-	-	-	-	5,121.54
Total	6,452.52	2,892.75	875.00	-	-	10,220.27

40.2 Maturity profile of assets and liabilities

(₹ in Lacs)

	31 st March, 2020		Total	31 st March, 2019	
	With in 12 Months	After 12 Months		With in 12 Months	After 12 Months
Assets					
Financial Assets					
Cash and cash equivalents	1,215.32	-	1,215.32	684.88	-
Bank Balance other than cash and cash equivalents	8.34	301.81	310.15	5.35	276.17
Receivables	-	-	-	-	-
(I) Trade Receivables	-	-	-	-	-
(II) Other Receivables	-	-	-	-	-
Loans					
- Wholesale	10,487.87	14,213.44	24,701.31	8,044.74	18,689.51
- SME	1,128.27	5,956.33	7,084.60	630.25	4,826.40
- Retail Loans	-	-	-	-	-
Impairment Loss Allowance	-689.59	-	-689.59	-124.25	-
Investments	-	-	-	-	-
Other Financial assets	54.64	6.77	61.41	52.01	5.89
Non-financial Assets					
Deferred tax Assets (Net)	-	112.09	112.09	-	77.76
Property, Plant and Equipment	-	144.82	144.82	-	160.99

	31 st March, 2020		Total	31 st March, 2019	
	With in 12 Months	After 12 Months		With in 12 Months	After 12 Months
Investment Property	-	14.29	14.29	-	14.58
Right-of-use assets	-	182.62	182.62	-	221.68
Intangible assets	-	2.31	2.31	-	4.54
Other non-financial assets	107.92	-	107.92	46.74	-
Total Assets	12,312.77	20,934.48	33,247.25	9,339.74	24,277.51
Financial Liabilities					
Payables	-	-	-	-	-
(I) Trade Payables	-	-	-	-	-
(II) Other Payables	-	-	-	-	-
Borrowings (Other than Debt Securities)	8,493.60	1,098.85	9,592.45	8,727.57	3,472.01
Lease Liabilities	43.44	161.10	204.54	46.51	185.52
Other financial liabilities	115.36	-	115.36	49.91	-
Non-Financial Liabilities					
Current tax liabilities (Net)	53.91	-	53.91	24.38	-
Provisions	-	5.84	5.84	-	10.57
Other non-financial liabilities	20.10	-	20.10	28.66	-
	8,726.41	1,265.79	9,992.20	8,877.03	3,668.11
Net amount	3,586.36	19,668.68	23,255.04	462.71	20,609.40

41 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.

The Company's financial statements are not exposed to currency and price risk.

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, 2020	100	(2,866,139)
31 st March, 2019	100	(3,666,642)

42 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.

43 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.

44 The COVID-19 pandemic has resulted in a significant decrease in the economic activities across the country, on account of lockdown that started on 25th March, 2020 for 21 days, which was extended further till 31st May, 2020 which inter alia affected the business operations of our company being engaged in the business of lending.

Further, in accordance with the RBI guidelines relating to 'COVID-19 Regulatory Package' dated 27th March, 2020 which offered three months moratorium from 1st March, 2020 till 31st May, 2020 which was further extended for another three months from 1st June, 2020 till 31st August, 2020, vide Notification No: RBI/2019-20/244 dated 23rd May, 2020, CSL Finance Limited offered EMI moratorium to its customers based on requests as well as on a suo-moto basis. After analysing the effects of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 the company has recognised the provision of ₹461.46 lacs on a estimation basis. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the company.

45 RBI ADDITIONAL PROVISIONING

In due accordance to the RBI Circular no: RBI/2019-20/220 dated 17th April, 2020, the company has recognised the provision of ₹954,812/- for the loans under the DPD bucket of 60-90days as on 29th February, 2020 without considering the moratorium effect. The company recognised the provision @ 10% in the quarter ending 31st March, 2020 instead to phasing it between two quarters ending 31st March, 2020 & 30th June, 2020 @ 5% in each quarter. The impact of COVID-19 pandemic will impact the company's future results and company will continue to closely monitor any material changes to future economic conditions.

46 In order to mitigate the risk the provisioning norms followed by the company for non performing assets is quite aggressive to certain extent wherein the provisions are recorded at rates which are higher than the rates specified by the Reserve Bank of India. The rates used by the company are as follows:

Asset Classification	Rates as per Company (% of portfolio)	Rates as per RBI (% of Portfolio)
Standard Assets	0.40	0.25
Sub-Standard Assets SME Loans -Retail Loans Secured (As a prudent matter we provided extra provisioning over and above RBI guidelines in our SME portfolio in order to mitigate risk contingencies)	20	0
	20	10
	30	10
	50	20
	50	30
	100	50
Loss Assets	100	0

* Wholesale -Secured Loans; as per existing provisions as specified by the Reserve Bank of India in their guidelines for provisioning.

47 DIVIDEND

During the year ended 31st March, 2020, the Board of Directors have recommended a dividend of ₹2.50/- per equity share of ₹10/- each subject to approval of members at the ensuing Annual General Meeting.

48 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

Mr. Akash Gupta, Company Secretary and Legal Head

Mr. Naresh C. Varshney, Chief Financial Officer

Relatives of Key Management Personnel

Ms. Ridhma Gupta

Ms. Rachita Gupta

Mr. Piyush Gupta

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions has been undertaken:

CSL Capital 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]

	As at 31.03.2020	As at 31.03.2019
(i) Key Management Personnel (KMP)		
Compensation of key management personnel		
Short term employee benefit	112.12	108.58
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	6.96	5.16
Rent	-	7.00
Sale of Shares	-	2.45
(iii) Post employee benefit plans		
Contributions made during the year	-	20.46

	As at 31.03.2020	As at 31.03.2019
(iv) Enterprises over which key management personnel & relatives of such personnel exercise significant influence		
Loan Given	981.50	732.90
Loan Received Back	655.75	360.00
Interest Received	1.14	0.52
	-	-
Loan Received	1,539.50	961.00
Loan Repaid	1,539.50	961.00
Interest Paid	10.81	6.66

(C) Amount due to/from related party as on:

Region	31.03.2020	31.03.2019	01.04.2018
(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	-	-

49 RETIREMENT BENEFITS PLAN**49.1 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.

49.2 Details of defined benefit plans as per actuarial valuation:

	Year Ended 31.03.2020	Year Ended 31.03.2019
I. Amounts recognised in the Statement of Profit & Loss		
Current service cost	11.82	4.89
Net interest cost	-0.00	0.60
Adjustment due to change in opening balance of Plan assets	11.81	5.49
II. Amount recognised in Other Comprehensive income		
Remeasurement (gains)/losses:		
a) Actuarial (gains)/losses arising from changes in -	-16.92	6.78
- financial assumptions	1.16	-0.05
- experience adjustments	-	-
b) Return on plan assets, excluding amount included in net interest expense/ (income)	-	-
Total amount recognised in other comprehensive income	-15.76	6.73
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	20.46	8.19
Current service cost	11.82	4.89
Past service cost	1.59	0.60
Interest expense	-	-
Remeasurement (gains)/losses arising from changes in -	-1.37	5.00
- demographic assumptions	-7.87	3.56
- financial assumptions	-7.68	-1.78
- experience adjustments	-	-
Benefits paid	-	-
Closing defined benefit obligation	16.95	20.46
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	20.51	-
Interest income	1.59	-
Expected return on plan assets	-1.16	-
Contributions by employer	-	20.46
Adjustment due to change in opening balance of Plan assets	-	-
Actual Benefits paid	-	-
Return on plan assets, excluding interest income	-	0.05
Closing Fair value of plan assets	20.94	20.51
V. Net defined benefit obligation		
Defined benefit obligation	16.95	20.46
Fair value of plan assets	20.94	20.51
Surplus/(Deficit)	-3.99	-0.05

49.3 Actuarial assumptions and Sensitivity

	Year Ended 31.03.2020	Year Ended 31.03.2019
I. Actuarial assumptions		
Discount Rate (p.a.)	6.83%	7.77%
Attrition rate	6.08%	4.80%
Expected rate of return on plan assets (p.a.)	6.83%	7.77%
Rate of Salary increase (p.a.)	5.72%	10.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-2008) Ult	Indian Assured Lives Mortality (2006-2008) Ult
Mortality rate after employment	N.A.	N.A.
II. Sensitivity Analysis on benefit obligations		
Delta effect of +1% change in rate of discounting	-1.68	-2.52
Delta effect of -1% change in rate of discounting	2.00	3.05
Delta effect of +1% change in rate of salary increase	2.01	2.71
Delta effect of -1% change in rate of salary increase	-1.72	-2.32
Delta effect of +1% change in rate of employee turnover	-0.18	-0.83
Delta effect of -1% change in rate of employee turnover	0.16	0.91
III. Maturity profile of defined benefit obligation		
1 st Following year	1.41	0.27
2 nd Following year	0.45	1.14
3 rd Following year	0.55	0.37
4 th Following year	0.96	0.64
5 th Following year	1.26	0.99
Sum of 6 to 10	6.17	5.75
Sum of years 11 and above	31.97	65.74

49.4 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 139 (c) Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

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.

50 FIRST-TIME ADOPTION OF IND AS

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2018 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1st April, 2018 and the financial statements as at and for the year ended 31st March, 2019 to comply with Ind AS.

50.1 Optional and mandatory exemptions applied

i). Deemed cost for property, plant and equipment, investment property and intangible assets

The Company has elected to measure property, plant and equipment, investment property and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

ii). Estimates

The estimates at 1st April, 2018 and at 31st March, 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVPTL / FVOCI – equity and debt instrument
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2018, the date of transition to Ind AS and as of 31st March 2019.

iii). Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, the Company has applied the above requirement prospectively.

iv). Impairment of financial assets

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognised and compare that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively.

iv). Derecognition of financial assets

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

50.2 Reconciliations between previous GAAP and Ind AS

i). Comparative Balance sheet as at 1st April 2018 and 31st March 2019.

[₹ in Lacs]

Particulars	Notes	As at 31.03.2018			As at 31.03.2019		
		Previous GAAP	Adjustment	IND-AS	Previous GAAP	Adjustment	IND-AS
Financial Assets							
Cash and cash equivalents		4.30	-	4.30	684.88	-	684.88
Bank Balance other than cash and cash equivalents		263.36	-	263.36	281.52	-	281.52
Loans	(iii)	28,193.08	-79.43	28,113.64	32,552.16	-485.49	32,066.66
Investments		38.61	-	38.61	-	-	-
Other Financial assets	(vii)	56.62	-0.68	55.95	62.18	-4.28	57.90
Total(A)		28,555.98	-80.11	28,475.86	33,580.73	-489.77	33,090.96
Non-financial assets							
Deferred tax Assets (Net)		-0.03	19.02	18.99	2.95	74.81	77.76
Investment property		18.20	-3.34	14.86	18.20	-3.62	14.58
Property, plant and equipment		74.69	-	74.69	160.99	-	160.99
Right-of-use assets	(iv)	-	29.66	29.66	-	221.68	221.68
Intangible assets		4.25	-	4.25	4.54	-	4.54
Other non-financial assets		39.86	-	39.86	46.69	0.05	46.74
Total(B)		136.97	45.35	182.32	233.37	292.91	526.28
Total(A+B)		28,692.95	-34.77	28,658.18	33,814.11	-196.86	33,617.25
Liabilities and equity							
Liabilities							
Financial liabilities							
Borrowings	(iii) b	10,245.28	-25.01	10,220.27	12,224.33	-24.74	12,199.58
Lease liabilities	(iv)	-	29.01	29.01	-	232.03	232.03
Other financial liabilities		39.99	-	39.99	49.91	-	49.91
Total(A)		10,285.27	4.01	10,289.28	12,274.23	207.29	12,481.52
Non-financial liabilities							
Current tax liabilities (Net)		11.94	-	11.94	24.38	-	24.38
Provisions		-	8.19	8.19	10.57	-	10.57
Other non-financial liabilities		12.18	-	12.18	28.66	-	28.66
Total(B)		24.12	8.19	32.31	63.61	-	63.61
Total Liabilities		10,309.39	12.20	10,321.59	12,337.85	207.29	12,545.14
Equity Share Capital	(vi)	590.42	-	590.42	616.92	-9.57	607.36
Other Equity	(vi)	17,793.14	-46.96	17,746.17	20,859.24	-394.48	20,464.75
Total equity		18,383.56	-46.96	18,336.59	21,476.16	-404.05	21,072.11
Total liabilities and equity		28,692.95	-34.77	28,658.18	33,814.01	-196.76	33,617.25

50.3 Profit Reconciliation for the year ended 31st March 2019

[₹ in Lacs]

Particulars	Notes	Previous GAAP	Adjustments	IND AS
Revenue from operations				
Interest Income	(iii)	5,816.07	-183.55	5,632.52
Fees and commission Income		130.95	-	130.95
Recoveries of financial assets written off		20.42	-	20.42
		-	-	-
Total revenue from operations		5,967.44	-183.55	5,783.88
Other Income		3.10	0.17	3.28
Total income		5,970.54	-183.38	5,787.16
Expenses				
Finance costs	(ii)b	1,162.99	16.79	1,179.78
Fees and commission expense		26.97	-	26.97
Employee benefits expenses	(ii)	703.05	-14.97	688.08
Impairment of financial instruments	(i)	47.73	5.55	53.28
Depreciation, amortization and impairment		24.51	30.49	55.00
Other expenses		409.69	-31.27	378.42
Total expenses		2,374.94	6.59	2,381.53
Profit/(loss) before tax		3,595.60	-189.97	3,405.63
Tax Expense:		-	-	-
(1) Current tax		1,082.70	-	1,082.70
(2) Deferred tax		-2.98	-53.83	-56.80
(3) For earlier years		0.38	-	0.38
Profit/(loss) for the period		2,515.50	-136.15	2,379.35
Other comprehensive Income		-	-	-
Items that will not be reclassified to profit or loss	(iii)	-	-4.77	-4.77
Total comprehensive income		2,515.50	-140.92	2,374.58

50.4 Reconciliation of total equity as at 31st March, 2019 and 1st April, 2018

[₹ in Lacs]

Particulars	As at 31.03.2019 (End of last period presented under previous GAAP)	As at 01.04.2018 (Transition Date)
Total equity (shareholders' funds) under previous GAAP	21,476.16	18,383.56
Measurement of financial assets and financial liabilities at amortised cost	-242.26	-57.77
Impact of impairment of financial instruments	-2.22	3.34
Impact of Ind AS 116 "Leases"	-14.55	-
Provision for Gratuity	6.78	-8.19
Others	-8.20	-3.37
Reversal of security premium treating ESOP trust as branch	-216.17	-
Deferred tax impact on Ind AS adjustments	72.85	19.02
Total adjustment to equity	-403.76	-46.96
Total equity under Ind AS	21,072.40	18,336.59

50.5 Reconciliation of total comprehensive income for the year 31st March, 2019

(₹ in Lacs)

Particulars	Year ended 31 st March, 2019 (Latest period presented under Indian GAAP)
Profit as per previous GAAP	2,515.50
Adjustments:	
Measurement of financial assets and financial liabilities at amortised cost	-184.50
Impact of impairment of financial instruments	-5.55
Impact of Ind AS 116 "Leases"	-14.55
Provision for Gratuity	14.97
Depreciation on Investment Property	-0.29
Others	-0.06
Deferred tax impact on Ind AS adjustments	53.83
Total effect of transition to Ind AS	-136.15
Profit for the year as per Ind AS	2,379.35
Gain on remeasurement of post employment benefit obligation (net of tax)	-4.77
Total comprehensive income under Ind AS	2,374.58

50.6 Explanation of material adjustments to cash flow

With the adoption of Ind AS first time from 1st April, 2018 the lease rent payments of ₹31.27 lakhs which were erstwhile considered as cash flows from operating activities are now considered as financing cash flows as they pertain to leases other than short term leases.

In the year 2019, Cash flows from operating activities increased by ₹31.27 lakhs and the cash flow from financing activities decreased by the same amount.

Other than above there are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31st March, 2019.

50.7 Footnotes to the reconciliation of equity as at 1st April, 2018 and 31st March, 2019 and profit or loss for the year ended 31st March, 2019.**i). Impairment of financial assets**

Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction- Non Banking Financial Company. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

ii). Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss.

iii). EIR

- Under Indian GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method.
- Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method.

iv). Lease

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

v). Deferred tax

Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31st March, 2019.

vi). Shares held with ESOP Trust

The equity shares issued to ESOP Trust (treated as branch of the Company) pending to be allotted under the ESOS scheme at the end of the reporting period are treated as treasury shares. The consideration paid for treasury shares is presented as a deduction from total equity, until they are cancelled, sold or reissued. A corresponding deduction is made in the loan amount given to the trust for subscription of these shares.

vii). Security deposits

Security deposits have been valued at fair value discounted at the incremental borrowing rate.

51 DISCLOSURES AS PER MSMED

Disclosures required under Section 22 of the Micro, Small, Medium Enterprises Development Act, 2006:

Particulars	31.03.2020	31.03.2019	01.04.2018
The principal amount and the interest due there on remaining unpaid to any of the supplier at the end of each accounting year.	-	-	-
Interest due thereon remaining unpaid to any of the supplier at the end of the each accounting year	-	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
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	-	-	-

In terms of our report of even date attached herewith

FOR & ON BEHALF OF THE BOARD

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

Sd/-
Vinay Aggarwal
Partner
Membership No: 082045

Place: New Delhi
Date: 20th July, 2020

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

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

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

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

CASH FLOW STATEMENT

For the year ended 31st March, 2020

52 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 :

[₹ in Lacs]

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	31,356.71	177.32	31,179.39	78.89	98.43
	Stage 2	211.25	1.91	209.34	9.82	-7.90
Subtotal		31,567.97	179.23	31,388.74	88.71	90.52
Non-Performing Assets (NPA)						
Substandard	Stage 3	218.44	48.89	169.54	22.29	26.60
Doubtful - up to 1 year	Stage 3	166.38	33.28	133.10	17.00	16.28
1 to 3 years	Stage 3	52.06	15.62	36.44	5.30	10.32
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		218.44	48.89	169.54	22.29	26.60
Loss Stage 3	-	-	-	-	-	-
Subtotal for NPA		218.44	48.89	169.54	22.29	26.60
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	31,356.71	177.32	31,179.39	78.89	98.43
	Stage 2	211.25	1.91	209.34	9.82	-7.90
	Stage 3	218.44	48.89	169.54	22.29	26.60
	Total	31,786.41	228.13	31,558.28	111.00	117.13

Particulars	As at 31.03.2020	As at 31.03.2019
Cash Flow From Operating Activities:		
Profit / (Loss) before Tax	3,174.25	3,405.63
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization on Property, Plant & equipment	34.73	24.80
Depreciation on Right-of-use Asset	39.72	30.21
Impairment of financial instruments	487.95	10.09
Interest accretion on lease liabilities	21.64	16.53
(Profit)/Loss on Investments (mutual funds)	-0.26	-0.79
(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	0.13	-
Share based payment expenses	16.54	21.28
(Profit)/Loss on termination of lease	-0.28	-0.17
Interest income on unwinding of security deposits	-0.55	-0.68
Operating Profit/Loss before Working Capital changes	3,773.87	3,506.88
Adjustments for changes in Working Capital		
Loans	482.40	-3,963.11
Other Financial assets	-2.99	-5.56
Bank Balance other than cash and cash equivalents	-28.63	-18.16
Other non-financial assets	-61.18	-6.88
Other financial liabilities	62.47	4.56
Other non-financial liabilities	-8.56	16.48
Provisions	11.03	-4.35
Cash Generated From / (Used in) from Operations	4,228.40	-470.14
- Taxes (Paid) / Refunds (Net)	-935.92	-1,070.64
Net Cash Generated From / (Used) in Operating Activities	3,292.48	-1,540.78
Cash Flow From Investing Activities:		
Purchase of Property, plant and equipment and intangible assets	-16.50	-111.10
Sale of Property, Plant and Equipment and Intangible assets	0.34	-
Purchase of investments (Mutual funds)	-1,300.00	-1,125.00
Sale of investments	1,300.26	1,164.41
Net Cash Generated From/ (Used in) Investing Activities	-15.91	-71.69

Particulars	As at 31.03.2020	As at 31.03.2019
Cash Flow From Financing Activities:		
Borrowings other than debt securities issued	-2,607.13	1,979.31
Equity share capital issued (Including premium)	56.25	449.23
Repayment of lease liabilities	-27.85	-14.74
Payment of interest on lease liabilities	-21.64	-16.53
Dividend paid (Including DDT)	-145.77	-104.22
Net Cash Generated from / (Used in) Financing Activities	-2,746.13	2,293.05
Net Increase/ (Decrease) in Cash and Cash Equivalents	530.45	680.58
Cash and Cash Equivalents at the Beginning of the Year	684.88	4.30
Cash and Cash Equivalents at the end of the Year	1,215.32	684.88
Cash and Cash Equivalents at the end of the Year comprises of	As at	As at
	31.03.2020	31.03.2019
Cash in hand	0.79	1.36
Balances with Banks in Current Accounts	1,214.53	683.51
TOTAL	1,215.32	684.88

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: 20th July, 2020

FOR & ON BEHALF OF THE BOARD

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

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

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

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

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

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

(₹ in Lacs)

Particulars	Amount Outstanding	Amount Overdue
LIABILITIES SIDE		
1 Loan and advances availed by the non - banking financial company inclusive of interest accrued thereon but not paid:	Nil	Nil
(a) Debentures : Secured : Unsecured (other than falling within the meaning of public deposits*)	Nil Nil	Nil Nil
(b) Deferred Credits	Nil	Nil
(c) Terms Loans	4,045.83	Nil
(d) Inter-corporate loans and borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits *	Nil	Nil
(g) Others (Cash Credit & Working Capital demand loan)	5,546.63	Nil
* Please see Note 1 below		
-2 Break up of (1)(f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid)		
(a) In the form of Unsecured Debentures	Nil	Nil
(b) In the form of partly secured debentures i.e debentures where there is shortfall in the value of security	Nil	Nil
(c) Other Public Deposits	Nil	Nil
Assets side		
-3 Break-up of Loans and advances including bills receivables [other than those including in (4) below] :		
(a) Secured	30699.25	
(b) unsecured	1086.66	
-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 Asserts		

(₹ in Lakhs)

Particulars	Amount Outstanding	Amount Overdue
(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		Nil
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others (please specify)	Nil	
2. Unquoted :		
(i) Shares : (a) Equity	Nil	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others	Nil	
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	14.29	

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	380.21	380.21
2. Other than related parties	30,477.29	700.28	31177.57
Total	30,477.29	1,080.49	31,557.78

* Only the ECL provision has been considered, the company has made additional provision of ₹461.46 lacs for COVID-19 pandemic in addition to ECL provision.

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	218.44
(ii) Net Non-Performing Assets	
(a) related Parties	Nil
(b) Other than related parties	169.54
(iii) Assets acquired in satisfaction of debt	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: 20th July, 2020

FOR & ON BEHALF OF THE BOARD

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

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

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

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