



**Seizing the
momentum.
Embracing
success.**

Read inside

01 Corporate Overview

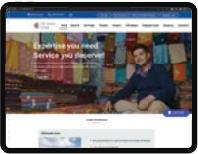
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For more details visit:
www.csloffinance.in



⊕ Read more from the Managing Director’s Desk



⊕ Read more about CSL Finance’s performance in FY23

FY23 highlights

⬆ 13%
₹362 Crore
Net Worth

⬆ 41%
₹736 Crore
Loan Book

⬆ 57%
₹118 Crore
Total Income

⬆ 36%
₹46 Crore
Net Profit

Safe Harbour Statement:
This document may contain certain forward-looking statements/details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/ shareholders/public are hence cautioned not to place undue reliance on these statements/details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise.

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Seizing the momentum. Embracing success.

Success in our journey at CSL Finance is the culmination of achieving several significant milestones over a considerable period of time. Our unwavering focus has been on becoming the most trusted lending partner to real estate and SME businesses, and we have celebrated numerous accomplishments along the way:

- Successful scale up of our SME Retail vertical
- The establishment of a new and improved team
- Investment in a robust infrastructure to ensure seamless operations and enhanced customer experiences
- Implementation of strong risk management systems
- Streamlining our processes and workflow to optimise efficiency and effectiveness
- Making technology a mainstay and a continuous function

As a business, we recognise the paramount importance of offering the right services at the right time to the right customers. We have keenly understood the evolving needs of the market and have adapted, navigating through even the most challenging times. Throughout this journey, we have gained invaluable insights that have strengthened our determination and resilience. As a result, we have recorded superior performance during the year, a testament to our dedication and strategic approach.

These achievements have acted as **crucial stepping stones towards our overarching objective.**



Building on this success, we are committed to maintaining momentum and achieving greater heights. Our dedication to excellence will benefit both us and our esteemed stakeholders, fostering long-lasting partnerships and solidifying our position as a trusted industry leader.



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ABOUT THE COMPANY

CSL Finance: Helping businesses unlock opportunities

Overview

CSL Finance Limited (CSL Finance) was established in 1992 as a Non-banking Finance Company (NBFC). Since then, we have steadily evolved our position as the one-stop shop for the financing needs of Small and Medium-sized Enterprises (SMEs) and real estate and non-real estate corporates.

Through our two key business verticals – Wholesale Lending and SME Retail Lending – we provide a comprehensive array of secured loan products that bridge the gap between business ambitions and financial requirements. Due to the commitment of our seasoned and dynamic professionals and the expertise of its visionary leadership, we continue to grow from strength to strength.

CSL Finance is registered with the Reserve Bank of India (RBI) as an NBFC and is listed on the NSE and BSE.



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ABOUT THE COMPANY (CONTINUED)



Values

Customer-first

We value the needs and demands of our customers the most as whatever we are today is because of them. Therefore, our team is dedicated to catering to our customers effectively, speedily and respectfully.

Passion for excellence

We believe in giving only the best of everything, whether product or service. We don't compromise for anything less than excellence, thereby adding value to our customers.

Integrity

We strongly believe in integrity above all, and all of our actions are predominantly guided by principles of fairness, reliability and ethical practices.

Respect for people

Our employees are our extended family. We give our employees an innovative and inspiring work environment to facilitate excellence in their work and personalities.

Strengths

Customer service

Our priority is to keep our customers happy and loyal to us. Our loan disbursement process is quick and flexible with minimal physical documentation. Our customers no longer have to wait to avail financial assistance that will turn their dreams into reality.

Employee strength

Our employees are our pride and we ensure that we hire people with deep domain knowledge about the market and the whole operating environment. Our employees are empathetic, capable and aware of their roles and responsibilities, making CSL Finance the Company it is today.

Extensive knowledge

With our skin in the business for more than two decades, we have in-depth knowledge about the Real Estate & SMEs and their struggles to get financial assistance from financial institutions in record time. Using our experience and knowledge, we design our workflow in a way that caters to every need of the customer.

Structured approach

We conduct comprehensive research about the market and hence, have an excellent understanding of the market dynamics and the risks associated. Our team works in unison to reduce project risks by walking an extra mile to finance projects. We ensure to build a structured approach for every deal on the basis of the requirements of each individual project.

Powerful business model

We believe in upskilling with time and staying updated with the latest technologies and trends. Our business model ensures that each person associated with us grows at each stage.

Approach

Focused approach

We follow a very focused approach, and our entire concentration is to increase visibility and establish a dominant presence in the identified target markets.

Easy access for customers

We believe in giving maximum comfort to our customers, and hence, our customers can reach us through multiple channels in the markets we operate.

Leveraging technology

We leverage technology to its full potential by helping our team make faster decisions with regards to credit worthiness of our borrowers. With the help of technology, we also reduce loan processing time to a great extent.

Cater to SMEs with good cash flows

We want to cater to SMEs with good profit margins, cash flows, and business vintage but that lack access to traditional financing sources.

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ABOUT THE COMPANY (CONTINUED)

Size and scale



BBB+ Rated
By India Ratings and Research



100 %
In-house sourcing and collections



6 states
Presence



99 %
Secured loan book



13 %
Return on equity



64 %
Capital adequacy ratio



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ABOUT THE COMPANY (CONTINUED)



Lending partners

BANKS



NBFCs



Future goals

To become a trusted lender with a sustainable business model, we have set 6 goals for ourselves. With our tenacity, strategy, execution and value-creation capability, we are confident of achieving them in the medium to long term.

- 1

Build a low-cost and profitable business model with an astute focus on superior asset quality
- 2

Adopt a customer-first approach that genuinely values customer needs and aims for their satisfaction
- 3

Become a formidable player in niche target segments of the Company's choosing
- 4

Create a sustainable business that focuses on delivering a consistent Return on Equity (RoE), above the industry average
- 5

Service unbanked and underserved small businesses and entrepreneurs, while focusing on cross-selling
- 6

Focus on a clustered approach based on understanding and comfort in each micro-market to expand geographically in different markets

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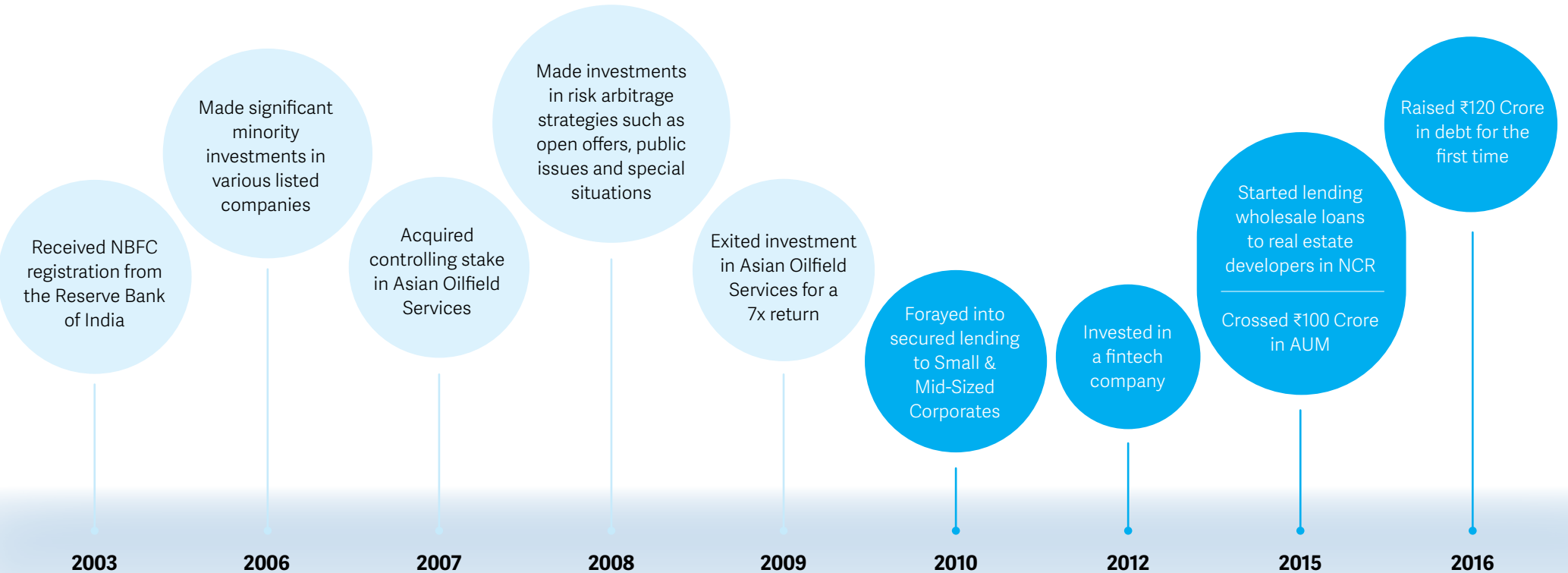
Steady steps towards success

Overview

Across our journey of over three decades, we have built a name for ourselves as the trusted lending partner for SMEs and real estate developers. We have done this through our two business verticals – Wholesale lending and SME Retail lending – which we are steadily expanding.

Our journey began as an investment holding company.

For 13 years, we have crafted a robust track record as a Wholesale Lender, renowned for our unwavering emphasis on risk management. This core segment remains our foundation and will persist as our cornerstone in the future.



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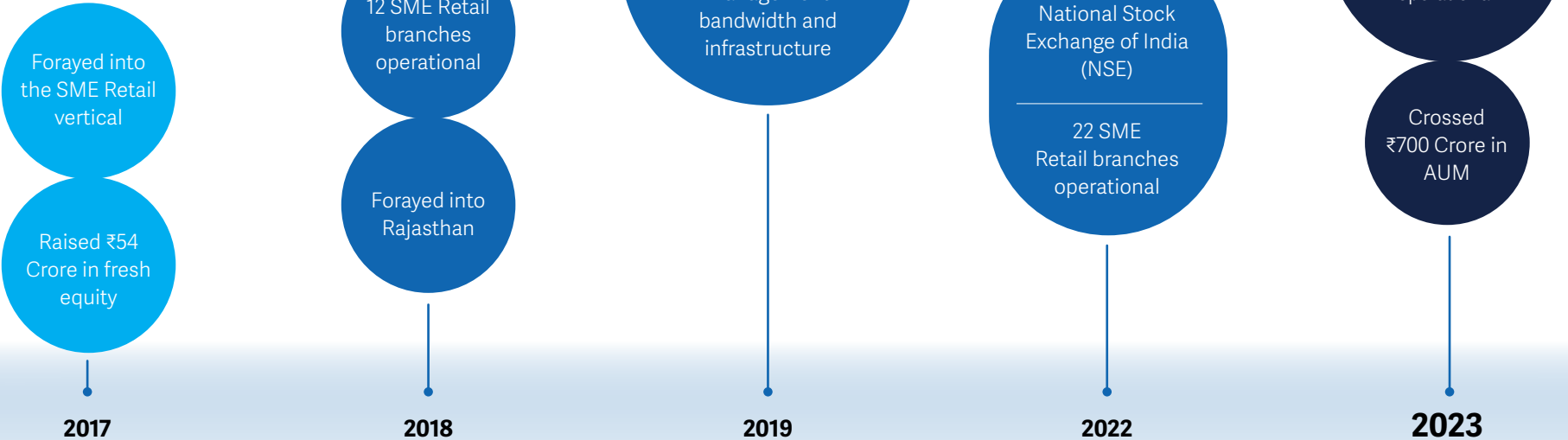
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Since the launch of our SME Retail vertical in 2017, we have been on a continuous journey of learning and advancement. Over the years, we have steadily fortified our infrastructure, nurtured our talented workforce and streamlined our processes. Now, we stand poised to unleash the full potential of this vertical in the upcoming years.



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PRESENCE

Judicious expansion

Overview

We follow a judicious approach to expansion, carefully establishing our footprint in strategic locations to maximise our reach and impact in serving diverse customer segments.

Our Wholesale Lending vertical caters to customers in the NCR, more specifically South Delhi and Gurugram micro-markets.

AUM per branch: SME

(in ₹ Lakh)

461

FY23

792

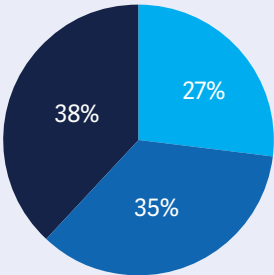
FY22

72%

YoY Change

Branch ageing

- <1 YEAR
- 1-3 YEARS
- >3 YEARS



Branch network

(#)

26

FY23

22

FY22

4 Branches

Net addition in FY23

6-10 Branches

Addition planned in FY24

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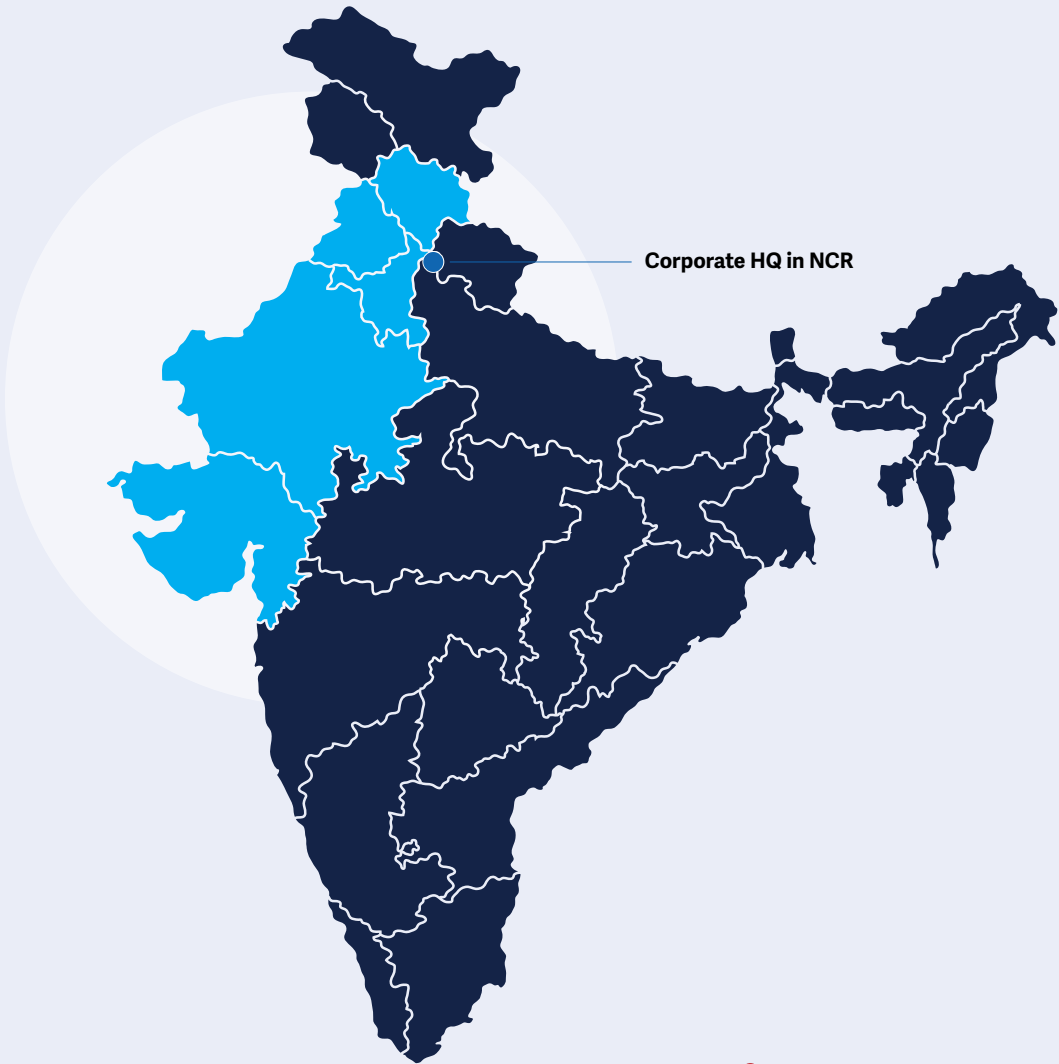
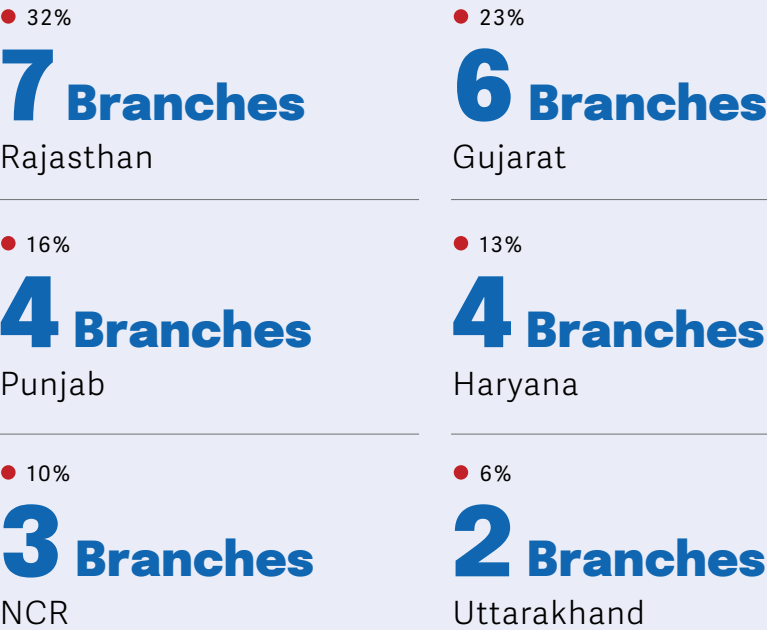
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PRESENCE (CONTINUED)

Location and branch distribution

We follow a clustered approach to expanding our branch network. Our understanding and comfort in each micro-market play a vital role in our decision to further our footprint. As on March 31, 2023, we have 26 branches in 6 states, with a growing AUM per branch. In the upcoming year, our focus will be on adding newer branches and improving branch-level efficiency.



● AUM DISTRIBUTION

Map not to scale only for illustration purpose

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Unique products for real estate developers

Overview

Through our Wholesale Lending vertical, we provide uniquely tailored loan products for real estate developers engaged in both group housing and single-plotted projects. These loan products are secured by collateral tied to the projects under development or to be undertaken by the developers.

The loan offerings encompass various categories, such as Affordable Group Housing, Mid-Income Group Housing and Small Builder Floors (G+4 buildings). Each category is thoughtfully crafted to address the specific needs of these diverse projects. Additionally, to mitigate project execution risk, we place a strategic emphasis on funding projects in which the promoters have made substantial commitments of their own capital.



Wholesale loan offerings encompass various categories, such as Affordable Group Housing, Mid-Income Group Housing and Small Builder Floors (G+4 buildings).



₹444 Crore
Loan Book



17%
Average Yield (FY23)



65
Active Accounts



36% LTV
Focused on Secure Loans with 2X Asset Cover



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BUSINESS: WHOLESALE LENDING (CONTINUED)

Products



WS
LARGE

Structured loans for mid-income and affordable group housing projects

Mid-income group housing projects


- Last-mile funded mid-income group housing projects
- Located in the NCR region
- Committed receivables are 3x of existing PoS
- Average ticket size of units is under ₹60 Lakh

Affordable group housing projects

- Approved projects under the Affordable Housing Policy of the Haryana Government
- Time-linked payment
- Committed receivables are 3x of existing PoS
- Average ticket size of units is under ₹25 Lakh

₹8 Crore	₹254 Crore
Average ticket size	AUM

31	57%
Loan accounts	Contribution to the Wholesale AUM



WS
SMALL


Structured loans for mid-income/affordable group housing projects

Small builder projects

- Tenure of these loans is <36 months
- Small builder floors are G+4 floor buildings
- Located in South Delhi and Gurugram micro-markets
- Regulatory compliances are minimal since these projects do not fall under RERA compliances
- Risk of non-completion is minimal
- Construction cost is a small part of these projects
- Feedback loop is fast and demand-supply corrects quickly

₹9 Crore	₹172 Crore
Average ticket size	AUM

30	44%
Loan accounts	Contribution to the Wholesale AUM



WS OTHER
TERM LOAN

Loan against SORP/SOCP properties and loan against securities and deposits which are highly liquid

₹6 Crore	₹18 Crore
Average ticket size	AUM

4	4%
Loan accounts	Contribution to the Wholesale AUM

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BUSINESS: WHOLESALE LENDING (CONTINUED)

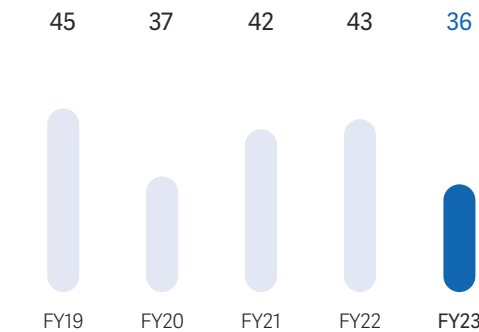
Our differentiators

- Niche, focused real estate wholesale book
- Focused on secured lending book (100% of the book)
- Built on in-depth expertise of NCR and all its micro-markets
- Strength in the affordable housing segment

5-YEAR PERFORMANCE TREND

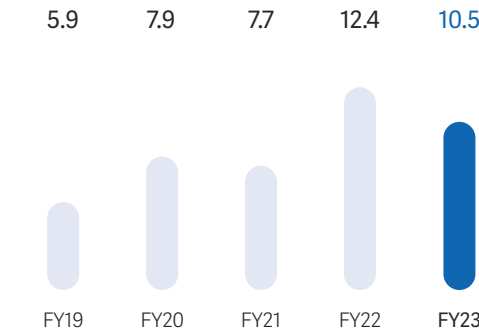
Average LTV

(in %)



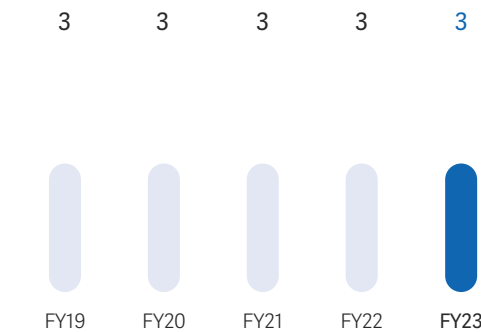
Average ticket size

(in ₹ Crore)



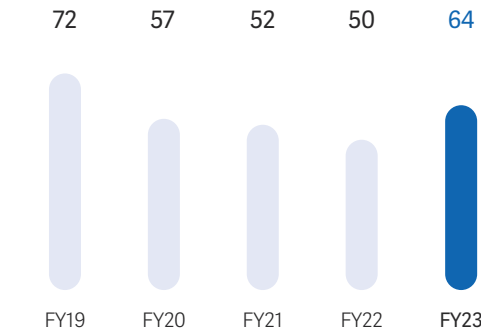
Average tenure

(in years)



Active accounts

(in numbers)



How we manage risks

- 1

Better customer selection
 - Presence in strategically selected micro-markets of NCR
 - Excellent understanding of dynamics of each micro-market
 - Customer selection based on end-use demand
 - Primarily involved in last-mile funding, thus reducing project execution risk
 - Business with only reputed developers with good credibility
- 2

Credit appraisal and excellent screening
 - Robust due diligence
 - Extensive credibility checks
 - Project and market screening, assessment of market demand-supply trends
 - Each deal structured uniquely based on specific project requirements
 - At least 2x security cover with a charge on multiple assets
- 3

Constant monitoring
 - Dedicated, on-ground resources for asset monitoring
 - Fortnight site visits to assess project progress
 - Review of sales, inventories, market price and costs
 - Detect early warning signals, initiate required steps and increase engagement
 - Wherever required, initiate early legal actions for faster repayments

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BUSINESS: SME RETAIL LENDING

For the underserved and unbanked businesses

Our SME Retail division is dedicated to serving underserved and unbanked SME and MSME customers through the provision of secured, collateralised loans. Under this vertical, we employ a unique approach that leverages alternative data while considering a wide array of factors, including business operations, cash flows and business vintage while offering loans. After thorough due diligence and meticulous evaluation, we swiftly disburse small and flexible ticket size loans aligned with the specific needs of these SMEs and entrepreneurs.



Through this vertical, we primarily cater to SMEs engaged in the fields of trading, retail shops, small industries, manufacturers, steel fabricators and many other self employed non professionals. We also extend our lending services to salaried professionals with limited access to core banking, thus contributing to greater financial inclusivity.



₹292 Crore
Loan Book



18%
Average Yield (FY23)



2,076+
Active Accounts



34% LTV
Focused on Secure Loans with 2X Asset Cover

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Products



JYOTI

₹2-7.5 Lakh


Loan amount

3-4 years

Tenure

Target customer

Small farmers, housewives, among others, to open small businesses



SAARTHAK

₹5-10 Lakh


Loan amount

5-6 years

Tenure

Target customer

Salaried professionals who are unable to procure funds from banks because of non-availability in their area



SHAKTI

₹7.5-25 Lakh


Loan amount

7 years

Tenure

Target customer

Small entrepreneurs, traders, manufacturers etc. as a working capital loan to improve or grow their business



SAMADHAN

₹25-50 Lakh


Loan amount

7-8 years

Tenure

Target customer

Immediate working capital requirement to support client's urgent business needs at mid-level



NIRMAN

₹35-50 Lakh


Loan amount

7 years

Tenure

Target customer

Balance transfer of loan against properties (LAP) along with top-up for semi-skilled or skilled self-employed, proprietorship or partnership firms for working capital purposes



MID-SIZED LAP

₹1-5 Crore


Loan amount

2-3 years

Tenure

Target customer

LAP for business expansion or working capital loans



FABRICATOR LOAN

₹0.5-5 Lakh

Loan amount

45-90 days

Tenure

Target customer

Purchase invoice based unsecured loan product, with quick disbursement within 24-48 hours and varied repayment types

Newly launched product

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BUSINESS: SME RETAIL LENDING (CONTINUED)

Our differentiators

Serving the unbanked and underserved market

Using alternative data instead of conventional scorecards

Swift loans and ease of application

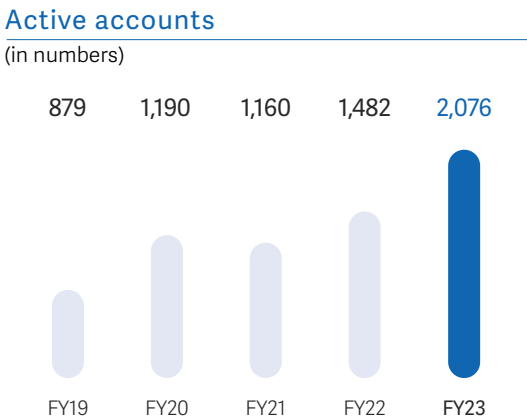
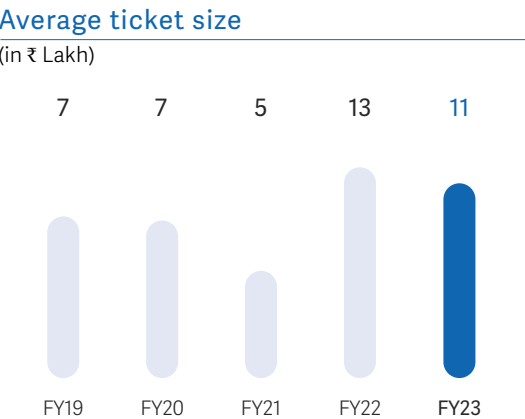
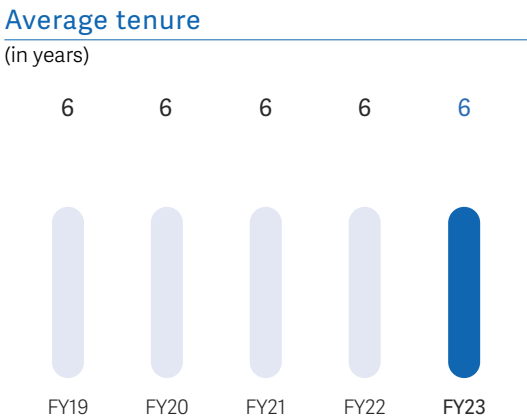
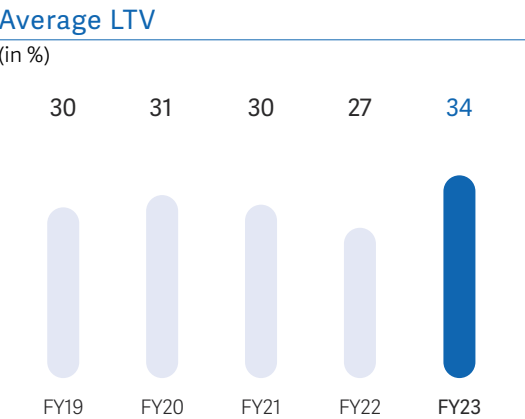
Small and flexible ticket sizes

Efficiency through digital transformation

Focused on secured lending book (99%)

We are also diligently investing in team training and development to ensure seamless integration and optimisation of these new technology-driven initiatives across multiple functions, including Loan Origination, Loan Evaluation, and Loan Disbursement and Collection. Moreover, we are implementing comprehensive MIS, one-click report generation and advanced data analytics dashboards to enhance operational efficiency through improved tracking and management capabilities.

5-YEAR PERFORMANCE TREND



Leveraging technology for workflow automation

At CSL Finance, we use technology to automate underwriting, streamline onboarding processes and ensure faster loan disbursement.

- 1

Loan origination

 - Digital customer onboarding and authentication with E-KYC
 - Geotagging of business premises and residence
 - Document verification and validation
 - Preliminary eligibility check
 - Mobile number verification through OTP
 - Door-to-door canvassing for lead generation
- 2

Loan evaluation

 - Multi credit bureau check & analysis
 - Automated technical and field investigation
 - Automated bank statement analyzer
 - Automated system with human oversight for detecting policy rules, validations and deviations
 - Automated eligibility calculator
 - Unique parameters of capturing and analysing data
 - Physical verification of business premises and residence, and personal discussion by various teams
- 3

Loan disbursement and collection

 - 100% cashless, e-disbursement of the loan amount
 - 99% of collection done by NACH, eNACH, UPI, Payment Gateway
 - Penny-drop verification
 - Mobile app for all collection agents
 - Automated outbound dialling and instalment reminder messages
 - Payment enabled through the Company and various third-party payment gateways and apps
 - E-signing of all documents for unsecured loans
 - Physical docket signing & SPDC inspection

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BOARD OF DIRECTORS

With exemplary leadership at the helm

Rohit Gupta
Managing Director



Rohit Gupta has over two decades of experience in merchant banking, corporate finance, financial restructuring, project finance, capital markets and structured lending. He has advised several small/ mid-size organisations in developing and executing turnaround and growth strategies and helped them raise equity and debt through various instruments to fuel their growth. He is passionate about innovative and structured lending models and is the prime driving force behind the structured lending model of the Company. In addition, he has steered the Company to certain niche market segments and has envisioned its foray into SME lending. He is a qualified Chartered Accountant.

Ashok Kumar Kathuria
Director



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

Parmod Bindal
Independent Director



Parmod Bindal has been a practising Chartered Accountant for the last 32 years. He has vast experience in the fields of bank audits, income tax and indirect taxes, including GST, statutory audit, internal audit, tax audit, Companies Act, stock audit, etc. He has also served as the Independent Director of the Steel Authority of India from 2015 to 2019.

Subhash Chand Kwatra
Independent Director



Subhash Chand Kwatra has done his MBA with a specialisation in Finance from IGNOU, New Delhi. He is a Post Graduate of Mathematical Statistics from Delhi University and is a certified Associate of the Indian Institute of Bankers (CAIIB). He has a rich and vast experience of over 35 years in the banking industry. He joined Punjab and Sind Bank as a probationary officer in 1983 and retired as the Bank's Chief Financial Officer in 2018.

Rachita Gupta
Whole-time Director



Rachita Gupta is a Commerce graduate and has done her Masters of Business Finance from Warwick Business School, UK. She started her career with EY and has experience in analytics, data management, digital marketing and corporate branding. She played a vital role in the rollout of the Technology platform for the retail lending segment as well as other departments of the Company. In addition, she has been a critical person in driving the various MIS reports, setting up the Marketing and CSR departments of the Company and playing a key role in HR and Investor communication.

Ayussh Mittaal
Independent Director



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

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MANAGEMENT TEAM

Driving performance with expertise and vigour

Rohit Gupta
Managing Director



28+ 17+

Naresh Varshney
Chief Financial Officer



26+ 8+

Ex – RR Finance Consultants, Centrum Capital & Unicorn

Amit Ranjan
Chief Operating Officer



18+ 2+

Ex – Karvy Financials, Save Financial Services, HSBC Bank, ICICI Bank, Deutsche Bank

Chandan Kumar
Wholesale Credit Head



11+ 5+

Ex – PNB Housing, HDFC, SIB

Rachita Gupta
Whole-Time Director



7+ 6+

Ex – Ernst & Young

Ranjan Banerjee
Zonal Credit Head SME



18+ 2+

Ex - TATA Capital, Hinduja Leyland Finance, Shriram City Union Finance

Nikhil Singh
VP Operations



16+ 2+

Ex - ICICI Bank, HDFC Bank, Ziploan, Eduvanz and Save Financial Services

Ritesh Tyagi
Head Finance



11+ -

Ex - Aviom India Housing, ICICI Bank, PNB Housing, SMC Finance

Shalini Aggarwal
VP Finance



7+ 3+

Saurabh Priyadarshini
Sr Manager Legal



9+ 2+

S.B. Tiwari
Chief Manager Accounts



21+ 17+

Hariom Kumar
Sr Manager HR



14+ 4+

Ex - Ujjivan Financial Services

Preeti Gupta
Company Secretary



7+ 2+

● WORK EXPERIENCE

● YEARS AT CSL

EX-RELEVANT INDUSTRY EXPERIENCE

Strategic commitment. Outstanding outcomes.



Our prudent decision-making, in-depth understanding of the market and customers, and audacious pursuit of learning and adaptation have resulted in a remarkable performance for the year. This approach has generated enhanced value not only for customers but also for all stakeholders. Moreover, it has also allowed us to foster enduring success and forge strong partnerships.

Our unwavering commitment to excellence has been instrumental in driving positive outcomes and solidifying our position as a trusted industry player while establishing a distinct market presence in the domains of our choice.



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LETTER FROM THE MANAGING DIRECTOR

Growing strong, every step of the way

Dear Shareholders,

At CSL Finance, we firmly believe that the key to success lies in making finance accessible to our customers promptly, precisely when they need it. This unwavering commitment has been a game-changer for us in the niche industry we operate in. Over the past couple of years, we have taken significant strides to solidify our position as a trustworthy lender in the eyes of our customers. Through the collective efforts of our improved team, fortified infrastructure, and streamlined processes, we have emerged stronger than ever.

I am pleased to present another remarkable year of performance for CSL Finance. It has been a year of learning, growth, and progress, enabling us to create sustained value for both our Company and our valued customers. Today, we are better prepared to navigate the dynamic macroeconomic environment and the associated risks that come with it.

A dynamic macroeconomic environment

Considering the unique nature of our business, it is essential to analyse the key factors that influenced our performance – including the Indian economy, the NBFC sector and the real estate industry.

- The Indian economy showcased remarkable resilience and emerged as one of the fastest-growing major economies globally in FY23. Supported by robust domestic consumption and relatively limited exposure to international trade flows, the Indian GDP surged by 7.2%, surpassing market expectations. The growth was notably bolstered by improvements in the manufacturing, industrial, and agricultural sectors.
- Over the last 5 years, NBFCs experienced impressive credit growth at 17.3% and saw a net interest margin (NIM) increase of 30 bps. Notably, reduced credit costs (38 bps YoY) and higher NIM (37 bps YoY) contributed to enhanced sector profitability, improving asset quality and lower GNPA. Moreover, the share of banks lending to NBFCs nearly doubled in the last decade, reflecting increased confidence in the sector.
- The real estate sector in India is anticipated to grow significantly, with market size projected to reach \$1 trillion by 2030, compared to \$200 billion in 2021. Expected to contribute 13% of the country's GDP by 2025, the residential market in the NCR region witnessed steady demand in H1 2023. Notably, NCR's residential launches registered healthy growth, resulting in a 5% YoY increase in unsold inventory to 100,583 units. The real estate sector in NCR is poised for further growth, fuelled by multiple upcoming infrastructure upgrades like the Dwarka Expressway, the Delhi-Mumbai Expressway, and the Gurgaon Metro, which are set to boost demand in the coming years.



Amidst this landscape, your Company continued focusing on prudence and risk management in its Wholesale portfolio. Better customer selection, strong sourcing through our deep understanding of NCR and its micro-markets, robust credit appraisal & screening, and proactive risk monitoring continued to bode well for us.



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Robust performance

On the back of our efforts, I am proud to say that your Company recorded strong performance during the year. Our loan book has reached an all-time high of ₹736 Crore as of FY23, representing a remarkable 41% year-on-year increase. The growing loan book has contributed to healthy growth in NII and PAT. Our NII stood at ₹88 Crore, marking an increase of 43% over FY22, and our PAT stood at ₹46 Crore, recording a growth of 36% over the previous year.

We witnessed significant ramp-up in the SME Retail vertical, leading to a rationalisation of the AUM mix in favour of SME Retail. The AUM mix stands at 60% Wholesale and 40% SME Retail. Leveraging our book to 1.13 compared to 0.64 in the previous year, we have ensured strategic growth which has resulted in an ROE of 12.56% for FY23. With a healthy capital adequacy ratio of 50% and ample headroom for increasing leverage, especially with a higher SME Retail mix in our loan book, we are well-positioned for further expansion in the coming years.

We proudly welcome Muthoot Capital Services, Utkarsh SFB, Fincare SFB, and STCI Finance, IndusInd Bank as the latest additions to our portfolio of 16 lenders. Additionally, we have received new sanctions from esteemed partners such as HDFC Bank and Tata Capital. Initial sanctions from these lenders will be deployed in the coming quarters.



₹736 crore

Loan Book

Another notable aspect of our performance during the year was net interest income recording slower growth compared to total income, due to increasing interest rates in Q3 and Q4 of FY23 resulting in an increase in weighted average cost of borrowing and compression of Net Interest Margins. We will pass on the increase in borrowing costs in the upcoming quarters to improve NIMs. Our provisioning expenses for the year were high due to our efforts to maintain 1% AUM as provision coverage as opposed to the regulatory requirement of 0.4%.

Our continuously improving asset quality was another highlight of the year. We have been witnessing a consistent decrease in our GNPA and net NPA, with our GNPA standing at 0.61% and NPA at 0.35% as at March 31, 2023. In this year too, we have recovered bad debt amounting to ₹2.33 Crore.

We witnessed significant ramp-up in the SME Retail vertical, **leading to a rationalisation of the AUM mix in favour of SME Retail.**

Launch of new product

We are pleased to announce a significant milestone in our collaboration with APL Apollo Group – the launch of our first unsecured loan product i.e., Steel Fabricator Loan. Currently in the pilot stage, this short-tenure unsecured loan based on purchase invoices, will swiftly disburse loans under 24-48 hours and offer varied repayment options.

Designed in close collaboration with APL Apollo, the Fabricator Loan addresses the specific requirements of steel fabricators, and incorporates a subvention clause. With a concise tenure of 45-90 days, the product is strategically crafted to fulfil the working capital demands of fabricators, empowering them to navigate their projects efficiently.



Steel fabricator loan product launched in June 2023, to be available at all existing branches by close of Q2FY24

We have diligently developed a dedicated technology platform that seamlessly manages the entire lifecycle of these loans. Currently we are working on improving the beta version of the platform to enhance its usability & functioning. This platform will ensure a smooth and transparent experience for both applicants and our team, further solidifying our commitment to operational excellence. The Fabricator Loan made its debut in June 2023 across three of our existing branches. We are delighted to share that by the close of Q2FY24, this product will be available in all our existing branches. Dedicated branches for these loans will soon be established in Southern India. These branches will not only cater to the Fabricator Loan but will also eventually extend our entire suite of SME Retail products, reaffirming our dedication to fostering growth across diverse sectors.

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Building a fee based income

In recent months, our Company has been proactively pursuing the expansion of its off-book AUM across both Wholesale and SME Retail sectors. This strategic effort has been channelled through mechanisms such as Direct Assignment (DA) and Co-Lending structures, aimed at cultivating a fee-based income stream.

Leveraging our understanding of the NCR Wholesale lending landscape, we have strategically engaged in lending activities via the Direct Assignment route, with lenders like Kotak Mahindra Bank Limited and Tourism Finance Corporation of India Limited. As of Q1, we have successfully extended loans amounting to ₹29 Crore through this avenue, reinforcing our commitment to effective partnerships.

In the SME Retail segment, our focus remains steadfast. Through the Direct Assignment route, we have extended loans totaling ₹20 Crore with Indian Overseas Bank, all of which will be allocated till H1FY24. A standout feature of these initiatives is the sustained generation of fees throughout the entirety of the loan lifecycle. This commitment to fee-based income is aligned with our Company's strategic vision. Importantly, under the Direct Assignment and Co-Lending frameworks, we have the potential to generate fees of up to 2% of the AUM, all while mitigating any recourse risk.

In recent months,
CSL has been actively pursuing expansion of its off-book AUM.

Continuing on the growth journey

As we set our sights on growth and strive to achieve our medium to long-term goals, we have identified key strategic priorities. As a well-capitalised lender with a moderate leverage ratio well within acceptable parameters, our immediate focus is to raise debt at attractive terms and scale our loan book.

While scaling our loan book, we are also committed to rationalising our Wholesale: SME Retail book mix, favouring the SME Retail vertical. This strategic move is pivotal to improving our cost-to-income ratio and diversifying our loan book, reducing reliance on a single segment. To cater to the response to our SME Retail vertical, we will expand our branch network by adding 6-10 branches in FY24 while consolidating some underperforming branches.



6-10 Branches

New Branch Launches Planned in FY24

We are optimistic about attaining another credit rating upgrade in the coming year, elevating us to an A rating, enhancing our ability to raise capital at competitive rates.

Creating opportunities for growth remains paramount, with ample headroom in both our verticals. In line with our strategic goals, we aim to expand into new domains and customer segments like SME Fabricator Loan, where we will work towards building domain expertise while also deepening our presence in existing segments & geographies.

We are optimistic about attaining another credit rating upgrade in the coming year, **elevating us to an A rating.**

Together, towards success

At CSL Finance, we firmly believe that true business success lies in a harmonious blend of profitability and empowered communities. In pursuit of this vision, we actively engage in diverse social initiatives, focusing on education, healthcare, and women empowerment. Our unwavering commitment to employee training and development is a testament to our dedicated team's efforts, and I extend my heartfelt gratitude to each and every employee for their unwavering commitment and passion.

I am equally thankful to our esteemed investors and shareholders, whose unwavering trust has been a driving force behind our growth. With your invaluable support, we are confident in our ability to seize opportunities and continue delivering outstanding performance and returns in the years ahead. Together, we will forge a brighter future, leaving a positive impact on our communities and stakeholders alike.

Warm regards,

Rohit Gupta
Managing Director

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FY23 PERFORMANCE

Building momentum, quarter on quarter

Over the last few years, our primary focus has been on judicious decision-making and prudent risk mitigation. This has borne well for us and we have witnessed a resilient, yet steadily growing performance quarter on quarter.

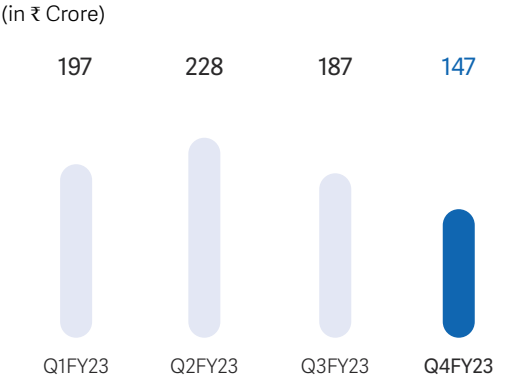
Loan book size

- Loan book stands at its highest-ever at ₹736 Crore as of FY23, registering a 42% growth YoY.
- During the year, the Company witnessed a significant ramp-up in the SME Retail vertical, leading to a rationalisation in the AUM-mix in favour of SME Retail. SME Retail: Wholesale mix stands at 40:60 in FY23, as compared to 27:73 a year back.
- Disbursements for the year stood at ₹759 Crore, registering a 54% growth YoY, despite intentionally lower disbursement in Q4 due to some NCD repayments scheduled in April 2023.
- Collection efficiency for the Wholesale segment remained at 100% throughout the year, and 98-99% for SME Retail segment.

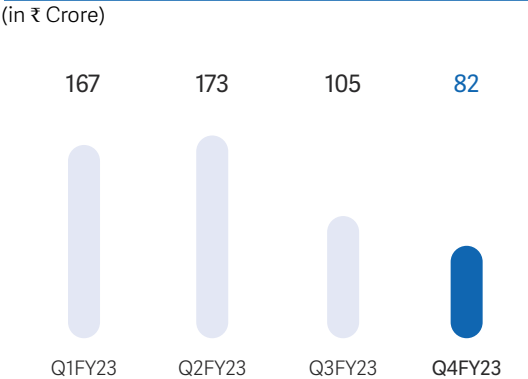
* Disbursements were lower in Q4FY23 particularly due to lumpiness in the Wholesale lending vertical

* Collections were lower in Q4FY23 particularly due to lumpiness in the Wholesale Lending vertical

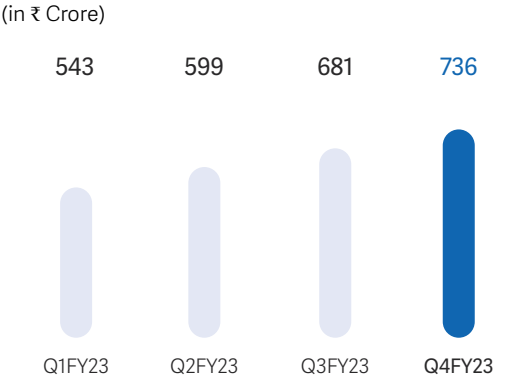
Disbursements*



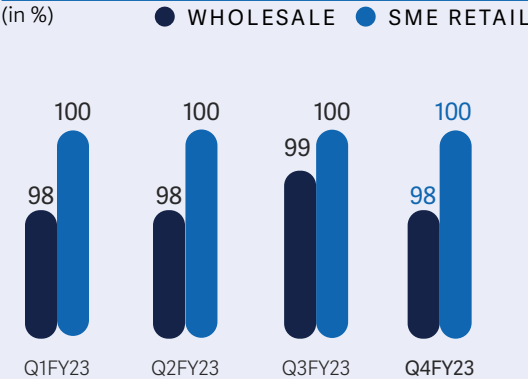
Collections#



Loan book



Collection efficiency: Wholesale & SME Retail



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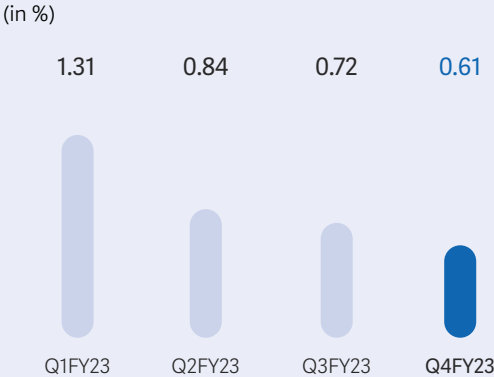
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FY23 PERFORMANCE (CONTINUED)

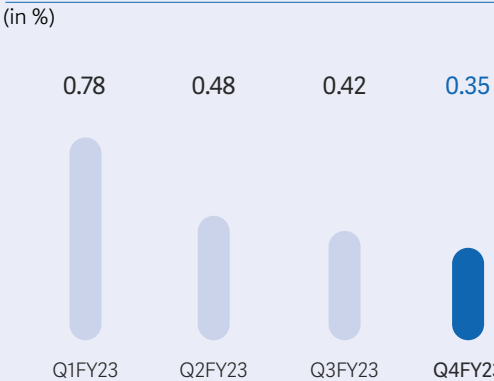
Asset quality

- Asset quality improved throughout the year, with both GNPA & NNPA falling consecutively in all quarters.
- The Company maintained a sufficient provision coverage ratio, higher than regulatory requirements.

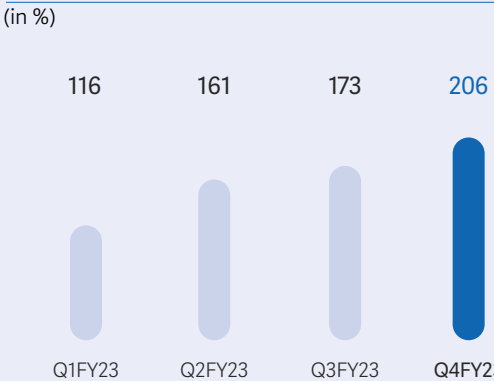
Gross NPA



Net NPA



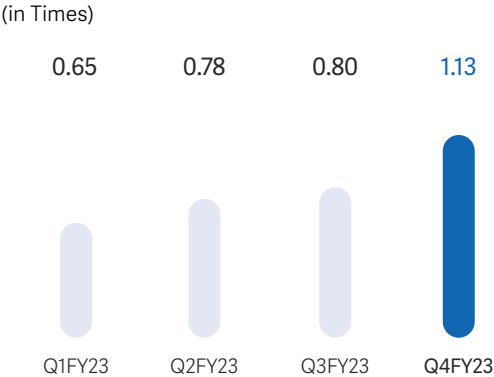
Provisional coverage ratio



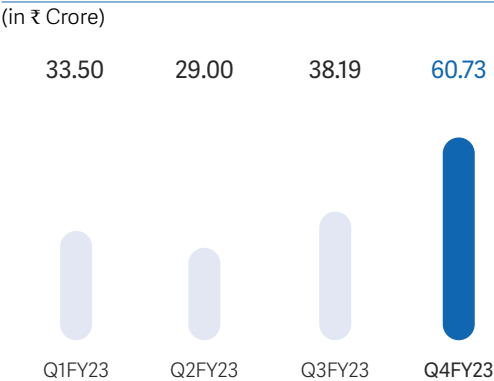
Treasury highlights

- The Company has adequate liquidity of ₹60.73 Crore and undrawn credit facilities as on March 31, 2023.
- Credit Rating for the Company stands at BBB+ Stable from India Ratings & Research.
- The Company has no ALM mismatch in the coming 24 months.
- The leverage ratio is at a comfortable 1.13x as on March 31, 2023 with total outstanding borrowings of ₹408.06 Crore.

Leverage



Liquidity



Note: Higher liquidity reserved in Q4FY23 due to some NCD repayments scheduled Q1FY24

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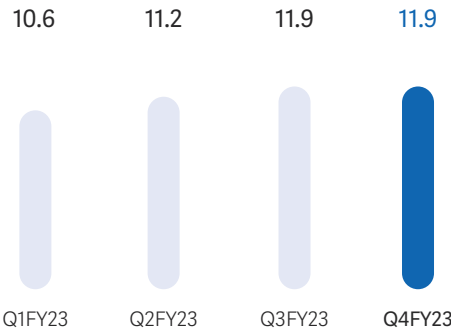
FY23 PERFORMANCE (CONTINUED)

Profit and loss highlights

- Net Interest Income for the year stood at ₹88 Crore, registering a growth of 41%. Subsequently, PAT for the year stood at ₹46 Crore, registering a growth of 36% YoY.
- Net interest income growth has been less than total income growth because:
 - Newer interest rates (linked to Repo/MCLR) kicked in from Q3 and Q4 led to increase in weighted average cost of borrowing
 - The Company intends to pass on the increase in borrowing cost in the coming year, which should improve net interest margins
- Yields have remained consistent throughout the year in both the business segments of the Company.

Profit after tax

(in ₹ Crore)



Net interest income

(in ₹ Crore)



Total income

(in ₹ Crore)



Yields: Wholesale & SME Retail

(in %)

● WHOLESALE ● SME RETAIL



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Ascending the path of success

Since we began operations, our ambition has been to be recognised as a trusted and well-capitalised lender. In the last 5 years, we have progressed significantly towards this goal and have witnessed record performance through our strong fundamentals and a continuously improved credit rating.

As we continue on our journey, we remain steadfast in our commitment of easy finance for our customers and sustainable value for our stakeholders.

Total income

(in ₹ Crore)

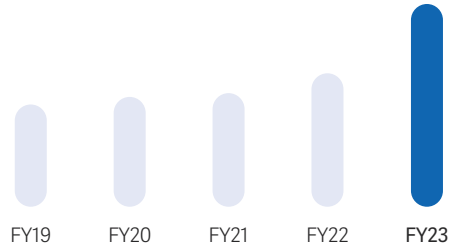
59.7 60.9 61.7 74.6 117.5



Interest income

(in ₹ Crore)

55.0 58.4 59.2 67.7 108.5



Net interest income

(in ₹ Crore)

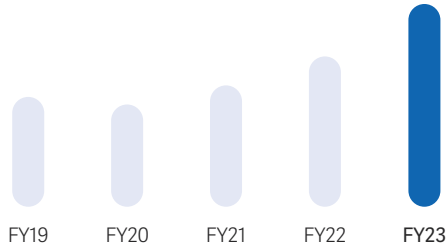
42.9 48.3 52.2 56.9 87.5



PAT

(in ₹ Crore)

25.2 22.4 27.5 33.7 45.5



Book value per share

(in ₹)

381.3 125.7 140.1 155.1 174.8



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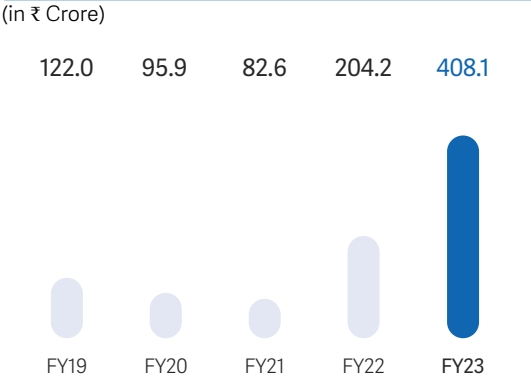
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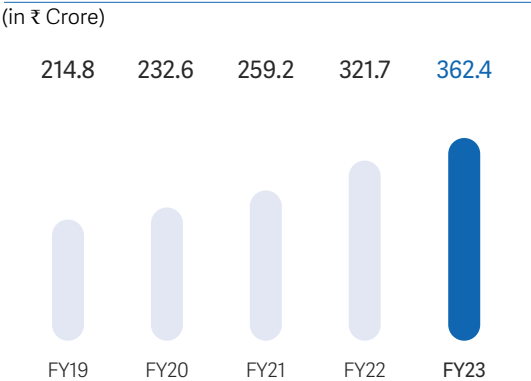
FIVE YEAR KPIs (CONTINUED)

EQUITY AND LEVERAGE

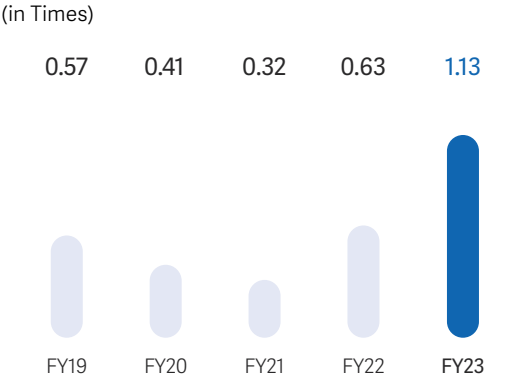
Borrowings



Net worth

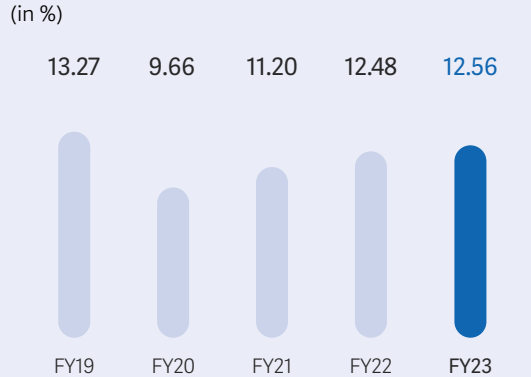


Debt-to-equity ratio



CAPITAL RETURN RATIOS

Return on equity



Return on asset



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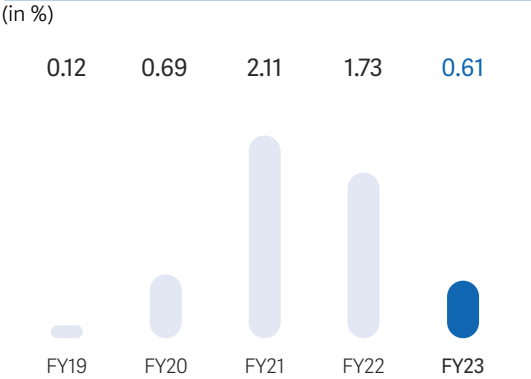
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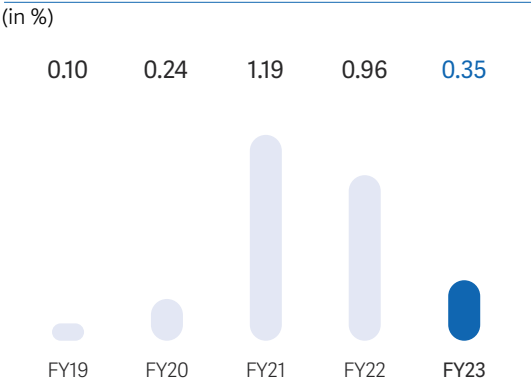
FIVE YEAR KPIs (CONTINUED)

ASSET QUALITY

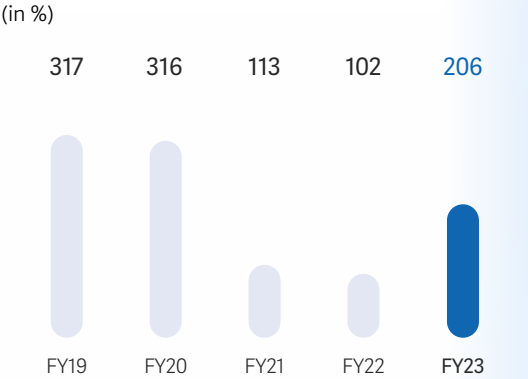
Gross NPA



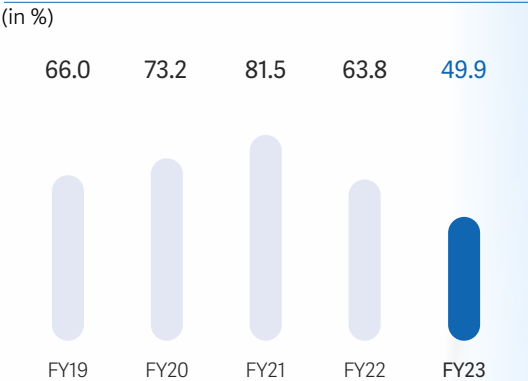
Net NPA



Provision coverage ratio



Capital adequacy ratio



Robust foundations. Promising prospects.



We have diligently cultivated several competitive advantages over the years, creating a niche position for ourselves within the industry. Through strategic foresight and insightful decision-making, we have established a strong foundation that bolsters our position in the market. These advantages have paved the way for promising prospects that lie ahead.

By prioritising innovation, customer-centricity and operational excellence, we have charted a clear course for the future. Our unwavering commitment to anticipating industry trends and embracing technologies exemplifies our strength and readiness for opportunities. As we continue to work diligently towards our goals, our robust foundations serve as a launching pad for the bright and prosperous future we envision.



Competitive Advantage
Strategic Priorities

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COMPETITIVE ADVANTAGE

Staying ahead of peers

Overview

We operate in a niche industry and pride ourselves in being able to retain the trust of our customers. That said, we are always learning from those around us and innovating ways to scale operations and become more efficient in the way we deliver value to all those associated with us.

Over the course of our journey, we have developed a few characteristics that have helped us maintain our competitive edge.



DOMAIN KNOWLEDGE

We adopt a strategic approach centred around our comprehensive market understanding and domain expertise within our sphere of competence. By prioritising geographical markets, specific customer segments and products, we aim to establish a robust presence and ensure a strong foundation before expanding further.



NICHE PRODUCTS AND SEGMENTS

We focus on niche product and customer segments, including small builder floor loans, affordable & mid-income housing projects in our wholesale vertical, and serving select small businesses in our SME retail portfolio. Through a flexible and proactive approach, we maintain competitiveness in these segments and products, leading to respectable capital return ratios.



WELL CAPITALISED

As a well-capitalised lender, we maintain a superior capital adequacy ratio and conservative leverage ratio, well within our risk parameters. Over the coming years, we will prioritise increasing our leverage ratio on our strengthened equity base to facilitate loan book growth.

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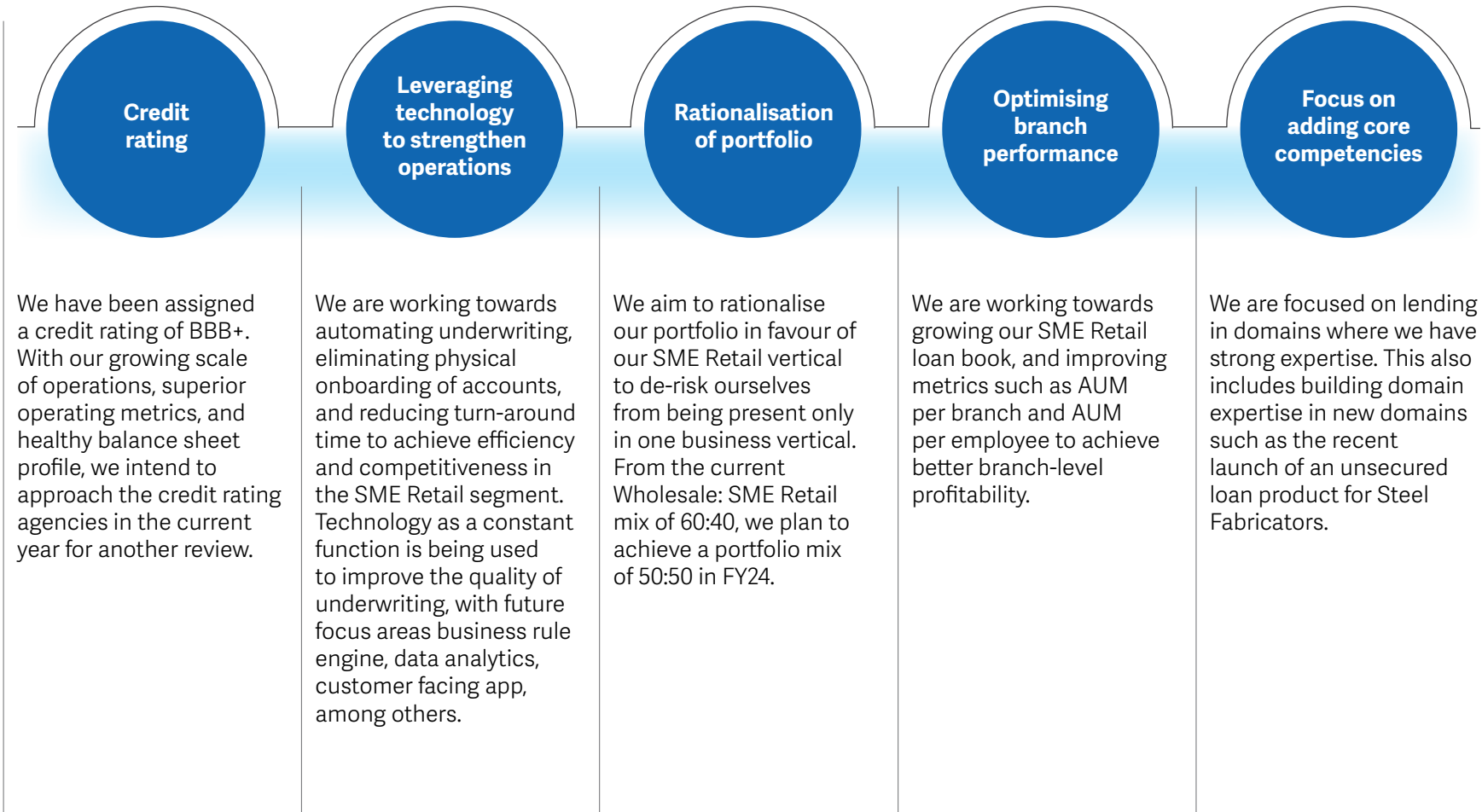
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STRATEGIC PRIORITIES

Well-poised to leverage opportunities

Overview

We have set definitive strategic priorities to make the most of opportunities that come our way, while also hedging the business against risks.



Responsible business. Empowered futures.



At our core, we recognise that our employees are the bedrock of our success. Hence, we are committed to fostering a conducive and motivating work environment for them, valuing their contributions, and recognising their efforts through rewards programmes.

However, our responsibility extends beyond our internal community. We firmly believe that a business cannot thrive without positively impacting the lives of the underserved. Thus, Corporate Social Responsibility (CSR) is a vital aspect of our business. We actively contribute to the betterment of society by engaging in meaningful initiatives that uplift communities and create lasting positive change. Through responsible business practices and a focus on empowering both our workforce and society, we are paving the way for brighter and more sustainable futures.

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EMPLOYEES

Putting people first

Overview

Our most valuable asset is our people. We firmly believe that the success of any organisation is intricately tied to the well-being and fulfilment of its employees.

As a company that prioritises its workforce, we are dedicated to fostering a supportive, inclusive, and empowering environment for every team member. Our commitment to our employees goes beyond providing competitive benefits; we aim to cultivate a culture of growth, collaboration, and continuous learning.



Engagement activities

Birthday and Festival Celebrations

At the Head Office, we cherish staff birthdays, organising engaging games and cake-cutting ceremonies across all departments. Festivals like Holi, Diwali, Independence Day, and Republic Day are commemorated with themed decorations, fun games, and team lunches, fostering unity and enjoyment. creating an atmosphere of excitement and camaraderie among employees.

Quarterly Sales Meet

They are held in each state to focus on FY24 sales and collection projections, along with the roadmap for success. We recognise achievers with R&R Awards presented by senior team members.

Women's Day and Men's Day Celebrations

They were held at the Head Office as a heartfelt tribute to make our employees feel special. It featured live sketching, engaging discussions, delightful snacks, and drinks, creating a memorable experience that honoured and appreciated the contributions of all our valued team members.

Quarterly Team Lunch

Quarterly team lunches at the Head Office and branches foster strong bonds within each department, providing a wonderful opportunity for team members to connect, collaborate, and share experiences. This nurtures a sense of unity and camaraderie among our employees.

Monthly R & R Award

Through our R&R Awards, we recognize deserving employees for their invaluable contributions to the Company's success. Awards include Best Branch Manager, Best Credit Manager, Best Officer for Credit and Operations, Best Relationship Managers in each zone, outstanding Regional Credit Managers/Regional Sales Managers, and Employee of the Month.

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EMPLOYEES (CONTINUED)

Training

Topic	Impact
Training for LOS and Collection for new and old employees	Equips our sales team with the latest sales techniques which has resulted in increased sales and improved customer satisfaction
Legal & Credit Policy training and issue gathering and discussion	Equips our credit team to be well aware about the credit decisioning, underwriting policies and deviations related to business and property matters
Monthly induction from HR	Improved working culture, better aware about the working environment and policies of the Company, open door policy with HR

All these programmes are carried out each month.

Special events

In November 2022, we proudly hosted our Annual Fest at Jim Corbett, offering a three-day trip for the Head Office and eligible branch staff to interact, bond and build strong relationships. The event featured R&R Awards, team-building activities and more, creating unforgettable memories and strengthening camaraderie among employees.

We organised a sports meet on Independence Day for our Delhi/NCR employees, providing a refreshing change for sports enthusiasts. The event combined celebration with healthy competition, fostering team spirit and camaraderie.



Improvement to infrastructure

We ramped up infrastructure across branches by shifting 70% of them to a newer and better location.

We rebranded the remaining branches using a specific colour theme.

We also equipped the branches with proper IT and hardware infrastructure and put up re-branding posters.

70%

Branches shifted to newer & better locations



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CORPORATE SOCIAL RESPONSIBILITY

Empowering impactful change

Overview

For us, at CSL Finance, CSR is not just a moral imperative but also a strategic decision that plays a vital role in our journey towards sustainable success. We firmly believe in empowering the communities we serve, fostering a symbiotic relationship where their growth directly translates to our own success.

We focus on the areas of education, women empowerment and healthcare. Through targeted initiatives, we foster learning opportunities, support women's leadership and uplift underserved populations, contributing to a more equitable and thriving society.



The CSL Foundation

CSL Foundation was established in FY22 to further our social goals and maximise positive impact on the communities. It is driven by a clear vision and mission to strengthen the community by empowering and enlightening the lives of underprivileged children and women. This commitment is actualised through year-round initiatives that prioritise child education, skill development, women empowerment, and raising awareness about health and sanitation.



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Towards quality education and better healthcare access

Sakshar

Through this initiative, the Foundation empowers underprivileged children by providing mentorship and diverse learning opportunities beyond classrooms. We design, implement and conduct engaging, hands-on education programmes, preparing students for a global, tech-driven world. We offer workshops, educational trips, materials and infrastructure support to assist students in their learning journey.



250 Children

Benefitted with the help of
10 teachers and assisting
members of schools till date



Naritva

The project empowers women and young girls through health and social initiatives. We prepare girls for menstruation with engaging comic books, MENSTRUPEDIA and GULLU, discussing bodily changes and challenges. In collaboration with healthcare centres, we provide free sanitary napkins and facilitate mass weddings for socially victimised women.

We also organised a 'Run for Beti' marathon to spread awareness about women's rights and safety.



We assumed responsibility for a school that catered to underprivileged children, accommodating approximately 150 kids initially. Since then, we have transformed it into a well-organised institution offering education up to the 8th standard, currently serving a total of 250 children. Further, to raise awareness about the fundamental rights, responsibilities and healthcare of girl children, we orchestrated a Run in December 2022. This event witnessed an impressive gathering of over 2,000 participants at Connaught Place, Delhi.

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Management Discussion and Analysis

Indian economy

During FY23, the Indian economy faced challenges due to the transmission of global shocks through commodities prices and exchange rates, leading to elevated and persistent inflation. However, the economy displayed remarkable resilience, emerging as one of the world's fastest-growing major economies. This growth was driven by robust domestic consumption and a relatively lower reliance on international trade.

According to a recent report from the National Statistics Office (NSO), the Indian GDP surpassed market expectations, recording a substantial growth rate of 7.2%. This impressive performance was bolstered by increased activity in the manufacturing and agricultural sectors.

Notably, the industrial sector experienced a significant upswing during the first half of FY23. Gross Value Added (GVA) witnessed a remarkable increase of 3.7%, outpacing the average growth rate of 2.8% recorded during the preceding decade, as revealed by the Economic Survey 2022-23. Several factors contributed to this growth surge, including robust private final consumption expenditure, export incentives,

heightened investment demand due to public CAPEX, and improved bank and corporate balance sheets, which collectively fuelled industrial expansion. This growth was evident in key indicators such as the PMI manufacturing index, which remained in the expansion zone since July 2021, and the healthy pace of growth in the Index of Industrial Production.

An intriguing development observed during FY23 was the disparity between high bank credit growth and relatively subdued deposit accretion. Bank credit witnessed a significant surge, growing at 15.4% YoY, driven primarily by loans to the retail and services sectors. This robust credit uptake extended across all segments, comprising a mix of both term loans and working capital. On the other hand, deposit growth remained more muted at 9.6% growth rate YoY. This slower growth in deposits was largely attributed to the gradual drainage of the surplus system liquidity that had been injected by the Reserve Bank of India during the pandemic period. The combination of high credit demand and comparatively restrained deposit growth presented a unique challenge for the banking sector during the fiscal year.

Despite its economic strength, India remained susceptible to external shocks that could impact significant macroeconomic variables. However, efforts to manage inflation by implementing an inflation-targeting framework led to a positive development. Retail inflation decreased to a 16-month low of 5.66% in March 2023, slightly below the upper tolerability level of 6% set by the Reserve Bank of India. The central bank's Monetary Policy Committee responded by raising the repo rates to 6.25% during FY23, with a total increase of 250 basis points, aiming to maintain inflation at manageable levels.

Outlook

The Reserve Bank of India (RBI) projects India's economic growth to moderate in FY24, settling at 6.5%. This adjustment comes as the International Monetary Fund (IMF) slightly lowers its growth forecast for 2023, and global trade in goods and services is expected to further decelerate, driven by efforts to cool inflation through higher interest rates. Despite these challenges, the G-10 central banks nearing the peaks of their respective rate hike cycles will have a positive impact on the Rupee's stability.

While merchandise growth is likely to slow, evident from the Q4 2023 contraction in exports, services exports have remained robust.

Supported by substantial remittance inflows, this has resulted in a manageable Current Account Deficit, expected to be around 2.4% of GDP in FY23, and anticipated to further decrease in FY24. As a result, a surplus in the net Balance of Payments is expected, aiding the stability of the Rupee and enabling the RBI to replenish its foreign exchange reserves. Moreover, inflation is projected to gradually moderate, with RBI anticipating CPI inflation to average 5.1%, down from 6.6% in FY23. India's macroeconomic fundamentals remain strong, positioning it as a bright spot amidst the uncertainties of the global environment. Although risks to the growth-inflation balance persist, the ongoing structural reforms and economic resilience will serve as a buffer against potential shocks.

The government's continued focus on capital expenditure will gradually attract private sector investment. However, in line with the broader economic slowdown, bank credit growth is expected to moderate in the coming year, leading to a reduction in the divergence between credit and deposit growth. Nonetheless, deposit growth is likely to improve slightly, encouraged by higher interest rates as an incentive, and an anticipated enhancement in system liquidity conditions during the second half of the year.

(Sources: The RBI, IMF, NSO)

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For more information visit website - www.csloffinance.in

NBFC sector

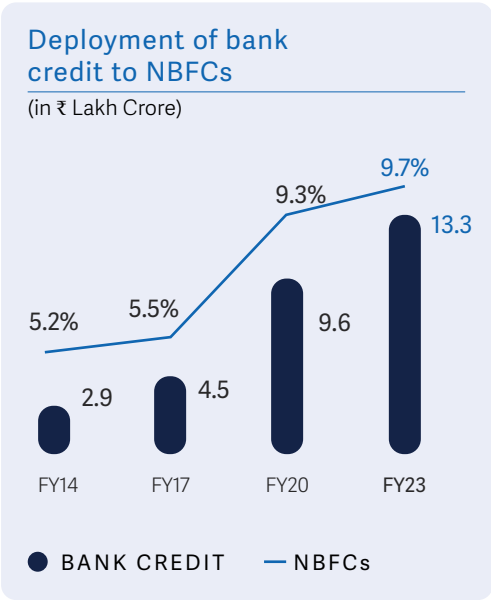
In the previous fiscal year, the non-banking financial company (NBFC) sector experienced a significant surge in credit demand, primarily driven by pent-up consumer demand and an improved operating environment for borrowers. This growth was especially notable in the unsecured segments, where the adoption of digitalization in borrower onboarding and underwriting processes, access to comprehensive borrower data, and leveraging of established borrower franchises contributed to the strong performance. Consequently, the NBFC sector witnessed an impressive overall growth rate of 25%, surpassing expectations, and the assets under management (AUM) exceeded ₹14 trillion as of March 2023.

Within the retail exposure growth of NBFCs in FY23, the unsecured segments (excluding microfinance) played a pivotal role, representing personal/consumer loans and unsecured business loans, with an estimated growth rate of about 45% during the last fiscal year. On the other hand, the secured segment, comprising vehicle loans, gold loans, mortgage-backed loans, and similar products, experienced a relatively moderate growth pace of about 17-18% during the same period. Consequently, the share of the unsecured segment in the NBFCs' retail AUM rose to approximately 23%, up from 17% in March 2021. Microfinance, another unsecured segment, accounted for an estimated 11% of the retail AUM of NBFCs as of March 2023.

Over the last 10 years, the share of banks lending to NBFCs has approximately doubled. However, a 250 basis points increase in the Repo Rate within twelve months resulted in higher borrowing costs for NBFCs through market instruments. Consequently, banks' term loans emerged as the preferred source of borrowing for the NBFCs due to this development.

₹14 Trillion

Assets under management (AUM) of NBFCs as of March 2023



(Source: The RBI, BCG Analysis)

Trends driving the NBFC sector

1. Resource diversification

- Diversification from heavy dependence on bank borrowings
- Issuance of NCDs by NBFCs almost doubled in FY23 and surpassed the FY20 levels
- Within NBFCs, retail-focused NBFCs and infrastructure financiers saw healthy growth in NCD issuances
- Securitisation volumes zoomed to ₹1.8 trillion in FY23 on account of an increase in funding requirements to meet the demand

2. Product diversification

- Several NBFCs and HFCs are diversifying their product portfolio or adding new products that could drive growth
- NBFCs are focusing on under-penetrated segments such as affordable housing, small business loans and used vehicles

3. Diversified service models

- Platform model: Partnerships with fintechs to offer loan products on their platform
- Enabler model: The fintech provides technology solutions to NBFCs



Outlook

The retail AUM of NBFCs is expected to grow 12-14% in FY24. Nevertheless, there is expected to be a moderation in the Return on Managed Assets (RoMA) during the same period, likely settling at around 2.4-2.6%. This moderation is a consequence of the full impact of increased borrowing costs, which will have an effect on margins. However, NBFCs' ability to transfer the higher costs to their incremental lending and adjust their product offerings, along with an improvement in asset quality, will help mitigate the impact of margin compression to some extent.

(Source: ICRA, BCG)

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

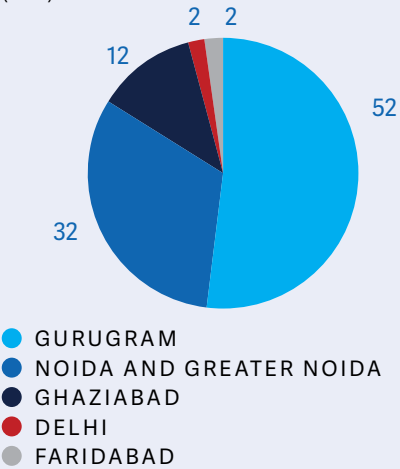
Real estate in NCR

After the pandemic, the Indian real estate industry underwent a remarkable revival. Among various major cities, the National Capital Region (NCR) experienced a notable surge in demand for home buying. This upswing can be attributed to the temporary halt in the repo rate hike cycle in 2023, providing much-needed relief to prospective homebuyers. Additionally, the introduction of new properties to the market has been met with a positive response from interested buyers.

Developers continued to introduce new projects to cater to the latent demand from homebuyers. At the same time, many developers intensified their efforts to acquire new land for future projects in their pipeline. Notably, the peripheral areas of the NCR have seen an increase in new property launches. These launches consist of amenities-rich group housing, independent floors and gated plotted developments that cater to the preferences of modern homebuyers. This strategy allows developers to meet the evolving demands of the new-age homebuyer while ensuring a steady supply of projects for the market's future needs.

Total units sold in H1 2023

(in %)



Real estate developers in NCR are acquiring land and partnering with landowners to meet the surging demand from homebuyers. The demand has surpassed pre-pandemic levels and is growing manifold. Upcoming infrastructure upgrades, such as the Dwarka Expressway, Delhi-Mumbai Expressway, and Gurgaon Metro extension, are expected to further boost the real estate sector in NCR and drive demand in the coming years.

(Source: Knight Frank)

Company overview

CSL Finance Limited is a registered Non-banking Finance Company (NBFC) under the oversight of the Reserve Bank of India. It is listed on both the NSE and BSE stock exchanges. As a comprehensive platform, the Company caters to the financing requirements of Small and Medium-Sized Enterprises (SMEs) and various real estate and non-real estate corporates by offering an array of secured loan products. With a team comprising experienced and dynamic professionals, CSL Finance is committed to realising the dreams of entrepreneurs by bridging the financial gap and empowering them to grow their businesses.



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MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business overview

Wholesale lending

CSL Finance's Wholesale Lending business offers distinctively tailored loan products to real estate developers in the NCR-region, specifically for group housing and single-plotted projects. These loans are secured against the projects they have already developed or intend to develop in the future. The Company has developed different categories of loan products, each catering to specific project types, such as Affordable Group Housing, Mid-Income Group Housing, and Small Builder Floors (G+4 buildings).

The Company emphasises funding projects where developers contribute a substantial capital investment. This approach aims to minimise project execution risks, ensuring a more secure financing environment for all stakeholders involved.

SME retail lending

CSL Finance's SME Retail division focuses on addressing the financial needs of under-served and unbanked SME & MSME customers through secured and collateralized loans. Instead of relying on traditional banking and lending scorecards, this vertical adopts a unique approach that leverages alternative data. Multiple factors, such as the business's operations, cash flows, and business vintage, are considered for the loan underwriting process.

After conducting thorough due diligence, this division promptly disburses small and flexible ticket-size loans to cater to the specific requirements of SMEs and entrepreneurs. The loans are typically extended to SMEs operating in diverse industries, including education, medicine, agriculture and FMCG trading. Additionally, this financing option is also made available to salaried professionals who have limited access to core banking services.

FY23 performance overview

CSL Finance recorded strong performance during the year on the back of its strengthened infrastructure, efficient processes and workflow and a stronger team.

The Company's loan book grew from ₹520 Crore in FY22 to ₹736 Crore in FY23, marking a 42% growth. Parallely, disbursements grew from ₹491 Crore to ₹759 Crore in FY23. Total income increased by 57% to stand at ₹118 Crore while net interest income grew by 43% to ₹88 Crore. The Company's PAT stood at ₹46 Crore during the year, recording a growth of 36%.

The Company significantly ramped up the SME Retail vertical during the year, leading to rationalisation in the AUM-mix in favour of the vertical. Focus on extensive training and migration programmes continued during the year. Seven new lenders were onboarded during the last financial year. With new lenders onboarded, the Company has increased its leverage ratio to 1.13x as of FY23, compared to 0.65x in FY22.

₹736 crore

Loan book grew from ₹520 Crore in FY22 to ₹736 Crore in FY23

Outlook

CSL Finance holds a promising outlook for the upcoming financial years, with abundant opportunities present in both of its business verticals. It firmly believes that there is substantial potential for growth in both areas, provided it can secure debt at favourable interest rates. The Company anticipates a credit rating upgrade to A status in the coming financial year, which will improve access to capital.

The Company will be launching 6-10 branches in FY24, while consolidating some of its underperforming branches. Rajasthan and Gujarat continue to be the better-performing markets for the Company in the SME Retail vertical.

Furthermore, the Company has set its sights on accelerating the expansion of its SME Retail vertical while strategically optimising the overall mix of assets under management (AUM) in favour of this segment. This approach is expected to lead to an improved Cost-to-Income ratio and enhance profitability metrics, aligning with the Company's long-term growth objectives. The Company has also launched a new product category within the SME Retail vertical - SME Fabricator Loan, which has a good outlook for the year to come. With such prudent strategies in place, the Company is well-positioned to capitalise on the available opportunities and achieve sustained success in the coming years.



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MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Risks and concerns

CSL Finance maintains constant vigilance over both external environments and internal risks, ensuring it remains well-prepared with effective risk mitigation measures to address potential threats. This proactive approach allows the Company to capitalise on opportunities arising from various events and effectively navigate challenges posed by potential threats. Some of the identified risks and concerns include:

1. A slowdown in the global and Indian economy, potentially triggered by escalating geopolitical tensions
2. The persistent rise in interest rates as central banks respond to current inflationary pressures in the economy
3. A potential slowdown in the real estate sector, which could impact collections and loan book growth within the Wholesale lending vertical
4. The possibility of facing challenges in raising funds at competitive borrowing costs, which may have an impact on the company's overall profitability and growth
5. Execution risks associated with the Company's emerging business vertical, specifically SME Retail & its newly launched unsecured loan product - Fabricator Loan

By closely monitoring these factors, CSL Finance endeavours to proactively address and mitigate potential risks while seizing opportunities for sustainable growth and maintaining a robust financial position.

Human resources

CSL Finance considers its people as the driving force behind the organisation. Their well-being directly impacts productivity, efficiency and overall performance. Fostering a positive work culture that prioritises the needs of employees creates a sense of belonging and instils a strong sense of commitment. The Company undertakes a variety of initiatives to empower and motivate its people:

- Bespoke incentives structure and rewards programme
- Engagement activities such as team lunches and celebrations of birthdays, anniversaries and festivals
- Training and development on a variety of topics
- Annual Fest hosted at Jim Corbett for the Head Office
- Sports meet on Independence Day for the NCR employees

As on March 31, 2023, CSL Finance had 257 skilled and committed employees on the team.

257

Skilled and committed employees

Information technology

In the rapidly evolving landscape of technology, harnessing its vast potential to enhance organisational efficiency has become an imperative for every company. At CSL Finance, we recognize this imperative and have directed our efforts towards leveraging technology's immense benefits across various operational facets. Our focus lies in optimising disbursement turnaround times, elevating credit underwriting processes, expediting customer onboarding, and elevating the post-disbursement service experience.

RECENT ACHIEVEMENTS:

- SMS & WhatsApp Integration for EMLs & deliverables
- Legal & technical vendor integrations in LOS
- E-NACH & Aadhar Based NACH LIVE for all sanctioned cases
- Banking statement analyser integrated in LOS
- Pre-printed loan agreement
- Multiple third party API integrations to eliminate frauds in LOS pertaining to KYC, GST, Vehicle RC, among others
- Mobile Collect for collections module
- Extensive reporting tool
- Extensive credit enhancements
- Launch of new Unsecured Loan products in LOS
- Multiple Bureau Checks & Analysis through various credit bureaus

ROADMAP FOR THE COMING YEAR:

- Business Rule Engine
- Airtel Payments Bank Integration for cash deposit point
- Data Analytics
- BI Dashboards
- Lead Management System
- Treasury Management System
- Virtual Accounts with HDFC BANK
- Legal status tracking & crime check Integrations
- Communication Engine in LMS
- Document Management System
- Customer Facing App
- CKYC

Cautionary statement

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

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Company Information

Corporate Identity Number (CIN)

L74899DL1992PLC051462

Board of Directors

Mr. Rohit Gupta
(Managing Director)

Mr. Ashok Kumar Kathuria
(Non-Executive Director)

Ms. Rachita Gupta
(Whole Time Director)

Mr. Subhash Chand Kwatra
(Independent Director)

Mr. Parmod Bindal
(Independent Director)

Mr. Ayussh Mittaal
(Independent Director)

Chief Financial Officer

Mr. Naresh Chandra Varshney

Company Secretary & Compliance Officer

Ms. Preeti Gupta

Listed at

National Stock Exchange of India Limited
BSE Limited

Statutory Auditors

S.P. Chopra & Co.,
Chartered Accountants

Internal Auditors

R. Mahajan & Associates,
Chartered Accountants

Secretarial Auditors

Ganesh Sharma & Associates,
Company Secretaries

Registrar & Share Transfer Agents

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

Registered Office

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

Corporate Office

716-717, 7th Floor, Tower – B,
World Trade Tower, Sector - 16
Noida, Uttar Pradesh-201301.
Phone: 0120-4290650-52-53-54
Email Id: Investor@csloffinance.in
Website: www.csloffinance.in

List of Banks

- State Bank of India
- HDFC Bank Limited
- AU Small Finance Bank
- Kotak Mahindra Bank
- ICICI Bank
- Indian Bank
- Utkarsh Small Finance Bank
- Fincare Small Finance Bank
- Federal Bank
- Punjab National Bank
- Indusland Bank

List of Institutions

- Muthoot Capital
- Cholamandalam Investment and Finance Company
- Tata Capital
- Tourism Finance Corporation of India
- Kotak Mahindra Investments Limited
- STCI Finance Limited

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Notice of 31st Annual General Meeting

NOTICE IS HEREBY GIVEN that the 31st (Thirty-First) Annual General Meeting ("AGM") of the Members of **CSL Finance Limited** ("the Company") will be held on Saturday, 23 September, 2023 at 12:00 Noon (IST) through Video Conferencing ("VC")/Other Audio-Visual Means ("VC/OAVM"), in conformity with the regulatory provisions and circulars issued by the Ministry of Corporate Affairs, Government of India to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at 410-412, 18/12, 4th Floor, W.E.A., Arya Samaj Road, Karol Bagh, Delhi - 110005.

Ordinary Business

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March, 2023 and the Reports of the Board of Directors' and Auditors, thereon.
2. To confirm the payment of final Dividend of ₹ 2.5/- per equity shares of ₹ 10/- each for the Financial Year ended 31 March, 2023.
3. To appoint Director in place of Mr. Ashok Kumar Kathuria (DIN: 01010305), who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board
For **CSL Finance Limited**

Place: New Delhi
Date: 25 August, 2023

Preeti Gupta
(Company Secretary & Compliance Officer)

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Notes:

- (i) Since this AGM is being held through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM'), (a) Members will not be able to appoint proxies for the meeting, and (b) Attendance Slip & Route Map are not annexed to this Notice.
- (ii) Corporate Members are requested to send a certified copy of the Board Resolution authorising their representative to attend this AGM, pursuant to Section 113 of the Act, through e-mail at investor@csfinance.in
- (iii) In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Resolutions for consideration at this AGM will be transacted through remote e-Voting (i.e. facility to cast vote prior to the AGM) and also e-Voting during the AGM, for which purpose the Board of Directors of the Company ('the Board') have engaged the services of National Securities Depository Limited ('NSDL'). The Board has also appointed Mr. Ganesh Dutt Sharma, (C.P. No.: 16085), as the Scrutinizer to scrutinize the process of e-Voting. Detailed instructions for e-Voting and also for attending the AGM are annexed.
- (iv) **Remote e-Voting will commence at 9:00 a.m. on Wednesday, 20 September, 2023 and will end at 5.00 p.m. on Friday, 22 September, 2023**, then remote e-Voting will be blocked by NSDL.
- (v) Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on **Saturday, 16 September, 2023 (cut-off date)**. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-Voting or e-Voting during the AGM. Those who are not Members on the cut-off date should accordingly treat this Notice as for information purposes only.
- (vi) The Register of Members and Share Transfer Books of the Company will remain closed from **Sunday, 17 September, 2023 to Saturday, 23 September, 2023** (both days inclusive).
- (vii) Pursuant to the Income-tax Act, 1961, dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing detailed information & instructions with respect to tax on the Final Dividend for the financial year ended 31 March, 2023 is being sent separately to the Members. The said communication will also be made available on the Company's corporate website www.csfinance.in.
- (viii) In conformity with the regulatory requirements, the Notice of this AGM and the Report and Accounts 2023 are being sent only through electronic mode to those Members who have registered their e-mail addresses with the Company or with the Depositories. Members desirous of obtaining physical copies of the said Notice and the Report and Accounts 2023 are required to send a request to the Company, mentioning their name and DP ID & Client ID/folio number, through e-mail at investor@csfinance.in
- (ix) Members holding shares in physical form and who have not updated their e-mail ids with the Company are requested to update their e-mail ids by writing to the Company at investor@csfinance.in along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the Permanent Account Number (PAN) card, and self-attested copy of any document (eg.: Driving License, Voter Identity card, Passport, Aadhaar card) in support of the address of the Member. Members holding shares in dematerialised (demat) mode are requested to register/update their e-mail id with the relevant DPs. In case of any queries/difficulties in registering the e-mail id, Members may write to investor@csfinance.in
- (x) Members who would like to express their views or ask questions with respect to the agenda items of the meeting will be required to register themselves as speaker by sending e-mail to the Company Secretary at investor@csfinance.in from their registered e-mail address, mentioning their name, DP ID & Client ID/folio number and mobile number. Only those Members who have registered themselves as speaker by 10.30 a.m. on Friday, 15 September, 2023 will be able to speak at the meeting. The Company reserves the right to restrict the number of questions and/or number of speakers, depending upon availability of time, for smooth conduct of the AGM. Further,

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Members who would like to have their questions/queries responded to during the AGM are requested to send such questions/queries in advance within the aforesaid time period.

- (xi) The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 of the Act, and the Certificate from the Secretarial Auditors in respect of the Company's Employee Stock Option Scheme will remain available for inspection through electronic mode during the AGM, for which purpose Members are required to send an e-mail to the Company Secretary at investor@csloffinance.in
- (xii) The Notice of 31st AGM along with the Annual Report for the FY 2022-23, is available on the website of the Company at www.csloffinance.in, on the website of Stock Exchanges i.e., BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL at www.evoting.nsdl.com.

II. Instructions for remote e-Voting

Step 1: Access to NSDL E-Voting System

A) Login Method for E-Voting and joining Virtual Meeting for Individual Shareholders holding securities in Demat Mode

In terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09 December, 2020 on e-Voting facility provided by Listed Companies; e-Voting process has been enabled for all individual demat account holders, through their demat account maintained with DPs. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for e-Voting and joining the AGM for Individual Members holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against Company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Instructions for Attending the Agm and also for e-Voting

I. Instructions for attending the AGM through VC/OAVM

- (a) Members who wish to attend this AGM through VC/OAVM are requested to follow the steps enumerated under (II) below for login to the NSDL e-Voting system.

After login, click on the 'VC/OAVM' link appearing under 'Join Meeting' against the Electronic Voting Event Number ('EVEN') of CSL Finance Limited.

- (b) The facility for the Members to join this AGM through VC/OAVM will be available from 30 minutes before the time scheduled for the meeting and may close not earlier than 15 minutes after the commencement of the meeting.
- (c) Members are requested to login to the NSDL e-Voting system using their laptops/desktops/tablets with stable Wi-Fi or LAN connection for better experience. Members logging in from mobile devices or through laptops/desktops/tablets connecting via mobile hotspot or with low bandwidth, may experience audio/video loss due to fluctuation in their respective network.

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For more information visit website - www.csloffinance.in

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

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

B) Login method for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

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

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

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4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

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

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

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

- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - "Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.
- After you click on the "Login" button, Home page of e-Voting will open.

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

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

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

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- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Other Instructions

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csganeshdutt@gmail.com with a copy marked to evoting@nsdl.co.in.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Amit Vishal at evoting@nsdl.co.in.

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

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investor@masserv.com or investor@csfinance.in

- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investor@masserv.com or investor@csfinance.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1(A) i.e., Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing above mentioned documents.
- In terms of SEBI circular dated 09 December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

The instructions for members for e-Voting on the day of the AGM are as under:

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

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General information:

- a) There will be one vote for every DP ID & Client ID/folio number irrespective of the number of joint holders.
- b) Members facing any technical issues related to login may reach out to the respective depositories’ helpdesk by sending a request on the email ids or contact on the phone nos. provided below:

NSDL	Email: evoting@nsdl.co.in Phone No.: 022 - 4886 7000/022 - 2499 7000
CDSL	Email: helpdesk.evoting@cdslindia.com Toll Free No.: 1800 22 55 33

- c) The Results of voting will be declared within two working days from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, along with the Scrutinizer’s Report, will be available forthwith on the Company’s website www.csloffinance.in under the section ‘Investor Relations’ and on the website of NSDL; such Results will also be forwarded to the National Stock Exchange of India Limited and BSE Limited, where the Company’s shares are listed.

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Annexure-A to Item 3 of the Notice

Details of Directors seeking re-appointment at the 31st Annual General Meeting of the Company pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard-2 on General Meetings.

Name of Director	Mr. Ashok Kumar Kathuria
DIN	01010305
Date of Birth	24-02-1959
Nationality	Indian
Original date of appointment on Board	29 October, 2005
Qualifications	Bachelors of Arts
Experience and expertise in specific functional area	Mr. Kathuria has been associated with the Company since its inception. He has served the Company as Director since 2005 and holds experience in managing back-end operations, documents processing, liaisoning and Administration across various projects and assignments. He has handled various assignments single handedly and led his work in a way that is highly appreciable.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Shareholding in the Company (as on 31 March, 2022)	Nil
Directorships held in other companies in India (as on 31 March, 2023)	CSLA Advisors Private Limited

Chairperson/membership of Committees	CSL Finance Limited: <ul style="list-style-type: none">Corporate Social Responsibility Committee - MemberManagement Committee - MemberNomination and Remuneration Committee - MemberStakeholders Relationship Committee - ChairpersonInternal Complaints Committee - Member
Number of meetings of the Board attended during the last Financial Year 2022-23	8/8
In case of Independent Directors - the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Not Applicable
Terms and conditions of re-appointment along with details of remuneration sought to be paid	Mr. Kathuria, Director is liable to retirement by rotation. No remuneration, sitting fees or commission is proposed to be paid to him

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Directors' Report

Dear Shareholders,

Your Company's Directors are pleased to present the 31st (Thirty First) Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31 March, 2023.

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), this report covers the Financial Results and other developments in respect of CSL Finance Limited during the financial year ended 31 March, 2023 and upto the date of the Board Meeting held on 25 August, 2023 to approve this report.

1. Financial Highlights

Particulars	(₹ in lacs)	
	Current Year 31 March, 2023	Previous Year 31 March, 2022
Revenue from operations	11723.68	7462.54
Other Income	29.27	17.37
Total Income	11752.95	7479.91
Expenses		
Operating Expenses	4690.27	2401.16
Depreciation, amortization and impairment	103.26	65.56
Other Expenses	806.29	537.76
Total Expenses	5599.82	3004.48
Profit/loss before Tax	6153.13	4475.43
Less: Tax Expenses	(1590.29)	(1130.49)
Profit for the year	4562.84	3344.94
Other Comprehensive Income	2.03	5.01
Total Comprehensive Income for the year	4564.87	3349.95

2. Operational Performance/the State of the Company's affairs

CSL Finance has built a sustainable foundation to accelerate its growth. Its customer-centric products, transparency in operations, relentless focus on customer convenience and investment in technology has helped accelerate its operations. CSL Finance is in the business of fostering the financial inclusion of unbanked and underserved SMEs, Real estate and non-real estate Corporates through flexible ticket size loans.

During the year, the Company had an excellent performance given the challenging industry dynamics. Its income during the year grew by 57% to ₹ 118 Crores in FY23 from ₹ 75 Crores in FY22. Profit After Tax (PAT) increased by 36% to ₹ 46 Crores in FY23 from ₹ 33 Crores in FY22, an increase of AUM by 42% to ₹ 736 Crores in FY23 from ₹ 517 Crores in FY22. The Net Worth increased by 13% from ₹ 321.68 Crores in FY22 to ₹ 362.40 Crores in FY23. As a prudent risk management practice. GNPA has declined to 0.61% in FY23 as compared to 1.73% in FY22.

The Company had 26 branches across India as on 31 March, 2023. A detailed analysis of the operational performance and state of affairs of the Company has been discussed in detail in the Management Discussion and Analysis Report and Strategic Review section of this Annual Report.

Depreciation and Finance Costs

During the year under review, Depreciation was ₹ 1.03 Crores as compared to ₹ 0.65 Crores for the previous year. Finance costs for FY 23 was ₹ 27.15 Crores as compared to ₹ 10.75 Crores for the previous year.

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Borrowings

The Total borrowings stood at ₹ 408.06 Crores (including debt securities) as on 31 March, 2023 as against ₹ 204.16 Crores as on 31 March, 2022.

Capital Adequacy Ratio

Your Company's total Capital Adequacy Ratio (CAR), as on 31 March, 2023 stood at 49.88% as compared to 63.82% as on 31 March, 2022.

3. Change in the Nature of Business, if any

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

4. Dividend

RBI vide its circular dated 24 June, 2021, has laid down a framework for the declaration of dividend by NBFCs. Accordingly, the Board of Directors after taking into account various aspects and in compliance with the said circular, recommend for consideration of the members at the ensuing Annual General Meeting ('AGM'), payment of a dividend of 25% i.e., ₹ 2.50/- per equity share of ₹ 10/- each fully paid up for the year ended 31 March, 2023 on equity share capital of ₹ 22,78,26,210/-.

Total dividend proposed for the year does not exceed the ceilings specified in said circular/RBI Master Directions.

The dividend, if declared, at the ensuing AGM will be taxable in the hands of the members of the Company pursuant to Income Tax Act, 1961. For further details on taxability, please refer Notice of AGM.

5. Transfer to Reserves

The company proposes to transfer ₹ 9.13 Crores to Statutory Reserves in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

6. Share Capital

As on 31 March, 2023, the Share Capital of the Company stood at:

Authorised Capital	₹ 23,00,00,000/- (2,30,00,000 equity shares of ₹ 10 each fully paid-up)
Issued, Subscribed and Paid-Up Capital	₹ 20,73,26,210 (2,07,32,621 equity shares of ₹ 10 each fully paid-up)

No Equity Shares were issued with differential rights as to dividend, voting or otherwise. The Company has not resorted to any buy back of its Equity Shares during the year under review.

7. Key Initiatives/Developments

The Board of Directors in their meeting held on 20 June, 2023 proposed to raise funds through preferential issue of 17,00,000 equity shares to persons belonging to non-promoter category. The said proposal was duly approved by the Members in Extra-Ordinary General Meeting of the Company held on 21 July, 2023. Consequent to the said allotment of new equity shares on 27 July, 2023, the paid up capital of the Company stood increased to ₹ 22,43,26,210/- (2,24,32,621 equity shares of ₹ 10 each fully paid-up). The Trading Approval for the 17,00,000 equity shares was received by the Company from the both the exchanges and the shares are locked-in as per the regulations of SEBI (ICDR) Regulations, 2018.

Further the Management Committee of the Board of Directors in its meeting held on 11 August, 2023, allotted 3,50,000 equity shares of face value of ₹ 10/- pursuant to exercise of options attached to the convertible warrants held by Rohit Gupta (HUF), Promoter of the Company and Mr. Amit Ranjan, Mr. Chandan Kumar and Mr. Chirag Gupta, Non Promoters of the Company, consequent to the receipt of notice for exercise, along with the balance 75% of the application money due on the said warrants, i.e. ₹ 4,20,00,000 (₹ Four Crores Twenty Lacs). The trading approval for the 3,50,000 equity shares was received by the Company from both the exchanges and the shares are locked-in as per the regulations of SEBI (ICDR) Regulations, 2018.

8. Employee Stock Option Scheme ('ESOS')

The Company has CSL (Employee Stock Option Scheme), 2016 which is prepared as per the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations'). The said scheme was approved by shareholders vide Special Resolution dated 30 September, 2016.

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

During the financial year 2021-22, the shareholders of the company on 26 March, 2022 through Postal ballot by Remote e-voting have approved the revision in the Exercise Period from exiting 3 years to 5 years and have adopted the amended CSL Stock Option Scheme, 2016-11.

During the year under review, there was no material change in ESOS of our Company.

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As per Regulation 14 of "SBEB Regulations", read with SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated 16 June, 2015, the details of the "ESOS" are uploaded on our corporate website at <https://www.csloffinance.in/>

A certificate from Secretarial Auditor of the Company confirming that the Scheme has been implemented in accordance with the applicable Regulations would be made available for inspection by Members through electronic means.

The details of the scheme alongwith grant wise details of options vested, exercised and cancelled have been disclosed in Note 35 to the Financial Statements forming an integral part of the Annual Report.

9. Credit Rating

During F.Y. 2022-23, Credit Rating for the Company stands at BBB+ Stable from India Ratings & Research.

10. Corporate Governance

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

11. Management Discussion and Analysis Report

In accordance with Regulation 34 of LODR Regulations, the Management Discussion and Analysis Report is presented in a separate section, forming part of this Annual Report.

12. 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.

13. RBI Guidelines

The Company continues to comply with the Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and

Deposit taking Company (Reserve Bank) Directions, 2016 and all the applicable laws, regulations, guidelines, etc. prescribed by RBI from time to time.

14. Subsidiary Companies, Joint Ventures and Associate Companies

The Company has no subsidiary, Joint Ventures or Associate Companies during the year under review.

15. Number of Meetings of The Board

Eight (8) meetings of the Board were held during FY 2022-23. Details of the meetings and attendance thereat forms part of the Corporate Governance Report.

16. Committees of The Board

The Board has constituted necessary Committees pursuant to the provisions of the Companies Act, 2013, rules framed there under, SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015 and as per RBI Master Directions Framework for NBFCs. The Committees of the Board are Audit Committee, Stakeholders' Relationship Committee, Investor Relations & Share Transfer Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Management Committee, Internal Complaints Committee.

Information Technology Strategy Committee, Asset Liability Management Committee, Risk Management Committee are constituted in accordance with the Master Directions Framework for the NBFC issued by the Reserve Bank of India.

The Board has accepted all the recommendations of the above committees.

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

17. Directors and Key Managerial Personnel

As on 31 March, 2023, the Board of the Company consists of six Directors as follows and two Key Managerial Personnel:

Directors	DIN/PAN	Category
Mr. Rohit Gupta	00045077	Managing Director (Executive Promoter Director)
Mr. Ashok Kumar Kathuria	01010305	Non-executive Director

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Directors	DIN/PAN	Category
Mr. Parmod Bindal	06389570	Non-executive Independent Director
Mr. Subhash Chand Kwatra	08635939	Non-executive Independent Director
Mr. Ayussh Mittaal	07667437	Non-executive Independent Director
Ms. Rachita Gupta	09014942	Whole Time Director (Executive Promoter Director)
Mr. Naresh Chandra Varshney	ACNPV7047F	Chief Financial Officer
Ms. Preeti Gupta	APYPG6833L	Company Secretary & Compliance Officer

The composition of the Board is as per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31 March, 2023, there was no disqualification of any Director pursuant to Section 164 (2) of the Companies Act, 2013. The certificate has been received from Mr. Ganesh Dutt Sharma (COP: 16085), Proprietor of M/s. Ganesh Sharma & Associates, Company Secretaries, Delhi, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The said certificate is annexed to this Report as **Annexure-A**.

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

a) Change in Directorate

i. Appointment/Re-appointment

Mr. Parmod Bindal and Mr. Subhash Chand Kwatra have been appointed as Independent Director(s) on the Board of the Company w.e.f. 27 June, 2022.

The Board is of the opinion that Mr. Parmod Bindal and Mr. Subhash Chand Kwatra are person(s) of integrity, expertise and have relevant experience to serve the Company as independent director(s).

ii. Resignation

Mr. Manoj Gupta (DIN: 01160953), Independent Director resigned from the directorship of the company w.e.f. 27 June, 2022 and Ms. Anjna Mittal (DIN: 07143461), Independent Director resigned from the directorship of the Company w.e.f., 9 August, 2022.

b) Directors liable to retire by rotation

Mr. Ashok Kumar Kathuria retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment. Brief details of Mr. Ashok Kumar Kathuria, who is seeking re-appointment, are given in the Notice of AGM.

c) KMPs

During the year under review, there was no change in the KMPs.

18. Declaration by Independent Directors

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

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

The Company has received the following declarations from all the Independent Directors confirming that:

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

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Women Directors

In terms of the provisions of Section 149 of the Companies Act, 2013, and Regulation 17 (1) (a) of the SEBI (LODR) Regulations, 2015, the Company shall have at least one Woman Director on the Board. Your Company has Ms. Rachita Gupta (DIN: 09014942) as the Woman Director on the Board of the Company.

19. Board Evaluation

Pursuant to the provisions of the Act, and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non - Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as Stakeholder Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

20. Transactions with Related Parties

All contracts/arrangements/transactions entered by the Company during FY2023 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. All related party transactions entered during FY2023 were on arm's length basis and not material under the Act and SEBI Listing Regulations. None of the transactions required members' prior approval under the Act or SEBI Listing Regulations. Details of transactions with related parties during FY2022 are provided in the note 46 to the financial statements.

The policy on materiality of related party transactions and on dealing with related party transactions was amended in line with SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. The policy is available on the website of the Company at <https://www.csifinance.in/codes-and-policies> and also forms a part of the Corporate Governance Report.

21. Fraud Reporting

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

22. Familiarisation Programme for the Independent Directors

In compliance with the requirement of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations"), the Company has put in place a familiarization programme for the Independent & Non-Executive Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of the such familiarisation programme are available on the website of the Company at <https://www.csifinance.in/codes-and-policies>.

23. Director's Responsibility Statement

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under historical cost convention on an accrual basis pursuant to the provisions of the Act and guidelines issued by SEBI/RBI.

In accordance with the provisions of section 134(3)(c) and Section 134 (5) of the Act and based on the information provided by the Management, the directors state that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2023;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

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24. Significant & Material orders passed by the regulators

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

25. Nomination and Remuneration Committee

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

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

The policy is available at Company's website at <https://www.csfinance.in/codes-and-policies>. The other details with respect to committee composition and meetings are given in the Board of Directors Section of Corporate Governance Report annexed to this Report.

26. Particulars of Loans, Guarantees or Investments

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

27. Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013

The Company has zero tolerance towards sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder. The same is posted on the website of the Company at <https://www.csfinance.in/codes-and-policies>.

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

28. 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 at <https://www.csfinance.in/codes-and-policies>. The FPC is also reviewed by the Board at frequent intervals to ensure its level of adequacy and appropriateness.

29. Auditors & their Report

Statutory Auditors:

As per Section 139 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the members of our Company in its 30th AGM of the Company approved the appointment of M/s. S.P. Chopra & Co., Chartered Accountants (FRN: 000346N), Delhi as Statutory Auditors of the Company in place of the Retiring Auditors, for a term of 5 (five) consecutive years from the conclusion of the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting.

Auditors Report:

The notes on the financial statement referred in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditors' Report to the Members for the year under review is unmodified, i.e. it does not contain any qualification, reservation or adverse remark or disclaimer

Secretarial Auditors:

In compliance with the provisions of Section 204 and other applicable provisions of Companies Act 2013, the Board of Directors in their Board Meeting held on 16 May, 2023 has appointed Mr. Ganesh Dutt Sharma (COP: 16085), Proprietor of M/s. Ganesh Sharma & Associates, Company Secretaries, Delhi as Secretarial Auditor to undertake secretarial audit of the Company for the financial year ended 31 March, 2023.

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The Secretarial Audit Report is attached herewith marked as **Annexure-B** and forms an integral part of this report. Following mentioned below Observations were given by the Secretarial Auditor in the Secretarial Audit Report.

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Action Taken by	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary
1	Interest Certificate to be submitted	57(1) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	364,620	The fine was levied by exchange on delayed submission and later on withdrawn.
2	Record Date Intimation	60(2) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	23,600	The fine was levied by exchange on delayed submission and later on withdrawn.
3	Statement of Material Deviation	52(7) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	9,440	The fine was levied by exchange on delayed submission and management representations is under consideration.
4	Disclosure of line item	52(4) & 54(2) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	68,440	The fine was levied by exchange on delayed submission and management representations is under consideration.
5	Record Date Intimation	60 (2) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	11,800	The fine was levied by exchange on delayed submission and management representations is under consideration.

Company's explanation on the aforesaid observations:

The Management has filed its Representation Letter to the Stock Exchange for the fines mentioned above, Out of the total amount of ₹ 4,77,900 fine levied; ₹ 3,88,220 has been withdrawn by the exchange and for the rest of the amount, the matter is under consideration for which the Company is taking continuous follow up.

Internal Auditors:

The Board has re-appointed M/s. R, Mahajan & Associates (FRN: 011348N), Chartered Accountants, Delhi as the Internal Auditors of the Company in its Board Meeting held on 16 May, 2023 for the Financial Year 2022-23. The Internal Audit report is submitted every quarter before the Audit Committee by the Internal Auditors

30. Annual Return

A copy of the Annual Return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website at <https://www.csloffinance.in/annual-general-meeting>

31. Compliance on secretarial standards

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

32. Corporate Social Responsibility (CSR)

The Board constituted a Corporate Social Responsibility ("CSR") Committee in terms of the provisions of Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance report, forming part of this Report. The policy is available on the website of the Company at <https://www.csloffinance.in/codes-and-policies>

Annual Report on CSR activities, as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the (Corporate Social Responsibility Policy) Rules, 2014, as amended ("CSR Rules") is provided as **Annexure-C** to this report.

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33. Meeting of Independent Directors

During the year under review, the meeting of Independent directors was held on 25 March, 2023, to review the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the company; and also to assess the quality, quantity and timelines of flow of information between the company management and the Board in line with the requirement of Listing Regulations, 2015 read with applicable provisions of Schedule IV of the Companies Act, 2013.

34. Vigil Mechanism/Whistle Blower Policy

The Vigil Mechanism Policy aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy. The mechanism provides for adequate safeguards against victimization of Directors and Employees and ensures that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior. A copy of the Policy is available on the website of the Company at <https://www.csfinance.in/codes-and-policies>

35. Material changes and commitments affecting the financial position of the company between the end of the financial year and the date of this report

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year and the date of this report.

36. Managing director (MD) and chief financial officer (CFO) certification

A Certificate from Mr. Rohit Gupta, Managing Director and Mr. Naresh Chandra Varshney, Chief Financial Officer, pursuant to provisions of SEBI (LODR) Regulations, 2015, for the year under review was placed before the Board of Directors of the Company at its meeting held on 16 May, 2023 and the same does not contain any adverse remark or disclaimer.

37. Particulars of Energy Conservation, Technology Absorption, Expenditure on Research

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

38. Internal Financial Controls

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

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

39. Investor Education and Protection Fund (IEPF)

During the year 2022-23, no amount was transferred to the Investor Education and Protection Fund (IEPF).

40. Disclosure pursuant to rule 5 of companies (appointment and remuneration of managerial personnel) rules, 2014

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

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

41. Code of conduct for directors and employees

The Company has adopted a Code of Conduct for its Directors and employees including a code of conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The said Codes can be accessed on the Company's website at <https://www.csfinance.in/codes-and-policies>. 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.

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42. Listing of Shares

The shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited* ('NSE'). The applicable listing fees for the year up to F.Y. 2023-24 have been duly paid to BSE Limited and NSE Limited.

* The Company got its Approval letter for Listing of the equity shares on NSE on 21 July, 2022 and the equity shares of the Company was admitted for trading on the NSE w.e.f., 22 July, 2022.

43. Other Disclosures

No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable to the Company. The requirement to disclose the details of difference between the amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is also not applicable.

44. Appreciation

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Government, Regulators, Stock Exchanges, Depositories, other statutory bodies and Company's Bankers for the assistance, cooperation and encouragement extended to the Company.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. Our employees are instrumental in the Company to scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as members is also greatly valued. Your Directors look forward to your continuing support.

45. Cautionary Statement

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

For and behalf of the Board
of **CSL Finance Limited**

Rohit Gupta
Managing Director
DIN: 00045077

Ashok Kumar Kathuria
Director
DIN: 01010305

Place: Noida
Date: 25 August, 2023

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For more information visit website - www.cslfinance.in

Annexure-A

Certificate of Non-Disqualification of Directors

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

To,
The Members of **CSL Finance Limited**

As required by item 10(i) of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I certify that none of the directors (mentioned below) on the board of CSL Finance Limited as on 31 March, 2023 have been debarred or disqualified from being appointed or continuing as director of the Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	DIN	Designation
1	Mr. Rohit Gupta	00045077	Managing Director
2	Mr. Ashok Kumar Kathuria	01010305	Non-Executive Director
3	Mr. Parmod Bindal	06389570	Independent Director
4	Mr. Subhash Chand Kwatra	07143461	Independent Director
5	Ms. Rachita Gupta	09014942	Whole-Time Director
6	Mr. Ayussh Mittaal	07667437	Independent Director

Note:

- Mr. Manoj Gupta (DIN: 01160953), Independent Director resigned from the directorship of the company w.e.f. 27 June, 2022 and Ms. Anjna Mittal (DIN: 07143461), Independent Director resigned from the directorship of the Company w.e.f. 9 August, 2022.
- Mr. Parmod Bindal (DIN: 06389570) and Mr. Subhash Chand Kwatra (DIN: 08635939) were appointed as additional director(s) in the capacity of independent director(s) for a period of three (3) years with effect from 27 June, 2022.

For **Ganesh Sharma & Associates**
(Company Secretaries)

Ganesh Dutt Sharma
Practicing Company Secretary
M. No.: A43348
COP No.: 16085

UDIN: A043348E000824535
Peer Review Certificate No.: 2047/2

Place: New Delhi
Date: 18 August, 2023



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Annexure-B

Form No. MR-3

Secretarial Audit Report

For the financial year ended 31 March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of **CSL Finance Limited**

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March, 2023 ("Audit Period") complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me & maintained by the company for the financial year ended on 31 March, 2023 according to the provisions (whichever applicable) of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable)

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
 - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - (e) The Securities & Exchange Board of India ((Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the Client.
 - (f) The other regulations of Securities and Exchange Board of India as may be applicable to the company.
 - (g) NBFC – The Reserve Bank of India Act, 1934 and all applicable laws, Rules, Regulations, Guidelines, Circulars, Notifications etc.

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

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

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

I further report that:

1. The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' view are captured and recorded as part of the minutes.

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

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

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Action Taken by	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary
1	Interest Certificate to be submitted	57(1) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	364,620	The fine was levied by exchange on delayed submission and later on withdrawn.
2	Record Date Intimation	60(2) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	23,600	The fine was levied by exchange on delayed submission and later on withdrawn.
3	Statement of Material Deviation	52(7) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	9,440	The fine was levied by exchange on delayed submission and management representations is under consideration.
4	Disclosure of line item	52(4) & 54(2) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	68,440	The fine was levied by exchange on delayed submission and management representations is under consideration.
5	Record Date Intimation	60 (2) of SEBI (LODR) Regulations, 2015	BSE Ltd. (Exchange)	Delayed Submission	11,800	The fine was levied by exchange on delayed submission and management representations is under consideration.

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I further report that during the audit period the company has following specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc referred to above.

1. The Shareholders at their 30th Annual General Meeting held on 26 September, 2022 approved the final dividend of ₹ 2.5/- per equity share to the equity shareholders of the Company.

For **Ganesh Sharma & Associates**
(Company Secretaries)

Ganesh Dutt Sharma

Practicing Company Secretary
M. No.: 43348

COP No.: 16085

UDIN: A043348E000823371

Peer Review Certificate No.: 2047/2022

Place: New Delhi

Date: 18 August, 2023

Note: This Report is to be read along with attached Letter provided as "Annexure-I".

ANNEXURE - I

To,
The Members of **CSL Finance Limited**

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

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

For **Ganesh Sharma & Associates**
(Company Secretaries)

Ganesh Dutt Sharma

Practicing Company Secretary
M. No.: 43348

COP No.: 16085

UDIN: A043348E000823371

Peer Review Certificate No.: 2047/2022

Place: New Delhi

Date: 18 August, 2023

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Annexure-C

Annual Report on CSR Activities of the Company

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

1. Brief outline on CSR Policy of the Company

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

1. Vision:

Through CSL’s long standing commitment to service to the society, we strive to attain leadership in our business through a socially and environmentally responsible way, while taking care of the interests of our stakeholders. CSL strongly believes that Corporate Social Responsibility is connected with the principles of sustainable growth and hence recognizes the immense opportunity it has to bring about a positive change in the lives of the communities through its business operations and CSR activities. CSL Finance Limited through its own registered public trust- CSL Foundation which is acting as the implementing agency for CSL Finance is dedicated towards corporate social responsibility by giving back to the community through implementing sustainable and innovative CSR activities. CSL Foundation’s Vision & Mission is to develop the capacity of the community through empowering & enlightening the life of underprivileged Children, Women and indigents by promoting Education, Women Empowerment and Health.

2. Objective:

CSL’s CSR Policy intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprint.
- Embrace responsibility for the Company’s actions and encourage a positive impact through its activities by promoting Education (b)Women Empowerment (c) Health and (g) other allied activities.

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

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Rohit Gupta	Member	2	2
2.	Mr. Ashok Kumar Kathuria	Member	2	2
3.	Ms. Rachita Gupta	Chairperson	2	2
4.	Mr. Subhash Chand Kwatra	Member	2	2

* During the year, the CSR Committee has been reconstituted w.e.f., 27 June, 2022:

where Ms. Rachita Gupta has been appointed as the Chairperson of the CSR Committee in place of Mr. Manoj Gupta on account of his resignation from the Directorship of the Company and Mr. Subhash Chand Kwatra was appointed as the member of the committee.

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For more information visit website - www.csfinance.in

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

<https://www.csfinance.in/codes-and-policies>

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

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

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

Year, if any.

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

6. Average Net Profit of the Company as per Section 135(5).

₹ 3861.89 lacs

- | | | |
|--------|--|--------------|
| 7. (a) | Two percent of average Net Profit of the Company as per Section 135(5) | ₹ 77.24 lacs |
| (b) | Surplus arising out of the CSR Projects or Programs or activities of the previous Financial Years. | NIL |
| (c) | Amount required to be set off for the Financial Year, if any | NIL |
| (d) | Total CSR obligation for the Financial Year (7a+7b-7c). | ₹ 77.24 lacs |

8. (a) CSR amount spent or unspent for the Financial Year 2022-23:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
77.24 lacs	Nil	Nil	N.A.	N.A.	N.A.

(b) Details of CSR amount spent/allocated against ongoing projects for the Financial Year 2022-23:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Sakshar	(i)	Yes	Noida	Uttar Pradesh	3 years						
2.	Naritva	(ii) & (iii)	Yes	Noida	Uttar Pradesh	3 years	77.24 lacs	77.24 lacs	Nil	Yes	CSL Foundation	CSR00025548

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount allocated for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number

(d) Amount spent in Administrative Overheads: ₹ 1.55 lacs

(e) Amount spent on Impact Assessment, if applicable.: As per Point 4 of this Report, Impact Assessment is not applicable. Hence, no amount was spent under this head.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 77.24 lacs

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

S. No.	Particulars	Amount
(i)	Two percent of average Net Profit of the Company as per Section 135(5)	₹ 77.24 lacs
(ii)	Total amount spent for the Financial Year	₹ 77.24 lacs
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR Projects or Programs or Activities of the previous Financial Years, if any	NIL
(iv)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

9.

(a)

Details of Unspent CSR amount for the preceding three Financial Years (F.Y. 2021-22):

₹ 28.93 lacs

(b)

Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year (21-22)

₹ 43.56 lacs
10.

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

(a)

Date of creation or acquisition of the Capital Asset(s).

No Capital Asset during the period under review was created or acquired by the Company.

(b)

Amount of CSR spent for creation or acquisition of Capital Asset.

No amount was spent for creation or acquisition of Capital Asset by the Company.

(c)

Details of the Entity or Public Authority or Beneficiary under whose name such Capital Asset is registered, their address etc.

Not Applicable

(d)

Provide details of the Capital Asset(s) created or acquired (including complete address and location of the Capital Asset).

Not Applicable



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

Place: Noida
Date: 25 August, 2023

Rachita Gupta
Chairman - CSR Committee
DIN: 09014942

For and behalf of the Board
of **CSL Finance Limited**

Rohit Gupta
Managing Director
DIN: 00045077

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Annexure-D

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

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

Name	Designation	% increase in remuneration in F.Y. 2022-23 as compared to F.Y. 2021-22	Ratio of Remuneration to Median Remuneration
Mr. Rohit Gupta	Managing Director	NIL	22.92:1
Ms. Rachita Gupta	Whole-time Director	NIL	4.77:1
Mr. Ashok Kumar Kathuria	Non-Executive Director	NA	NA
Mr. Manoj Gupta*	Independent Director	NA	NA
Ms. Anjna Mittal**	Independent Director	NA	NA
Mr. Ayussh Mittaal	Independent Director	NA	NA
Mr. Parmod Bindal#	Independent Director	NA	NA
Mr. Subhash Chand Kwatra*	Independent Director	NA	NA
Mr. Naresh Varshney	Chief Financial Officer	NIL	3.67:1
Ms. Preeti Gupta	Company Secretary & Compliance Officer	20%	2.75:1

* Mr. Manoj Gupta ceased to act as Independent Director on the Board of the Company w.e.f. 27 June, 2022 and Mr. Parmod Bindal and Mr. Subhash Chand Kwatra have been appointed as Independent Director(s) on the Board of the Company w.e.f. 27 June, 2022.

** Ms. Anjna Mittal ceased to act as an Independent Director on the Board of the Company w.e.f. 9 August, 2022.

B. Disclosure on other matters:

The percentage increase/decrease in the median remuneration of the employees during the financial year.	4%
No. of permanent employees on the rolls of the Company (as on 31 March, 2023)	257 employees
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in salary of eligible employees other than managerial personnel is NIL. Remuneration of the Managing Director was not increased during FY 2022-23.
Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that Remuneration is paid as per the Remuneration Policy of the Company.

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Corporate Governance Report

[As per regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations, 2015") read with the Amendment(s)], a Report on Corporate Governance of **CSL Finance Limited** for the year ended 31 March, 2023, is presented below:

1. Company's Corporate Governance Philosophy

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

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

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

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

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

- Code of Conduct for Prevention of Insider Trading & Code of Conduct for Directors and Senior Management of the Company.
- Robust Whistle Blower Mechanism which act as a neutral and unbiased forum for Directors, Employees and Business Partners of the Company.
- Employees Stock Option Scheme – to attract, reward and retain key executive employees.

The Company is among top 2000 Companies listed on the National Stock Exchange of India Limited and BSE Limited respectively on the basis of market capitalization. Accordingly, it is in compliance with the compliances applicable pursuant to its position.

The Company continuously strives to achieve excellence in corporate governance through its values – *Integrity, Commitment, Passion, Seamlessness and Speed*.

2. Policy For Prohibition Of Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has adopted Prohibition of Insider Trading Code and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Code also provides for preclearance of transactions by designated persons. Pursuant to provisions of Regulation 3(5) and 3(6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations), the Company has a Structured Digital Database in place and is maintained as stipulated by the SEBI Prohibition of Insider Trading Regulations, 2015. In this regard the Company has filed the compliance certificate with the Stock Exchanges on a quarterly basis.

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3. Board Of Directors

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

A. Composition of Board

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

As on 31 March, 2023, there are total six (6) Directors on the Board of the Company, out of which two (2) are Executive Directors out of which one is Managing Director and another Whole Time Director, four (4) are Non-Executive Directors out of which three (3) are Independent Directors.

Mr. Rohit Gupta (Managing Director) and Ms. Rachita Gupta (Whole Time Director) are related to each other as father and daughter.

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

Mr. Manoj Gupta and Ms. Anjna Mittal ceased to act as Independent Directors on the Board of the Company w.e.f. 27 June, 2022 and 09 August, 2022 respectively and Mr. Parmod Bindal and Mr. Subhash Chand Kwatra were appointed as Independent Directors of the Company for a term of three (03) years w.e.f., 27 June, 2022 to 26 June, 2025.

The Company has obtained a certificate from Mr. Ganesh Sharma (COP: 16085), proprietor of M/s. Ganesh Sharma & Associates, Practising Company Secretaries, Delhi, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.

As on the date of this report, none of the Directors serve as a Director or as an Independent Director in more than 7 listed entities. Further, none of them is a member of more than 10 (Ten) committees (committees being Audit Committee and Stakeholders Relationship Committee) or chairman in more than 5 (Five) committees across all listed entities in which he/she is a Director.

B. Board Meetings

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

The Board Meetings are conveyed after giving sufficient days of Notice to the Board Members along with the Agenda for the meeting with necessary documents with all the required information pursuant to provisions of Companies Act, 2013 and SEBI Listing Regulations. The Board periodically reviews the compliance reports with respect to laws and regulations applicable to the Company.

The Board met **8 (Eight)** times during the financial year 2022-23 viz., 11 April, 2022, 24 May, 2022, 27 June, 2022, 07 July, 2022, 09 August, 2022, 26 August, 2022, 09 November, 2022, and 30 January, 2023.

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

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

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Board Composition and categories of Directors, their number of Directorships, Committee Membership(s)/Chairmanship(s) as on 31 March, 2023, attendance of each Director at the Board Meetings of the Company held during F.Y. 2022 - 2023 and at the last Annual General Meeting ('AGM') of the Company along with equity shareholding of each Director as at 31 March, 2023 is given below:

Name of the Director	DIN	Category of Director	No. of Board Meetings		Attendance at Last AGM	Directorships in Indian public limited companies (including CSL Finance Limited)	Committee Position (including CSL Finance Limited)*		(No. of Equity shares held)
			Held during the tenure	Attended			Chairman	Member	
Mr. Rohit Gupta	00045077	Promoter - Executive Managing Director	8	8	Yes	1	0	2	37,74,608
Ms. Rachita Gupta	09014942	Promoter - Executive Whole-time Director	8	8	Yes	1	0	0	58,503
Mr. Ashok Kumar Kathuria	01010305	Non-Executive Non-Independent Director	8	8	Yes	1	1	0	0
Mr. Parmod Bindal**	06389570	Non-Executive Independent Director	5	4	Yes	1	1	0	0
Ms. Subhash Chand Kwatra**	08635939	Non-Executive Independent Director	5	4	Yes	4	0	1	0
Mr. Ayussh Mittal	07667437	Non-Executive Independent Director	8	8	Yes	1	0	2	0

Note:

*The committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended viz. Audit Committee and Stakeholders Relationship Committee.

** Mr. Manoj Gupta and Ms. Anjna Mittal tendered their resignation from the post of Independent Director w.e.f., 27 June, 2022 and 09 August, 2022 respectively.

Mr. Parmod Bindal and Mr. Subhash Chand Kwatra were appointed as Independent Directors of the Company not liable to retire by rotation vide special resolution passed by the Shareholders in the 30th AGM of the Company held on 26 September, 2022 for a term of three consecutive years with effect from 27 June, 2022.

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

Name of the Director	Industry knowledge of Financial Service and Banking Industry	Strategic & Business Planning	Accounting and Finance	Corporate Governance and Compliances	Stakeholders Relationship	Management Experience and Leadership	Information Technology Knowledge
Mr. Rohit Gupta	✓	✓	✓	✓	✓	✓	✓
Ms. Rachita Gupta	✓	✓	✓	✓	✓	✓	✓
Mr. Ashok Kumar Kathuria	✓	✓	✓	✓	✓	✓	✓
Mr. Parmod Bindal	✓	✓	✓	✓	✓	✓	✓
Mr. Subhash Chand Kwatra	✓	✓	✓	✓	✓	✓	✓
Mr. Ayussh Mittaal	✓	✓	✓	✓	✓	✓	✓

D. Familiarization Programme for Independent Directors

The Company conducts Familiarisation Programme for its Independent Directors to familiarise them with regard to their roles, rights, responsibilities in the Company, nature of industry, Company's strategy, Organisation Structure, business model, performance updates of the Company, risk management, code of conduct and policies of the Company etc. The Policy for Familiarisation Programme of Independent Directors has been disclosed on the website of the Company.

E. Independent Directors

The Independent Directors of the Company have been appointed in compliance with the requirements of the Act and Listing Regulations. The Company has issued a letter of appointment to all the Independent Directors and terms and conditions thereof have been disclosed on the website of the Company.

At the time of appointment and thereafter at beginning of each financial year, the Independent Directors submit a self-declaration confirming their independence and compliance with eligibility criteria mentioned under the Act and Listing Regulations. Based on the disclosures received from all the Independent Directors, the Board is of the opinion that, all the Independent Directors fulfill the conditions specified in the Act and Listing Regulations and are independent of the management.

F. Separate Meeting of Independent Directors

As stipulated by the Code for Independent Directors under the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, a separate meeting of Independent Directors was held on 25 March, 2023, to discuss:

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

All the Independent Directors viz. Mr. Ayussh Mittaal, Mr. Parmod Bindal and Mr. Subhash Chand Kwatra, were present at the meeting.

During the F.Y. 2022-23, Mr. Manoj Gupta and Ms. Anjna Mittal tendered their resignation from the post of Independent Director w.e.f., 27 June, 2022 and 09 August, 2022 respectively.

Mr. Parmod Bindal and Mr. Subhash Chand Kwatra were appointed as Independent Directors of the Company not liable to retire by rotation vide special resolution passed

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by the Shareholders in the 30th AGM of the Company held on 26 September, 2022 for a term of three consecutive years with effect from 27 June, 2022.

4. Committees Of the board

The Board has constituted several Committees with adequate delegation of powers to focus effectively on the issues and ensure expedient resolution of diverse matters. Each Committee has specific terms of reference setting forth the purpose, role and responsibilities of the Committee. Further, the Company Secretary of the Company acts as the Secretary to all the Committees. All recommendations of the Committees are placed before the Board for approval or information, if required. During the financial year ended 31 March, 2023, all the recommendations of/submissions by the Committees which were mandatorily required, were accepted by the Board. The Minutes of meetings of all the Committees are placed before the Board for review and noting. CSL has currently established the following Committees:

Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Internal Complaints Committee, and Management Committee.

Information Technology Strategy Committee, Asset Liability Management Committee, Risk Management Committee constituted in accordance with the Master Directions Framework for the NBFC issued by the Reserve Bank of India.

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

A. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act 2013 ('the Act') and Regulation 18 read with Part C of the Schedule II of the Listing Regulations. All the members of the Committee have wide experience in fields of Banking & Finance, Accounts, Regulatory and Financial service industry.

Terms of Reference Audit Committee, inter-alia, includes-

- Reviewing with the management, the quarterly financial statements and annual financial statements and auditor's report thereon before submission to the Board for approval.

- Oversight of the Company's Financial Reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit.
- To review Company's financial performance.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Compliance with Accounting Standards.
- To review Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
- Scrutiny of inter-corporate loans and investments.
- Review with the management, the performance of Statutory and Internal Auditors, adequacy of Internal Control Systems.
- To review the functioning of Whistle Blower Mechanism.
- Discussion with Internal Auditors, any significant findings and follow up thereon.
- Evaluation of internal financial controls and risk management systems.
- To review compliance of SEBI (Prohibition of Insider Trading) Regulations 2015.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

The members of the Audit Committee are financially literate and the Chairperson of the Audit Committee has accounting and financial management expertise. During the year under review, the Audit Committee was reconstituted on 27 June, 2022 where

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Mr. Parmod Bindal was appointed as the Chairperson of the Committee in place of Mr. Manoj Gupta on account of resignation of Mr. Manoj Gupta from the Independent Directorship.

Subsequently, the Audit Committee was again reconstituted on 09 November, 2022 where Mr. Subhash Chand Kwatra was appointed as the Member of the Committee.

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

During the year under review, the Audit Committee met 6 (six) times viz., on 24 May, 2022, 27 June, 2022, 09 August, 2022, 26 August, 2022, 09 November, 2022, and 30 January, 2023, to deliberate on various matters.

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

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Manoj Gupta*	Independent Director	Chairman	2	2
Mr. Parmod Bindal**	Independent Director	Chairman	4	4
Mr. Rohit Gupta	Managing Director	Member	6	6
Mr. Ayussh Mittaal	Independent Director	Member	6	6
Mr. Subhash Chand Kwatra***	Independent Director	Member	1	1

Note:

(*Mr. Manoj Gupta ceased to hold his Directorship in the Company w.e.f. 27 June, 2022.)

(**Mr. Parmod Bindal was appointed as the Chairperson of the Audit Committee in place of Mr. Manoj Gupta on account of resignation of Mr. Manoj Gupta from the Independent Directorship on 27 June, 2022).

(***Mr. Subhash Chand Kwatra was appointed as the Member of the Audit Committee on 09 November, 2022.)

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

B. Nomination & Remuneration Committee:

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

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

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

The Committee has formulated a Remuneration Policy for Directors, KMPs and all other employees of the Company and the same is available on Company's website at <https://www.csloffinance.in/>

The criteria for making payments to Non-Executive Directors is available on the website of the Company at <https://www.csloffinance.in/>

During F.Y. 2022-23, the Nomination & Remuneration Committee was reconstituted on 27 June, 2022 where Mr. Subhash Chand Kwatra was appointed as the Chairperson of the Nomination & Remuneration Committee in place of Mr. Manoj Gupta on 27 June, 2022.

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

The Committee met 1 (one) time during the year under review viz. 27 June, 2022.

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

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Manoj Gupta*	Independent Director	Chairman	1	1
Mr. Subhash Chand Kwatra	Independent Director	Chairman	0	0
Mr. Ashok Kumar Kathuria	Non-Executive Director	Member	1	1
Mr. Ayussh Mittaal	Independent Director	Member	1	1

Note:

(*Mr. Manoj Gupta ceased to hold his Directorship in the Company w.e.f. 27 June, 2022.)

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

Performance Evaluation criteria for Independent Directors:

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual Performance Evaluation was carried out for the financial year 2022 - 23 by the Board in respect of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders' Relationship and Corporate Social Responsibility Committees. A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared after taking into consideration the Guidance note issued by

SEBI vide circular no. CMD/CIR/P/2017/004 dated 05.01.2017.

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

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

C. Stakeholders' Relationship Committee:

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

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

- It shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report and non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by the shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- To discharge any other duties or responsibilities as may be prescribed by law or as may be delegated by the Board from time to time. During F.Y. 2022-23, two (02) SRC Committee meetings were held on 01 July, 2022, and 09 November, 2022. All the members of the Committee were present in all the meetings.

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

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

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

Compliance Officer

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

CSL Finance Limited

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

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

Details of Complaints [including SEBI Complaints Redress System (SCORES) complaints] received by the Company and Resolved during the year 2022-23

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

Number of Complaints not solved to the satisfaction of shareholders

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

D. Corporate Social Responsibility Committee:

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

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

- formulation and monitoring the implementation of corporate social responsibility ('CSR') policy.
- to look into matters related to sustainability, review CSR/Sustainability reports.
- Recommend to the Board CSR activities to be undertaken by the Company.
- To recommend the Annual Action Plan including amount of expenditure to be incurred on the activities referred to in the CSR Policy and review the same and all other matters specified under the Act or any other role as may be prescribed by law from time to time.

During F.Y. 2022-23, Two (02) CSR Committee Meetings were held on 27 June, 2022 and 24 February, 2023. All the members of the Committee were present in all the said meetings.

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Composition of the CSR Committee along with number of meetings & attendance details are mentioned below:

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Manoj Gupta*	Non-Executive Independent Director	Chairman	1	1
Ms. Rachita Gupta**	Executive Director	Chairperson	2	2
Mr. Rohit Gupta	Managing Director	Member	2	2
Mr. Ashok Kumar Kathuria	Non-Executive Director	Member	2	2
Mr. Subhash Chand Kwatra***	Non-Executive Independent Director	Member	1	1

During F.Y. 2022-23, the Corporate Social & Responsibility Committee was reconstituted on, 27 June, 2022 on account of resignation of Mr. Manoj Gupta* from the Independent Directorship, where Ms. Rachita Gupta** was appointed as the chairperson of the Committee and Mr. Subhash Chand Kwatra*** was appointed as the member of the Committee.

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

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

E. Management Committee:

Management committee was constituted by the Board of directors on 12 February, 2021. The Board of Directors of the Company has delegated the below mentioned powers to the Management Committee.

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

- Investing temporary surplus funds, availing cash management services or financial assistance from Banks and other Institutions.

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

During FY 2022-23, Sixteen (16) Management Committee Meetings were held on 02 May, 2022, 14 June, 2022, 23 June, 2022, 23 July, 2022, 29 August, 2022, 24 September, 2022, 18 October, 2022, 05 December, 2022, 27 December, 2022, 17 January, 2023, 30 January, 2023, 10 February, 2023, 04 March, 2023, 20 March, 2023, 29 March, 2023 and 31 March, 2023.

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

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Rohit Gupta	Executive Director	Chairman	16	16
Mr. Ashok Kumar Kathuria	Non-Executive Director	Member	16	16
Ms. Rachita Gupta	Whole time Director	Member	16	16

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

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

F. Information Technology Strategy Committee:

The Company has constituted an Information Technology Strategy Committee in accordance with the Master Directions issued by the Reserve Bank of India on Information Technology Framework for the NBFC Sector dated 08 June, 2017 that are expected to enhance safety, security, efficiency in processes leading to benefits for NBFCs and their customers Management.

During FY 2022-23, Two (02) Information Technology Strategy Committee Meetings were held on 09 August, 2022 and 30 January, 2023.

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

Name	Category	Designation	No of meetings held during tenure	No of meetings attended
Mr. Subhash Chand Kwatra	Independent Director	Chairman	2	2
Mr. Deepak Sharma	Head IT (CIO)	Member	2	2
Mr. Mohit Kumar	IT Official	Member	2	2

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

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

G. Asset Liability Management Committee:

The Asset Liability Management (ALM) Committee was constituted in accordance with the Master Directions issued by the Reserve Bank of India for NBFC sector. The terms of reference are as follows:

The ALM Committee is responsible for assisting the Board of Directors in Balance Sheet planning from risk-return perspective including the strategic management of interest and liquidity risk. Its function includes:

1. Liquidity risk management.
2. Management of market risks.
3. Funding and capital planning.
4. Profit planning and growth projection.
5. Forecasting and analysing future business, environment and preparation of contingency plans.

During the year under review, the Committee met two times on 24 May, 2022 and 09 November, 2022 respectively. The necessary quorum was present for all the meetings.

Composition of the ALM Committee along with number of meetings & attendance details are mentioned below:

Name	Designation	No of meetings held during tenure	No of meetings attended
Mr. Rohit Gupta	Chairman	2	2
Ms. Rachita Gupta	Member	2	2
Mr. Naresh Chandra Varshney	Member	2	2
Mr. Amit Ranjan	Member	2	2
Mr. Sher Bahadur Tiwari	Member	2	2
Ms. Shalini Aggarwal	Member	2	2
Mr. Jalaj Jain	Member	2	2

H. Risk Management Committee:

The Risk Management Committee (RMC) has been constituted in line with the RBI Master Direction DNBR.PD.008/03.10.119/2016-17 dated 01 September, 2016 (Updated as on 29 September, 2022).

The terms of reference of the Risk Management Committee shall be as follows:

- 1) Reviewing Risk Management Policy.
- 2) Approval of Risk Management Plan, implementing and monitoring the Risk Management Plan.

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- 3) Roll out and implementation of the Risk Management System.
- 4) Such other matters as may be delegated by Board from time to time.

During the year under review, the Committee met two times on 24 May, 2022 and 09 November, 2022 respectively. The necessary quorum was present for all the meetings.

Composition of the RMC Committee along with number of meetings & attendance details are mentioned below:

Name	Designation	No of meetings held during tenure	No of meetings attended
Mr. Rohit Gupta	Chairman	2	2
Ms. Rachita Gupta	Member	2	2
Mr. Naresh Chandra Varshney	Member	2	2
Mr. Amit Ranjan	Member	2	2
Ms. Shalini Aggarwal	Member	2	2
Mr. Deepak Sharma	Member	2	2
Mr. Nikhil Singh	Member	2	2
Mr. Ranjan Kumar Banerjee	Member	2	2

5. Remuneration Of Directors

a. Criteria of Making Payments to Non-Executive Directors:

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

b. Sitting Fees:

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.

c. Details of Remuneration Paid to Directors during the year 2022-23:

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

As on 31 March, 2023, the Company has two Executive Directors i.e. the Managing Director and Whole-Time Director of the Company and apart from this, all other Directors are Non-Executive Directors.

Remuneration paid to Managing Director and Whole-Time Director alongwith details of equity shares held as on 31 March, 2023 is tabled below:

Name	Remuneration	No of Equity Shares held
Rohit Gupta (MD)	84,00,000	37,74,608
Rachita Gupta (WTD)	18,06,300	58,503

Remuneration to Non-Executive Directors:

The Company considers the time and efforts put in by the Non-Executive Directors in deliberations at the Board/Committee meetings. They are remunerated by way of sitting fees for attending the meetings. No Equity Shares were held by the Non-Executive Directors in the Company as on 31 March, 2023.

Details of sitting fees of the Non-Executive Directors for the year ended 31 March, 2023 are given in the table below:

Name	Sitting Fees
Mr. Parmod Bindal	1,20,000
Mr. Subhash Chand Kwatra	1,10,000
Mr. Ayussh Mittaal	75,000

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6. General Body Meetings

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

AGM No.	Financial Year	Day & Date of AGM	Venue	Time	Special resolution(s) passed
30 th	2021-22	Monday, 26.09.2022	410-412, 18/12, 4 th Floor, WEA, Arya Samaj Road, Karol Bagh, New Delhi-110005 through VC/OAVM	11.00 a.m.	1. [Appointment of Mr. Subhash Chand Kwatra (DIN: 08635939) as an "Independent Director" of the Company.] 2. [Appointment of Mr. Parmod Bindal (DIN: 06389570) as an "Independent Director" of the Company.]
29 th	2020-21	Thursday, 30.09.2021	410-412, 18/12, 4 th Floor, WEA, Arya Samaj Road, Karol Bagh, New Delhi-110005 through VC/OAVM	2.00 p.m.	Nil
28 th	2019-20	Monday, 28.09.2020	410-412, 18/12, 4 th Floor, WEA, Arya Samaj Road, Karol Bagh, New Delhi-110005 through VC/OAVM	2.00 p.m.	1. [To re-appoint Ms. Anjna Mittal (DIN: 07143461) as an Independent director]

b) Special Resolutions passed through Postal Ballot:

During the year, the Company has not conducted any postal ballot.

c) Extra-Ordinary General Meeting (EGM):

During the year under review no Extra-Ordinary General meeting was held by the Company.

7. Other Disclosures

a) **Related Party Transactions:** Our Company has put in place a policy for Related Party Transactions (RPT Policy) which has been approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with Act and Listing Regulations. In line with the amended SEBI Listing Regulations, this Policy has been suitably amended. All transactions executed by our Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. Our Company had not entered into any material contracts or arrangements or transactions under sub-section (1) of section 188 of the Act.

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b) **Details of Non-Compliances/Penalties etc.:** During the year under review, the Company has duly complied with the requirements, regulations & provisions of stock exchange, SEBI & any other regulatory authorities except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of PCS	Management Response	Remarks
1.	Interest Certificate to be submitted	57(1) of SEBI (LODR) Regulations, 2015	Delayed Submission	BSE Ltd.	Fine	3,64,620	The fine was levied by exchange on delayed submission and later on withdrawn.	Management submitted representation and fine withdrawn by exchange.	None
2.	Record Date Intimation	60(2) of SEBI (LODR) Regulations, 2015	Delayed Submission	BSE Ltd.	Fine	23,600	The fine was levied by exchange on delayed submission and later on withdrawn.	Management submitted representation and fine withdrawn by exchange.	None
3.	Statement of Material Deviation	52(7) of SEBI (LODR) Regulations, 2015	Delayed Submission	BSE Ltd.	Fine	9,440	The fine was levied by exchange on delayed submission and management representation is under consideration.	Management submitted representation and still under consideration.	None

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Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of PCS	Management Response	Remarks
4.	Record Date Intimation	60(2) of SEBI (LODR) Regulations, 2015	Delayed Submission	BSE Ltd.	Fine	11,800	The fine was levied by exchange on delayed submission and management representation is under consideration.	Management submitted representation and still under consideration.	None
5.	Disclosure of line items and Disclosure of extent & nature of security created	52(4) & 54(2) of SEBI (LODR) Regulations, 2015	Delayed Submission	BSE Ltd.	Fine	68,440	The fine was levied by exchange on delayed submission and management representation is under consideration.	Management submitted representation and still under consideration.	None

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

d) During the year, the Company has not allotted any Bonus Shares.

e) Compliance with Mandatory requirements of Listing Regulations: The Company is in compliance with applicable mandatory corporate governance requirements of the Listing Regulations. Specifically, Company confirms compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

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

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

The policy has been disclosed on the website of the Company at www.csloffinance.in

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g) Company has constituted Internal complaints committee:

The members of the Internal Complaint Committee constituted by the Company consists of

Ms. Rachita Gupta- Presiding Officer, Ms. Aanchal Gupta- External Member, Mr Rohit Gupta and Ms. Neha Malkani as members. This committee is responsible for reporting and conducting enquiries pertaining to complaints of sexual harassment. No such complaints were received during the year under review.

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

i. **Audit Report: For FY 2022-23**, the Auditors have expressed an unmodified opinion on the Financial Statements of the Company. The Company continues to adopt best practices to ensure a regime of unmodified Financial Statements.

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

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

i) Certifications:

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

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

Following certificate has been received from Mr. Ganesh Sharma (COP: 16085), proprietor of M/s. Ganesh Sharma & Associates, Company Secretaries, Delhi-

- That none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The same is annexed to the Director's Report.

- A Compliance Certificate on the requirements of Corporate Governance which is annexed to this Report as **Annexure IV**.

j) The Company promotes a favorable environment for employees and employees can report to the management their concerns about any unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct. No Personnel has been denied access to the audit committee, so as to ensure ethical and fair conduct of the business of the Company.

8. Means Of Communication

a. **Financial Results:** In accordance with the Listing Regulations, the quarterly/half-yearly/annual results are uploaded on Stock Exchanges. The Financial Results are generally published in leading business newspaper namely, 'Economic Times'/'The Financial Express'/'Business Standard' (English) and in 'Jansatta'/'Business Standard' (Hindi) and simultaneously posted on the Company's website and can be accessed at www.csfinance.in.

b. **Company's Website:** Various sections of the Company's website (www.csfinance.in) keep the investors updated on the key and material developments of the Company by providing timely information like Board profile, financial results, annual reports, shareholding pattern, Investor Presentation, Debenture Trustee Information, Intimations related to NCD, stock exchange filings etc.

c. **Stock Exchanges:** The Company makes timely disclosures and filing to the Stock Exchanges in terms of the SEBI Listing Regulations and other rules and regulations issued by the SEBI and the same are hosted on the website of the said Stock Exchanges.

d. **Corporate Compliance & the Listing Centre:** The Company files its financial results and other submissions on the Electronic filing system, i.e., Listing Centre of BSE and Neaps portal of National Stock Exchange of India Limited. The same is also available on the website of the Stock Exchanges viz. www.bseindia.com and www.nseindia.com

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- e. **Presentations made to Institutional Investors or to the analysts:** The Company organises Earnings Calls after announcement of financial results, which were well attended by the analysts, fund managers and investors. The transcripts were uploaded on the Company's website. No Unpublished Price Sensitive information is discussed in the meeting/presentation with institutional investors and analysts.

9. General Information For Shareholders

Annual General Meeting:

(i)	AGM (Date, Time and Venue)	The 31 st AGM of the Company will be held on Saturday, 23 September, 2023 at 12.00 noon through Video Conferencing/Other Audio-visual means (OAVM)
(ii)	Financial Year	01 April, 2022 to 31 March, 2023
(iii)	Dividend Recommended	Directors recommended a final dividend @25% i.e., ₹ 2.50/- (Rupees Two and Fifty Paise only) per equity share of face value of ₹ 10/- each for the financial year ended 31 March, 2023, in its meeting held on 29 May, 2023, subject to approval of Members at the ensuing AGM of the Company.
(iv)	Dividend Payment Date	Within Statutory Timeline
(v)	Date of Book Closure	From: 17-09-2023 To 23-09-2023 (Both days inclusive)
(vi)	CIN:	L74899DL1992PLC051462
(vii)	Website	www.csloffinance.in
(viii)	E-mail Id	investor@csloffinance.in
(ix)	Corporate Office	716-717, 7 th Floor, Tower - B World Trade Tower, Sector – 16, Noida- 201301 U.P.
(x)	Registered Office	410-412, 18/12, 4 th Floor, W.E.A, Arya Samaj Road, Karol Bagh, New Delhi- 110005
(xii)	Listing Details	BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400001. NSE Limited, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

		Annual Listing Fees for the year 2022-23 has been paid to the BSE Limited and National Stock Exchange of India Limited within the stipulated time.
(xiii)	Script Code	NSE Limited- CSLFINANCE BSE Limited- 530067
(xiv)	ISIN	INE718F01018

Compliance Officer

Ms. Preeti Gupta

(Company Secretary & Compliance Officer)

CSL Finance Limited

716-717, 7th Floor, Tower-B

Word Trade Tower, Sector-16

Noida - 201301, U.P.

Phone No.: 0120-4290650/52

E-mail: investor@csloffinance.in

Description of Voting Rights

All shares issued by the Company carry equal voting rights.

Calendar of Financial Year ended 31 March, 2023:

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31 March, 2023, were held on the following dates:

First Quarter Results ending 30 June, 2022/First Quarter results	09 August, 2022
Second Quarter/Half Yearly results ending 30 September, 2022/Second Quarter and Half Yearly results	09 November, 2022
Third Quarter Results/Nine Month results ending 31 December, 2022/Third Quarter results	30 January, 2023
Fourth Quarter/Audited Annual Results ending 31 March, 2023/Fourth Quarter and Annual results	16 May, 2023

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Tentative Calendar of Financial Year ending 31 March, 2024:

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31 March, 2024 are as follows:

Financial Reporting for the quarter ending 30 June, 2023/First Quarter results	On or before 14 August, 2023
Financial Reporting for the quarter ending 30 September, 2023/Second Quarter and Half Yearly results	On or before 14 November, 2023
Financial Reporting for the quarter ending 31 December, 2023/Third Quarter results	On or before 14 February, 2024
Financial Reporting for the quarter and year ending 31 March, 2024/Fourth Quarter and Annual results	On or before 30 May, 2024
AGM for the year ending 31 March, 2024	On or before 30 September, 2024

Market Price Data & Share Price Performance:

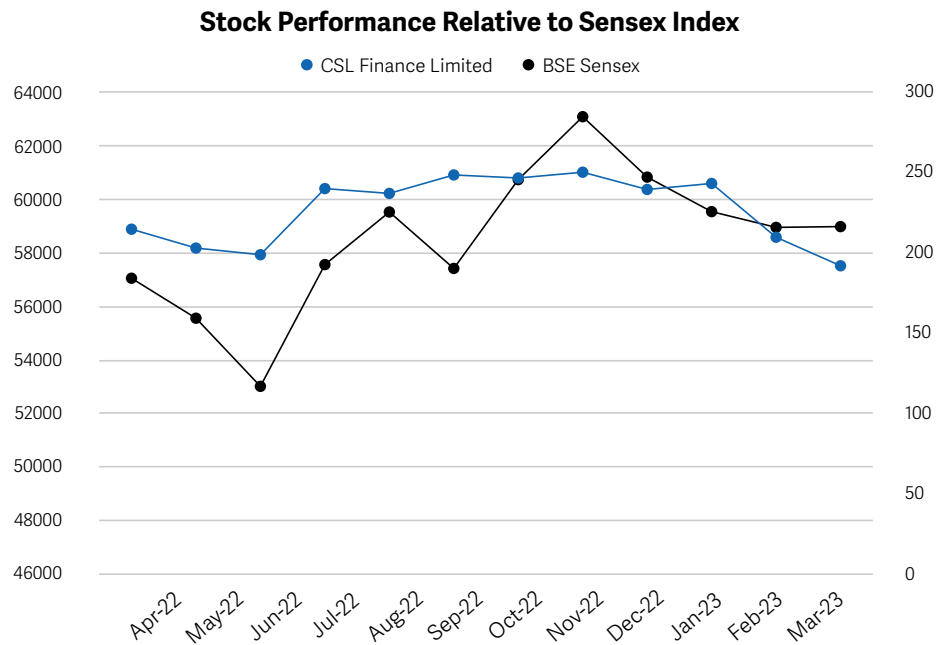
Monthly High & Low during each month for the period April 2022 to March 2023 on BSE and NSE is mentioned below:

Month	BSE Share Prices (in ₹)		NSE Share Prices (in ₹)	
	High	Low	High	Low
April-22	239.80	171.05	-	-
May-22	221.25	169.95	-	-
June-22	240.00	178.05	-	-
July-22	247.00	190.50	242.54	230.11
August-22	304.80	230.05	264.33	246.56
September-22	272.00	226.05	252.29	236.25
October-22	277.00	234.45	259.11	245.94
November-22	289.55	237.00	264.13	249.42
December-22	260.00	213.50	250.84	238.73
January-23	270.30	229.55	256.09	242.48
February-23	259.00	207.90	245.39	233.53
March-23	241.50	191.00	224.33	209.68

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

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

Month	Sensex Closing	Nifty 50 Closing	CSL Close Price (BSE)	CSL Close Price (NSE)
April-22	57,060.87	-	214.90	-
May-22	55,566.41	-	203.15	-
June-22	53,018.94	-	199.00	-
July-22	57,570.25	16738.45714	240.20	235.91
August-22	59,537.07	17579.065	237.20	254.17
September-22	57,426.92	17544.87727	248.70	244.27
October-22	60,746.59	17406.87368	246.80	251.81
November-22	63,099.65	18310.39	250.40	255.42
December-22	60,840.74	18385.13182	239.65	244.51
January-23	59,549.90	17968.74524	243.40	248.69
February-23	58,962.12	17739.2225	209.90	238.52
March-23	58,991.52	17225.64286	192.10	216.46



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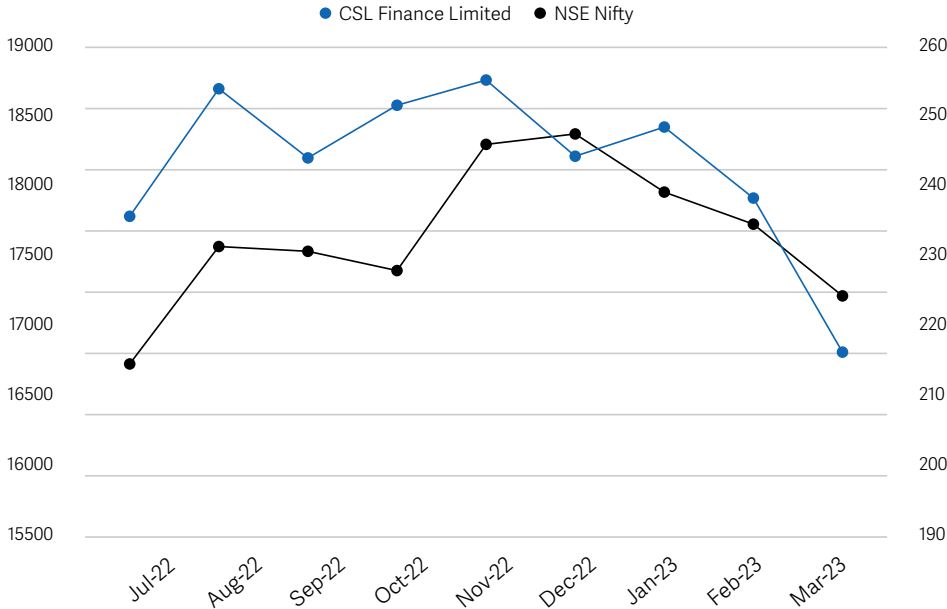
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Stock Performance Relative to Nifty 50 Index



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

SEBI Complaints Redress System (SCORES)

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

Registrar and Share Transfer Agent

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

Share Transfer System

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. A summary of transactions so approved by the committee is placed at the Board Meeting held quarterly. The Company obtains a yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of SEBI Listing Regulations and the same is filed with National Stock Exchange of India Limited and BSE Limited and available on the website of the Company.

Distribution of shareholding

Distribution of shareholding as on 31 March, 2023 is as under:

Month	No. of shareholders		Number of Shares	Amount	
	Number	%		₹	%
Upto - 5,000	3842	96.12	1475448	14754480	7.12
5001-10,000	58	1.45	430115	4301150	2.07
10,001-20,000	36	0.90	498416	4984160	2.40
20,001-30,000	18	0.45	428690	4286900	2.06
30,001-40,000	03	0.07	109584	1095840	0.53
40,001-50,000	06	0.15	267710	2677100	1.29
50,001-1,00,000	17	0.43	1175674	11756740	5.69
1,00,001 & above	17	0.43	16346984	163469840	78.84
Total	3997	100.000	20732621	207326210	100.000

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Shareholding pattern of the Company as on 31 March, 2023 is as under:

Month	No. of shares held	% of Equity Capital
Promoters	1,06,43,532	51.33
Mutual Funds	Nil	Nil
Bodies Corporate	34,43,724	16.61
Non-Resident Indians/OCB	7,31,314	3.53
Others	59,14,051	28.53
Total	2,07,32,621	100.00

Bifurcation of Shares held in physical and demat form as on 31 March, 2023

As at 31 March, 2023, 97.44% of the Company's paid up capital is held in the dematerialised form and balance of 2.56% equity shares were held in physical mode, the details of which are as under:

Month	No. of Shares	% of Total Capital
Held in Demat form with NSDL	1,81,49,964	87.54
Held in Demat form with CDSL	20,51,392	9.90
Holdings in Physical Mode	5,31,265	2.56
Total	2,07,32,621	100

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

Address for investor's correspondence

For share transfer/transmission/ Dematerialization or other queries	M/s MAS Services Limited T-34, 2 nd Floor Okhla Industrial Area Phase-2, New Delhi-110 020 Tel: 011-26387281, 82, 83 Fax: 011-26787384 Email: info@masserv.com
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For General Correspondence:	Secretarial Department CSL Finance Limited 716-717, 7 th Floor, Tower - B World Trade Tower, Sector - 16 Noida 201301 Tel: 011-4290650/52 Fax: 011-42503444
Email id for investor grievance:	investor@cslfinance.in

Credit Ratings

The Company has received credit rating from INDIA RATINGS AND RESEARCH (IND-RA) as detailed in the Board's Report.

For and behalf of the Board
of **CSL Finance Limited**

Place: New Delhi
Date: 25 August, 2023

Rohit Gupta
Managing Director
DIN: 00045077

Ashok Kumar Kathuria
Director
DIN: 01010305



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Annexure-I

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company’s code of conduct

As per Regulation 17(5) and Regulation 26(3) of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 executed with the Stock Exchanges, It is hereby declared that all the members of Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31 March, 2023.

Place: Noida
Date: 16 May, 2023

Rohit Gupta
(Managing Director)
DIN: 00045077

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Annexure-II

Continuation Certificate on NBFC Business

To Whomsoever It May Concern

Based on the of books of accounts and examination of the relevant records of **CSL Finance Limited** (CIN: L74899DL1992PLC051462) ('the Company') for the year ended 31 March, 2023, as produced for our examination and the information and explanation given to us we, **S.P. Chopra & Co.**, Chartered accountants, the statutory auditors of the Company certify that:

1. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act ,1934 as Non - Banking Financial Company (NBFC), and has been granted certificate of registration by the Reserve Bank of India on 3 March, 2003 having Registration No. B-14.00652;
2. The Asset/Income Pattern of the Company makes it entitled to continue to hold certificate of registration. The Company continues to undertake the business of NBFC during the year ended 31 March, 2023 requiring holding of certificate of registration issued to it by Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934;
3. The Company has passed a resolution for non-acceptance of public deposits as on 11 April, 2022;
4. The Company has not accepted any public deposits and does not hold any public deposits during the year 2022-23;
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 **S. P. Chopra & Co.**
Chartered Accountants
FRN No. 000345N

Pawan K. Gupta
Partner

M. No.: 092529
UDIN: 23092529BGPGUG1430

Place: Noida

Date: 7 August, 2023

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For more information visit website - www.cslfinance.in

Annexure-III

MD and CFO Certificate

To,

The Board of Directors

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

Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the FY 2022-2023

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

- (a) We have reviewed financial statements and the cash flow statement for FY 2022-2023 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that:
 - i. there were no significant changes in internal controls over financial reporting during the year;
 - ii. there are no significant changes in accounting policies during the year; and
 - iii. there were no instances of significant fraud of which we are become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place:

Date: 16 May, 2023

Rohit Gupta

Managing Director

DIN: 00045077

Naresh Chandra Varshney

Chief Financial officer

PAN: ACNPV7047F

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For more information visit website - www.csloffinance.in

Annexure-IV

Certificate on Corporate Governance

To,
The Members of **CSL Finance Limited**

I have examined the compliance of the conditions of Corporate Governance by CSL Finance Limited for the year ended on 31 March, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations, 2015”).

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

In my opinion, to the best of my knowledge and according to the explanation given to me, and the representations made by Directors & the Management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of the Listing Regulations, 2015 for the year ended 31 March, 2023.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Ganesh Sharma & Associates**
(Company Secretaries)

Ganesh Dutt Sharma
Practicing Company Secretary
M. No.: A43348
COP No.: 16085
UDIN: A043348E000823380
Peer Review Certificate No.: 2047/2022

Place: New Delhi
Date: 18 August, 2023

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Independent Auditor's Report

to the members of 'CSL FINANCE LIMITED'

Opinion

We have audited the accompanying financial statements of CSL Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') and the directions and guidelines issued by Reserve Bank of India as applicable to Systemically Important Non-Deposit taking Non Banking Financial Company ('NBFC Regulations'), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2023 and its Profit (including Other Comprehensive Income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Impairment of Financial Assets including Loans to the Customers (Expected Credit Loss)	<div>Our Audit Procedure:</div> <div>We obtained and evaluated the management's estimations and specifically performed the work as under:</div> <div><ul style="list-style-type: none">- Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.- Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation.- Tested the ECL model, including assumptions and underlying computation.- Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.</div>
Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets including loans to customers (designated at amortised cost) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including unbiased, probability weighted outcome under various scenarios, time value of money, impact arising from forward looking macro-economic factors and availability of reasonable and supportable information without undue costs.	

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Key Audit Matter	How the matter was addressed in the audit
Applying these principles involves significant estimation in various aspects, such as grouping of borrowers based on homogeneity by using appropriate statistical techniques, staging of loans and estimation of behavioral life, determining macro-economic factors impacting credit quality of receivables, estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements (and the degree of estimation involved in computation of expected credit losses), this area is considered as a key audit matter.	Our Results: The results of our testing were satisfactory and we considered the fair value of the financial assets including loans to customers recognised to be acceptable.

Information Other than the Financial Statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report and Directors’ Report, including annexures, if any, thereon, (but does not include the financial statements and our auditor’s report thereon), which is expected to be made available to us after the date of this Auditor’s report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Corporate Governance Report and Directors’ Report, including annexures, if any, thereon, 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 Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and the NBFC Regulations, as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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Other Matter

We draw attention to the fact that corresponding figures for the year ended 31 March, 2022 are based on previously issued financial statements of the Company that were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements dated 24 May, 2022.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2020' ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure-'A'**, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure-'B'**;
- g. in our opinion, the remuneration paid by the Company to its Director is in accordance with the provisions of Section 197 read with Schedule V of the Act; and
- h. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There are no pending litigations which may have the impact on Company's financial position;
 - ii. The Company has not entered into any long-term contracts including derivative contracts;
 - iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on

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behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The dividend in respect to previous year, declared and paid by the Company during the year, is in accordance with Section 123 of the Act, as applicable. Further, as informed no dividend has been proposed for the current year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining the books of accounts using accounting software which has the feature of recording audit trail (edit log) facility is applicable to the Company with effect from 01 April, 2023, therefore, reporting under rule 11(g) is not applicable for the financial year ended 31 March, 2023.

For **S. P. Chopra & Co.**
Chartered Accountants
Firm Registration No.: 000346N

Pawan K. Gupta
Partner
Membership No.: 092529

Place: Noida
Date: 16 May, 2023

Annexure-'A'

To the Independent Auditor's Report

(Referred to in paragraph 1 under `Report on Other Legal and Regulatory Requirements' section of the independent auditor's report of even date on the financial statements of '**CSL Finance Limited**' for the year ended 31 March, 2023)

- (i) In respect of the Company's Property, plant and equipments, Intangible assets, and Right to use assets;

a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment and relevant details of Right to use assets.

(B) The Company has maintained proper records showing full particulars of the Intangible assets.

b. As explained to us, the Property, plant and equipments and Right to use assets are physically verified by the management at reasonable intervals, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds in respect of the buildings included in the financial statements under Property, plant and equipments and investment property (other than buildings where the Company is the lessee and the lease agreement is duly executed in its favour) are held in the name of the Company.

d. The Company has not revalued any of its Property, plant and equipment (including Right to use assets) during the year.

e. According to the information and explanations given to us and based on our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at 31 March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, as amended.

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- (ii) (a) According to the information and explanations given to us, the Company's business/operations do not carry any inventory, hence reporting under clause 3(ii)a is not applicable.

- (b) The Company has been sanctioned working capital limits/facilities from banks on the basis of security of receivables/loans. The statements filed by the Company with the banks were generally found to be in agreement with the books of accounts as per our examination of the records.

- (iii) The Company is a Non-Banking Financial Company registered under Section 45-IA of the Reserve Bank of India Act, 1934, and as a part of its business activities is engaged in lending/granting of the loans to various types/categories of the customers.

During the year, the Company has not made any investment or provided the guarantee or security, however, in the ordinary course of its business, the Company has granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such loans and advances:

- (a) As the Company's principal business is to give loans, the clause 3(iii)(a) is not applicable.

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, having regard to the nature of the Company's business, terms and conditions of the grant of the loans are not prejudicial to its interest.

- (c) and (d) In respect of the loans, and advances in the nature of loans, given by the Company the schedules of repayment of principal and payment of interest have been stipulated, and the payments are being received regularly in accordance with the schedule of payments, except in the case of certain loans where the repayments are not being received on regular basis, and the payment of ₹ 255.29 lacs, (net of impairment loss allowance) in these cases is overdue since more than 90 days, for which the necessary steps and legal recourse were found to be taken by the Company during our examination of the relevant records.

- (e) As the Company's principal business is to give loans, the clause 3(iii)(e) is not applicable.

- (f) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not granted

any loans, and advances in the nature of loans, either repayable on demand or without specifying the terms of repayment, except the loans of ₹ 460.00 lacs (0.64% of total loans as at 31 March, 2023) given to its related parties during the year, which were repayable on demand. These loans have been repaid during the year and as at the year end there is no outstanding towards these loans.

- (iv) According to the information and explanations given to us, and on the basis of our examination of the records, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of the loans granted, as applicable. Further, as informed, the Company has not made any investment or provided the guarantees and security during the year, hence the reporting under this clause is not applicable in respect of investment or guarantee or security.

- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence reporting under clause 3(v) of the Order is not applicable.

- (vi) The maintenance of cost records has not been specified by the Central Government of India under sub-section (1) of Section 148 of the Act for any of the business activities carried out by the Company. Hence reporting under clause 3(vi) of the Order is not applicable.

- (vii) In respect of statutory dues:

- a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March, 2023 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of any statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute.

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

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- (ix) (a) Based on the audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to the lenders from whom such loans or borrowings have been borrowed.
- (b) Based on the audit procedures and according to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (c) Based on the audit procedures and according to the information and explanations given to us, the Company has applied the term loans for the purpose for which these loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company
- (e) As the Company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) is not applicable.
- (f) As the Company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) is not applicable.
- (x) (a) The Company during the year has neither raised funds by way of initial public offer nor further public offer (including debt instruments), hence reporting under this clause is not applicable.
- (b) According to the information and explanations 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 convertible debentures (fully, partially or optionally convertible) during the year, hence reporting under this clause is not applicable.
- (xi) (a) Based on the audit procedures and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, as amended, with the Central Government, during the year and upto the date of this report.
- (c) We have been informed that no whistle blower complaint was received by the Company during the year, and upto the date of this report, hence reporting under this clause is not applicable.
- (xii) The Company is not a Nidhi Company, hence reporting under clauses 3(xii)(a) to 3(xii)(c) is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable. The details of such transactions have been disclosed in the financial statements, as required by Ind AS 24 – Related Party Disclosures.
- (xiv) (a) In our opinion and based on our examination, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
- (xvi) (a) The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Company.
- (b) The Company is conducting its activities as a Non-Banking Financial Company in accordance with the Certificate issued by the Reserve Bank of India.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by RBI, hence reporting under this clause is not applicable.
- (d) As informed and in our view, there is no Core Investment Company within the Group of the Company, hence reporting under this clause is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

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- (xviii) There has been no resignation of the statutory auditors of the Company during the year, however, there is change of statutory auditors during the year due to retirement of the existing auditor on completion of their term.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII to the Act in compliance with second proviso to sub section 5 of Section 135 of the Act, hence reporting under this clause is not required.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub-section (6) of Section 135 of the Act, hence reporting under this clause is not required.

For **S. P. Chopra & Co.**
Chartered Accountants
Firm Registration No.: 000346N

Pawan K. Gupta
Partner
Membership No.: 092529

Place: Noida
Date: 16 May, 2023

Annexure-‘B’

To the Independent Auditors’ Report

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of the independent auditors’ report of even date on the financial statements of CSL Finance Limited for the year ended 31 March, 2023)

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

We have audited the internal financial controls over financial reporting of **CSL Finance Limited** (“the Company”) as of 31 March, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Act 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.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2023, 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 **S. P. Chopra & Co.**
Chartered Accountants
Firm Registration No.: 000346N

Pawan K. Gupta
Partner
Membership No.: 092529

Place: Noida
Date: 16 May, 2023

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Balance Sheet

As at 31 March, 2023

(Amount in INR lacs, unless otherwise stated)

Particulars	Note No.	As at 31 March, 2023	As at 31 March, 2022
ASSETS			
Financial Assets			
Cash and cash equivalents	4	4036.50	1302.54
Bank Balance other than cash and cash equivalents	5	558.05	330.35
Loans	6	72318.42	50784.57
Other Financial assets	7	81.37	78.04
Non-financial Assets			
Deferred tax Assets (Net)	8.1	117.23	116.69
Investment property	9	13.42	13.71
Property, plant and equipment	10	555.45	437.75
Intangible assets under development	11	-	17.44
Other Intangible assets	12	42.20	0.09
Right-of-use assets	13.2	141.95	129.90
Other non-financial assets	14	9.63	12.05
Total Assets		77874.22	53223.13
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Debt Securities	15	4198.77	4196.48
Borrowings (Other than Debt Securities)	16	36606.84	16220.10
Lease liabilities	13.3	177.17	164.79
Other financial liabilities	17	297.49	253.47

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For more information visit website - www.csloffinance.in

Particulars	Note No.	As at 31 March, 2023	As at 31 March, 2022
Non-Financial Liabilities			
Current tax liabilities	18	224.53	120.73
Provisions	19	28.68	50.37
Other non-financial liabilities	20	88.77	67.70
EQUITY			
Equity Share Capital	21	2023.84	2023.17
Other Equity	22	34228.13	30126.32
Total Liabilities and Equity		77874.22	53223.13

Corporate Information, Significant Accounting Policies and Other Notes 1-3 & 33-55

As per our Report of even date attached

For **S. P. Chopra & Co.**

Chartered Accountants

Firm Registration No.: 000346N

Pawan K. Gupta

Partner

Membership No.: 092529

Place: New Delhi

Date: 16 May, 2023

For & on behalf of the board

Rohit Gupta

Managing Director

DIN: 00045077

Ashok Kumar Kathuria

Director

DIN: 01010305

Preeti Gupta

Company Secretary

M. No.: A43593

Naresh C. Varshney

Chief Financial Officer

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Statement of Profit and Loss

For the year ended 31 March, 2023

(Amount in INR lacs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Revenue from operations			
Interest Income	23	10814.26	6766.48
Fees and commission Income	24	667.06	462.23
Recoveries of financial assets written off	25	242.36	233.83
Total Revenue from operations (I)		11723.68	7462.54
Other Income			
Other Income	26	29.27	17.37
Other Income (II)		29.27	17.37
Total Income (III)=(I+II)		11752.95	7479.91
Expenses			
Finance costs	27	2714.70	1074.96
Fees and commission expense	28	11.36	23.58
Impairment of financial instruments	29	387.00	371.64
Employee benefits expenses	30	1577.21	930.98
Depreciation & Amortization	31	103.26	65.56
Other expenses	32	806.29	537.76
Total Expenses (IV)		5599.82	3004.48
Profit before tax (V)=(III-IV)		6153.13	4475.43
Tax Expense: (VI)	8		
- Current Year's		1567.08	1165.50
- Earlier Year's		24.44	0.61
- Deferred tax		(1.23)	(35.62)
Profit for the year (VII)=(V-VI)		4562.84	3344.94

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Particulars	Note No.	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		2.71	6.70
Income tax impact thereon		(0.68)	(1.69)
Other Comprehensive Income (VIII)		2.03	5.01
Total Comprehensive Income for the year (VII+VIII)		4564.87	3349.95
Earnings per equity share (face value of ₹ 10/- per share)	36		
Basic (₹)		22.02	17.86
Diluted (₹)		21.40	17.75

Corporate Information, Significant Accounting Policies and Other Notes 1-3 & 33-55

As per our Report of even date attached
For **S. P. Chopra & Co.**
Chartered Accountants
Firm Registration No.: 000346N

Pawan K. Gupta
Partner
Membership No.: 092529

Place: New Delhi
Date: 16 May, 2023

Rohit Gupta
Managing Director
DIN: 00045077

Preeti Gupta
Company Secretary
M. No.: A43593

Ashok Kumar Kathuria
Director
DIN: 01010305

Naresh C. Varshney
Chief Financial Officer

For & on behalf of the board

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Statement of Cash Flows

For the year ended 31 March, 2023

(Amount in INR lacs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Cash Flow From Operating Activities:		
Profit before Tax	6153.13	4475.43
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization on Property, Plant & equipment	71.01	36.67
Depreciation on Right-of-use Assets	32.25	28.89
Interest accretion on lease liabilities	16.96	17.09
Unamortised Cost on Borrowings	242.11	58.35
Impairment of financial instruments	387.00	371.64
Loss on Sale of Property, Plant and Equipment (Net)	0.02	0.43
Share based payment expenses (net)	50.93	-
Gain on termination of lease	(2.45)	(0.22)
Interest income on unwinding of security deposits	(0.56)	(0.47)
Operating Profit before Working Capital changes	6950.40	4987.81
Adjustments for changes in Working Capital:		
Loans	(21920.86)	(19762.09)
Other Financial assets	(2.68)	(26.15)
Bank Balance other than cash and cash equivalents	(227.69)	(0.63)
Other non-financial assets	2.42	44.03
Other financial liabilities	33.67	50.46
Other non-financial liabilities	21.07	49.96
Provisions	(18.98)	48.05
Cash (Used in) Operations	(15162.65)	(14608.56)
- Taxes (Paid) (Net)	(1487.72)	(1223.20)
Net Cash (Used in) Operating Activities	(16650.37)	(15831.76)
Cash Flow From Investing Activities:		
Purchase of Property, plant and equipment and intangible assets (net)	(215.31)	(356.25)
Sale of Property, Plant and Equipment and Intangible assets	2.21	6.31
Net Cash (Used in) Investing Activities	(213.10)	(349.94)
Cash Flow From Financing Activities:		

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Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Borrowings proceeds (net)	20146.93	12243.90
Equity share capital issued (Including premium)	4.99	3700.00
Repayment of lease liabilities	(29.56)	(22.87)
Payment of interest on lease liabilities	(16.96)	(17.09)
Dividend paid	(507.97)	(181.94)
Net Cash Generated from Financing Activities	19597.43	15722.00
Net Increase/(Decrease) in Cash and Cash Equivalents	2733.96	(459.70)
Cash and Cash Equivalents at the Beginning of the Year	1302.54	1762.24
Cash and Cash Equivalents at the end of the Year	4036.50	1302.54
Cash and Cash Equivalents at the end of the Year comprises of		
Cash in hand	5.40	3.31
Balances with banks		
- in current accounts	135.36	1299.24
- in fixed deposits (with original maturity of 3 months or less)	1795.74	-
Investment In Liquid Mutual Funds	2100.00	-
TOTAL	4036.50	1302.54

The above Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows.

Figures in brackets indicate cash outflow.

Corporate Information, Significant Accounting Policies and Other Notes 1-3 & 33-55

As per our Report of even date attached
For **S. P. Chopra & Co.**
Chartered Accountants
Firm Registration No.: 000346N

Pawan K. Gupta
Partner
Membership No.: 092529

Place: New Delhi
Date: 16 May, 2023

For & on behalf of the board

Rohit Gupta
Managing Director
DIN: 00045077

Preeti Gupta
Company Secretary
M. No.: A43593

Ashok Kumar Kathuria
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Statement of Changes in Equity

For the year ended 31 March, 2023

(Amount in INR lacs, unless otherwise stated)

A. Equity Share Capital

(1) Current Reporting period

Balance as at 31 March, 2022*	Changes in equity share capital during the current year	Treasury shares (held with ESOS Trust)	Balance as at 31 March, 2023
2073.26	-	(49.43)	2023.84

* includes ₹ 50.09 lakhs Treasury shares (held with ESOS Trust).

(2) Previous Reporting period

Balance as at 31 March, 2021*	Changes in equity share capital during the current year	Treasury shares (held with ESOS Trust)	Balance as at 31 March, 2023
616.92	1456.34	(50.09)	2023.17

* includes ₹ 0.36 lakhs Treasury shares (held with ESOS Trust).

B. Other Equity

(1) Current Reporting period (As at 31 March, 2023)

Particulars	Reserves & Surplus							Money Received against Share warrants	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Debenture Redemption Reserve	Share option outstanding account	Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934	
Balance at the beginning of the reporting period	206.49	7309.36	62.16	4.00	16874.34	1200.00	63.71	4266.26	30126.32
Total comprehensive income for the current year	-	-	-	-	2.03	-	-	-	2.03
Dividends	-	-	-	-	(518.32)	-	-	-	(518.32)
Profit for the year	-	-	-	-	4562.84	-	-	-	4562.84
Transfer to statutory reserve	-	-	-	-	(912.97)	-	-	912.97	-

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(Amount in INR lacs, unless otherwise stated)

Particulars	Reserves & Surplus								Money Received against Share warrants	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Debenture Redemption Reserve	Share option outstanding account	Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934		
Share option outstanding expense	-	-	-	-	-	-	61.71	-	-	61.71
Issue of share under ESOS		4.32	-	-	-	-	-	-	-	4.32
Reversal on ESOP shares lapsed	-	-	-	-	-	-	(10.77)	-	-	(10.77)
Transfer to Debenture Redemption Reserve	-	-	-	-	(2800.00)	2800.00	-	-	-	-
Balance at the end of the reporting period	206.49	7313.68	62.16	4.00	17207.92	4000.00	114.65	5179.23	140.00	34228.13

(2) Previous Reporting period (As at 31 March, 2022)

Particulars	Reserves & Surplus								Money Received against Share warrants	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Debenture Redemption Reserve	Share option outstanding account	Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934		
Balance at the beginning of the reporting period	206.49	5801.37	62.16	4.00	15178.45	400.00	63.71	3597.27	-	25313.45
Total comprehensive income for the current year	-	-	-	-	5.02	-	-	-	-	5.02
Dividends	-	-	-	-	(185.08)	-	-	-	-	(185.08)
Profit for the year	-	-	-	-	3344.94	-	-	-	-	3344.94
Transfer to statutory reserve	-	-	-	-	(668.99)	-	-	668.99	-	-
Issue of share under ESOS	-	4.33	-	-	-	-	-	-	-	4.33

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(Amount in INR lacs, unless otherwise stated)

Particulars	Reserves & Surplus								Money Received against Share warrants	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Debenture Redemption Reserve	Share option outstanding account	Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934		
Transfer to Debenture Redemption Reserve	-	-	-	-	(800.00)	800.00	-	-	-	-
Issue of shares under Preferential allotment	-	2737.50	-	-	-	-	-	-	-	2737.50
Issue of shares under Bonus Issue	-	(1233.84)	-	-	-	-	-	-	-	(1233.84)
Amount received against issue of share warrants	-	-	-	-	-	-	-	-	140.00	140.00
Balance at the end of the reporting period	206.49	7309.36	62.16	4.00	16874.34	1200.00	63.71	4266.26	140.00	30126.32

Corporate Information, Significant Accounting Policies and Other Notes 1-3 & 33-55

As per our Report of even date attached

For **S. P. Chopra & Co.**

Chartered Accountants

Firm Registration No.: 000346N

Pawan K. Gupta

Partner

Membership No.: 092529

Place: New Delhi

Date: 16 May, 2023

For & on behalf of the board

Rohit Gupta

Managing Director

DIN: 00045077

Preeti Gupta

Company Secretary

M. No.: A43593

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DIN: 01010305

Naresh C. Varshney

Chief Financial Officer

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Notes to the Financial Statements

for the year ended 31 March, 2023

1. Corporate Information

CSL Finance Limited (the 'Company'/'CSL') is a Public Limited Company incorporated India on 28 December, 1992 under the provisions of the Companies Act, 2013. The registered office of the Company is located at 410-412, 18/12, 4th Floor, W.E.A., Arya Samaj Road, Karol Bagh, New Delhi - 110005. Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE). The Company is a Systemically Important Non-Deposit taking Non-Banking Financial Company ('NBFC-ND') and is registered as a Non-Banking Financial Company with the Reserve Bank of India ("RBI").

The Company is engaged in the business of providing the finance facilities to small and medium size business units to fulfil their financial needs. The complete business of CSL can be classified into two broader segments of SME business and 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 and 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 31 March, 2023, were approved by the Board of Directors and authorized for issue on 16 May, 2023, and recommended for consideration and adoption by the shareholders in their ensuing annual general meeting.

2. Basis of Preparation and Presentation of Financial Statements

2.1 Compliance with Indian Accounting Standards (Ind AS):

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015, and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (the 'NBFC Regulations') issued by RBI, both as amended from time to time. The notified Indian Accounting Standards (Ind AS) are followed

by the Company in so far as they are not inconsistent with the NBFC Regulations. The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA) vide its notification dated 11 October, 2018.

These Financial Statements for the year ended 31 March, 2023 have been approved by the Board of Directors in their meeting held on 16 May, 2023. Notified under the Companies (Indian Accounting Standards) Rules, 2015, and the other relevant provisions of the Companies Act, 2013 (the 'Act'), and the Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Non-Banking Financial Company (the 'NBFC Regulations') issued by RBI, both as amended from time to time. The notified Indian Accounting Standards (Ind AS) are followed by the Company in so far as they are not inconsistent with the NBFC Regulations.

2.2 Presentation of financial statements:

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA) vide its notification dated 11 October, 2018.

2.3 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except, certain financial assets and liabilities, measured at fair value, as stated respectively.

2.4 Functional and presentation currency

The financial statements are prepared in Indian Rupees ('₹'), which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lacs with two decimal places, unless stated otherwise.

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3. Significant accounting policies

3.1 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Receivables and payables, loan, investments in subsidiaries and associates, borrowings, cash and cash equivalents, other bank balances etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments.

3.1.2 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.

3.1.2 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 and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-fortrading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are

recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

3.1.3 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.

3.2 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 months 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 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

The Company recognises lifetime ECL for loans 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

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that will result from all possible default events over the expected life of a financial instrument.

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

The calculation of ECLs

Loan assets

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

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

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

Probability of Default (PD)

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

Loss Given Default (LGD)

LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD)

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

Other Financial Assets

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

3.3 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 in statement of profit and loss.

3.4 Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 39.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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3.5 Foreign currency translation

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. The long term foreign currency monetary items are carried at the exchange rate prevailing on the date of initial transaction.

Non- monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company has taken certain assets on Operating Lease. Operating Lease is a contract, which conveys the right to Lessee, to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

At commencement, or on the modification, of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is amortised/depreciated using straight-line method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the Company by the end of the lease term or if the Company expects to exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the Company's other property, plant and equipment. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate on the inception date for a loan with similar terms to the lease. The incremental borrowing rate is estimated by obtaining interest rates from various external financing sources.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with Ind AS 116, the Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases i.e. leases with a lease term of 12 months or less and containing no purchase options. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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3.7 Recognition of Revenue and expenses

3.7.1 Revenues:

a. Interest Income

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets after setting-off of collateral amounts. In case of credit-impaired financial assets regarded as ‘stage 3’, the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR, to the extent of probability of its recovery. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayment/non-payment of contractual cash flows is recognised on realisation.

b. "Net gain on fair value changes"

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in “Net gains or fair value changes” under revenue from operations and if there is a net loss the same is disclosed “Expenses”, in the statement of profit and loss.

c. Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL except those that are held for trading.

d. The Company recognises revenue (other than for those items to which Ind AS 109 'Financial Instruments' are applicable) based on a comprehensive assessment model as set out in Ind As 115 "Revenue from Contracts with Customers". The Company identifies contract(s) with a customer and its performance obligation under the contract, determines the transaction price and its allocation to performane obligation in the contract and recognises reveune only on satisfactry completion of performance obligations. Revenue is measured at the fai rvalue of the consideration recieved or receivable:

i. Fees & Commission Income

Processing fees and other servicing fees is recognized on accrual basis. The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery. Fees on value added services and products are recognised on rendering of services and products to the customer.

ii. Other Income

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

iii. Dividend Income

Dividend Income on investments is recognized when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.7.2 Expenditures:

a. Finance Costs:

Borrowing costs on financial liabilities are recognised using the EIR.

b. Fees and commission expenses:

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and loss on an accrual basis.

c. Other expenses:

Expenses are recognised on accrual basis net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

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3.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Property, plant and equipment

Property plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

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.

Depreciation methods, estimated useful lives

Depreciation on property, plant and equipment is provided on straight-line method over the useful life of the assets estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013.

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.

Leasehold improvements are amortized over the primary lease period, which corresponds with the useful lives of the assets, or whichever is shorter.

Depreciation on addition or on sale/discard of an asset is calculated pro-rata from/up to the date of such addition or sale/discard.

3.10 Intangible assets

Intangible Assets are recognised only if it is probable that the future economic benefits that are attributable to assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are recorded at cost and carried at cost less accumulated depreciation and accumulated Impairment losses, if any.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Inatngible assets comprise of Computer software (which is not an Integral part of the related hardware) and the trademarks, and are being amortised over the estimated useful life. The estimated useful lives of Intangible assets are 5 years for Computer software and 3 years for trademark.

3.11 Impairment of Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired and when circumstances indicate that the carrying value may be impaired. 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 Company 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.

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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.

3.12 Retirement and other employee benefits

Short-term employee benefits:

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

Post employment benefits:

Defined contribution plans

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

Defined benefit plans

The Company provides for gratuity, a defined benefit plan covering eligible employees. Gratuity is covered under scheme administered by Kotak Mahindra Life Insurance Company Limited and the contributions made by the Company to the scheme

are recognised in the Statement of Profit and Loss. The liability recognised in the Balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. The calculation of the Company's obligation under the plan is performed annually by qualified independent actuary using the projected unit credit method.

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

3.13 Employee Stock Option Plan

Equity-settled share-based payments to employees are measured 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.

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.

3.14 Provision, contingent liabilities and contingent assets

a. Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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 obligation. Provisions are measured at the

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best estimate of the expenditure required to settle the present obligation, at the balances sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b. Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

c. Contingent Assets

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

3.15 Investment Property

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

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

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

3.16 Taxes

a. Current tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the tax regime inserted by the Taxation Laws (Amendment) Act, 2019 in the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transactions either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where applicable.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities 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. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.17 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

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earnings per share is the net profit for the period after tax. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

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

3.18 Significant accounting judgements, estimates and assumptions

The preparation of standalone financial statements in conformity with Ind AS requires the management to make use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of standalone financial statements, and the reported amount of revenues and expenses during the reporting period. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management’s estimates are based.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are given below:

Fair value of financial instruments

Fair value of financial instruments is required to be estimated for financial reporting purposes. The Company applies appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses quoted prices and market-observable data to the extent it is available. When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value

is measured using valuation techniques, based on the inputs to these models taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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 assets – Expected Credit Loss

The measurement of impairment loss allowance for financial asset measured at amortised cost requires use of statistical models, significant assumptions about future economic conditions and credit behavior (e.g. likelihood of borrowers defaulting and resulting losses). In estimating the cash flows expected to be recovered from credit impaired loans, the Company makes judgements about the borrower’s financial situation, current status of the project, net realisable value of securities/collateral etc. As these estimates are based on various assumptions, actual results may vary leading to changes to the impairment loss allowance. Further, judgement is also made in identifying the default and significant increase in credit risk (SICR) on financial assets as well as for homogeneous grouping of similar financial assets. Impairment assessment also takes into account the data from the loan portfolio, levels of arrears and an analysis of historical defaults.

Useful life of property, plant and equipment

The Property, Plant and Equipment are depreciated on straight line method over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 3.9 above. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the financial position in future years.

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4. Cash and cash equivalents

Particulars	As at 31 March, 2023	As at 31 March, 2022
Cash in hand	5.40	3.31
Liquid Mutual Funds	2100.00	-
Balances with banks		
- in current accounts	135.36	1299.24
- in fixed deposits (with original maturity of 3 months or less)	1795.74	-
Total cash and cash equivalents	4036.50	1302.54

5. Bank Balance other than cash and cash equivalents

Particulars	As at 31 March, 2023	As at 31 March, 2022
Fixed deposits with banks (with original maturity of more than 3 months)	530.61	312.51
Balances with Banks:		
- in unpaid Dividend accounts	27.19	16.84
- in unpaid CSR account	0.25	1.00
Total Bank Balance other than cash and cash equivalents	558.05	330.35

6. Loans

Particulars	As at 31 March, 2023	As at 31 March, 2022
Loans measured at amortised cost*		
Term Loans:		
SME	28954.68	14044.93
Wholesale	44284.34	37650.22

Total - Gross	73239.03	51695.16
Less: Impairment loss allowance	920.61	910.59
Total - Net	72318.42	50784.57
Secured by tangible assets**	73068.49	51351.85
Less: Impairment loss allowance	918.37	872.56
Total (II) - Net	72150.12	50479.28
Unsecured	170.53	343.31
Less: Impairment loss allowance	2.23	38.03
Total (II) - Net	168.30	305.28
Total (I) and (II)	72318.42	50784.57
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	73239.03	51695.16
Total (I) - Gross	73239.03	51695.16
Less: Impairment loss allowance	920.61	910.59
Total (I) - Net	72318.42	50784.57
(II) Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (II) - Net	-	-
Total (I) and (II)	72318.42	50784.57

*Loans having sanction amount upto ₹ 500 lacs are treated under SME portfolio and other loans are treated under Wholesale portfolio by the Company. Further, for Credit Risk Management of the above loans refer to Note 40.1 to 40.6

**Secured by mortgage of immoveable properties, refer Note 40.7.

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7. Other Financial assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
Security Deposits	14.58	60.93
Staff Advances	32.85	5.96
Other Receivables	28.91	7.55
Advances recoverable	5.03	3.60
Total	81.37	78.04

8. Deferred tax

8.1 Deferred tax assets (net):

Particulars	As at 01 April, 2022	Charge to profit & loss	Charge to OCI	As at 31 March, 2023
Tax Effect of items constituting deferred tax liabilities:				
- Application of EIR on Financial Liabilities	16.44	60.93	-	77.37
	16.44	60.93	-	77.37
Tax Effect of items constituting deferred tax assets				
- Application of EIR on financial assets	137.20	66.46	-	203.66
- Application of leases (Ind AS 116)	6.93	(0.77)	-	6.16
- Tax bases of Property, Plant & Equipment	(2.10)	(9.36)	-	(11.46)
- Provision for gratuity	(8.90)	5.83	(0.68)	(3.75)
	133.13	62.16	(0.68)	194.61
Net deferred tax	116.69	1.23	(0.68)	117.23

8.2 Income tax recognised in Statement of profit and loss:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Current Tax:		
In respect of the current year	1567.08	1165.50
In respect of the prior year	24.43	0.61
	1591.51	1166.11
Deferred tax:		
Current year origination and reversals	(1.23)	(35.62)
Total Income tax recognised in Profit and Loss	1590.28	1130.49

8.3 Income tax recognised in Other Comprehensive Income:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Remeasurement of defined benefits	(0.68)	(1.69)
Total Income tax recognised in Other Comprehensive Income	(0.68)	(1.69)

8.4 Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Profit before tax	6153.13	4475.43
Applicable Income tax rate	25.17%	25.17%
Expected Income tax expenses	1548.62	1126.38
In respect of the prior year	24.43	0.61
Adjustments:		
Effect of ind-as adjustments	8.29	8.97
Effect of expenses not deductible	10.17	30.15
Reported Income tax expenses	1591.51	1166.11
Effective tax rate	25.87%	26.06%

*Company has opted the tax regime under Section 115BAA of the Income Tax Act, 1961.

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9. Investment property

Particulars	As at 31 March, 2023	As at 31 March, 2022
Cost		
Opening Balance	14.86	14.86
Closing Balance	14.86	14.86
Accumulated amortization and impairment, if any		
Opening Balance	1.15	0.86
For the year	0.29	0.29
Closing Balance	1.44	1.15
Net block	13.42	13.71

The Company's investment properties consist of residential property in India. Fair value of Investment property, as estimated by the management, is more than the carrying amount as disclosed above.

10. Property, plant and equipment

As at 31 March, 2023

Particulars	Gross carrying amount			Accumulated Depreciation				Net carrying amount		
	As at 01 April, 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March, 2023	As at 01 April, 2022	For the year	Deductions/ Adjustments	As at 31 March, 2023	As at 31 March, 2023	As at 31 March, 2022
Airconditioner	3.53	0.27	0.29	3.50	2.44	0.55	0.16	2.82	0.68	1.09
Building	204.25			204.25	0.47	3.23	-	3.70	200.55	203.78
Computer	58.18	14.06	0.43	71.81	6.92	22.28	0.40	28.79	43.02	51.27
Electrical Installation	28.39			28.39	7.71	2.70	-	10.41	17.98	20.68
Furniture and Fixtures	82.97	7.43		90.41	16.41	8.51	-	24.92	65.49	66.57
Leasehold Improvement	30.84			30.84	10.58	3.34	-	13.92	16.92	20.26
Mobile	5.47	0.30		5.78	2.24	1.01	-	3.25	2.53	3.24
Vehicles	77.14	150.03	39.55	187.62	19.88	18.92	37.57	1.22	186.40	57.27
Office Equipment	18.18	12.13	2.07	28.23	5.67	4.13	1.97	7.84	20.39	12.50
Printer	2.46	0.93		3.38	1.36	0.54	-	1.90	1.48	1.10
Total	511.42	185.14	42.33	654.22	73.66	65.21	40.11	98.77	555.45	437.75

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As at 31, March, 2022

Particulars	Gross carrying amount			Accumulated Depreciation				Net carrying amount		
	As at 01 April, 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March, 2022	As at 01 April, 2021	For the year	Deductions/ Adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March 2021
Airconditioner	3.86	-	0.33	3.53	1.92	0.75	0.24	2.44	1.09	1.93
Computer	31.00	54.93	27.74	58.18	20.46	13.26	26.80	6.92	51.27	10.53
Electrical Installation	24.55	3.84	-	28.39	5.38	2.33	-	7.71	20.68	19.17
Furniture and Fixtures	49.62	33.79	0.44	82.97	11.57	5.00	0.16	16.41	66.57	38.06
Leasehold Improvement	30.84	204.25	-	235.09	7.33	3.73	-	11.05	224.04	23.51
Mobile	5.06	0.41	-	5.47	1.30	0.94	-	2.24	3.24	3.76
Vehicles	54.68	31.62	9.16	77.14	15.71	7.89	3.73	19.88	57.27	38.97
Office Equipment	8.62	9.56	-	18.18	3.89	1.78	-	5.67	12.50	4.73
Printer	2.13	0.32	-	2.46	0.92	0.44	-	1.36	1.10	1.22
Total	210.36	338.72	37.67	511.42	68.48	36.12	30.93	73.66	437.75	141.89

11. Intangible assets under development

As at 31, March, 2023

Particulars	Gross carrying amount			Accumulated Depreciation				Net carrying amount		
	As at 01 April, 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March, 2023	As at 01 April, 2022	For the year	Deductions/ Adjustments	As at 31 March, 2023	As at 31 March, 2023	As at 31 March, 2022
Software Under Development	17.44	30.18	47.62	-	-	-	-	-	-	17.44
Total	17.44	30.18	47.62	-	-	-	-	-	-	17.44

As at 31, March, 2022

Particulars	Gross carrying amount			Accumulated Depreciation				Net carrying amount		
	As at 01 April, 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March, 2022	As at 01 April, 2021	For the year	Deductions/ Adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March 2021
Software Under Development	-	17.44	-	17.44	-	-	-	-	17.44	-
Total	-	17.44	-	17.44	-	-	-	-	17.44	-

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12. Other Intangible assets

As at 31, March, 2023

Particulars	Gross carrying amount				Accumulated Depreciation				Net carrying amount	
	As at 01 April, 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March, 2023	As at 01 April, 2022	For the year	Deductions/ Adjustments	As at 31 March, 2023	As at 31 March, 2023	As at 31 March, 2022
Company Logo	0.09	-	-	0.09	0.00	0.03	-	0.03	0.06	0.09
Synofin Software	-	47.62	-	47.62	-	5.48	-	5.48	42.14	-
Total	0.09	47.62	-	47.71	0.00	5.51	-	5.51	42.20	0.09

As at 31, March, 2022

Particulars	Gross carrying amount				Accumulated Depreciation				Net carrying amount	
	As at 01 April, 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March, 2022	As at 01 April, 2021	For the year	Deductions/ Adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Computer Software	6.35	-	-	6.35	6.12	0.23	-	6.35	-	0.23
Company Logo	0.09	0.09	-	0.18	0.06	0.03	-	0.09	0.09	0.03
Total	6.44	0.09	-	6.53	6.18	0.26	-	6.44	0.09	0.26

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.

13.2 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening Balance	129.90	145.94
Additions during the year	50.35	16.33
Deductions during the year	(6.06)	(3.48)
Depreciation charge for the year	(32.25)	(28.89)
Closing Balance	141.95	129.90

13.3 Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening balance	164.79	175.16
Additions during the year	49.36	16.16
Deductions during the year	(8.42)	(3.66)
Accretion of Interest	16.96	17.09
Payments during the year	(45.53)	(39.96)
Closing balance	177.17	164.79
Current	36.99	24.40
Non Current	140.18	140.40

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13.4 Maturity Analysis:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Less than 1 Year	52.53	39.35
1-3 Years	103.67	79.62
3-5 Years	59.98	80.42
5 Years and above	-	12.64
Total	216.18	212.04
Discounting Charge	39.01	47.24
Lease Liabilities	177.17	164.79

13.5 Amounts recognised in profit or loss:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Interest on lease liabilities	16.96	17.09
Depreciation expense for right-of-use assets	32.25	28.89
Expenses relating to short-term leases	35.64	19.39
Reversal of Liability on lease termination	(2.36)	(0.18)
Total Amount recognised in profit & Loss	82.49	65.20

15. Debt Securities (Reedemable, Non-Convertible Debentures)

Particulars	As at 31 March, 2023	As at 31 March, 2022
At amortised Cost		
Secured		
Privately Placed, Reedemable Non Convertible Debentures (Refer note 15.1)	4000.00	4000.00
Add: Accrued Interest Payable	198.90	198.90
Less: Amortisation of cost of borrowings	(0.13)	(2.41)
Total	4198.77	4196.48
Borrowings in India	4198.77	4196.48
Borrowings outside India	-	-
Total	4198.77	4196.48

13.6 Amounts recognised in the statement of cash flows:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Payments during the year for long-term leases	(45.53)	(39.96)
Expenses relating to short-term leases	(35.64)	(19.39)
Total cash outflow for leases	(81.17)	(59.35)

14. Other non financial assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
Balance with government authorities	0.12	1.22
Prepaid expenses	8.22	7.31
Advances recoverable	1.28	3.52
Total non financial assets	9.63	12.05

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15.1 Security and terms of repayment for Non Convertible Debentures:

S. No	Particulars	Amount outstanding as on 31 March, 2023	Amount outstanding as on 31 March, 2022	No of Installments	Repayment terms			Nature of security
					Periodicity	Start date	End date	
1	State Bank of India (ROI - 10.25%)	3179.36	3177.92	1	Bullet Repayment	10-Aug-20	21-Apr-23	Exclusive charge on specific receivables, personal guarantee of Managing Director and corporate guarantee of the group Company.
2	Punjab National Bank (ROI - 10.00%)	1019.40	1018.57	1	Bullet Repayment	20-Oct-20	21-Apr-23	
Total		4198.77	4196.48					

16. Borrowings (Other than Debt Securities)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Borrowings - At Amortised Cost		
(a) Term loans		
(i) from banks		
Secured	14425.61	8567.61
(ii) from other parties		
Secured	14034.66	609.73
Unsecured	5000.00	5260.00
(b) Loans repayable on demand (secured)		
(i) from banks		
Secured	3146.58	1782.75
Total	36606.84	16220.10
Borrowings in India	36606.84	16220.10
Borrowings outside India	-	-
Total	36606.84	16220.10

Note: Refer notes 16.1 to 16.4 for details/disclosures of the Borrowings (Other than Debt Securities).

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16.1 Security and terms of repayment for term loans from banks:

S. No	Particulars	Amount outstanding as on 31 March, 2023	Amount outstanding as on 31 March, 2022	No of Installments	Repayment terms	Periodicity	Start date	End date	Nature of security
1	State Bank Of India	4116.39	5250.00	66	Monthly		28-Jun-21	25-Dec-26	Exclusive charge on specific receivables, personal guarantee of Managing Director & Smt Ridhima Gupta (limited to the value of property mortgaged) and corporate guarantee of the group Company.
2	Au Small Finance Bank Ltd	504.06	837.30	36	Monthly		31-Aug-21	3-Aug-24	Exclusive charge on specific receivables, personal guarantee of Managing Director and corporate guarantee of the group Company.
3	Au Small Finance Bank Ltd	701.25	959.15	36	Monthly		17-Mar-22	3-Apr-25	
4	Hdfc Bank Term Loan	989.39	1490.96	24	Monthly		1-Apr-22	30-Mar-24	
5	Hdfc Bank Car Loan	14.61	18.13	58	Monthly		7-May-21	7-Feb-26	Hypothecation of Car
6	Hdfc Bank Car Loan	9.32	12.08	60	Monthly		4-Oct-21	4-Sep-26	
7	Au Small Finance Bank Ltd	1338.21	-	36	Monthly		19-Oct-22	3-Oct-25	Exclusive charge on specific receivables, personal guarantee of Managing Director and corporate guarantee of the group Company.
8	Federal Bank	1232.31	-	24	Monthly		8-Jun-22	8-Jun-24	
9	Fincare Small Finance Bank	939.82	-	18	Monthly		15-Feb-23	15-Aug-24	
10	Hdfc Bank	750.75	-	24	Monthly		28-Mar-23	31-Mar'25	
11	Icici Bank Ltd	645.46	-	24	Monthly		22-Jul-22	22-Jul-24	
12	Indian Bank Term Loan	1674.13	-	60	Monthly		31-Jul-22	31-Jul-27	Hypothecation of Car
13	Utkarsh Small Finance Bank	1404.00	-	37	Monthly		28-Jan-23	28-Mar-26	
14	Icici Bank Ltd Car Loan	16.09	-	60	Monthly		1-Aug-22	1-Jul-27	
15	Axis Bank Car Loan Car Loan	89.81	-	60	Monthly		10-Oct-22	10-Sep-27	
Total		14425.61	8567.61						

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16.2 Security and terms of repayment for term loans from other parties (secured):

S. No	Particulars	Amount outstanding as on 31 March, 2023	Amount outstanding as on 31 March, 2022	No of Installments	Repayment terms			Nature of security
					Periodicity	Start date	End date	
1	Tata Capital Financial Services	25.07	124.91	60	Monthly	19-Jul-18	20-Jun-23	Exclusive charge on specific receivables, personal guarantee of Managing Director and corporate guarantee of the group Company.
2	Tata Capital Financial Services	319.18	484.82	36	Monthly	05-Mar-22	05-Feb-25	
3	Kotak Mahindra Investment Limited	6363.36	-	48	Monthly	23-Aug-22	23-Aug-26	
4	Cholamandalam Investment and Finance Company LTD	884.68	-	36	Monthly	01-Nov-22	23-Sep-25	
5	Muthoot Capital Services Ltd-Term Loan	989.40	-	24	Monthly	31-Mar-23	31-Mar-25	
6	STCI Finance Limited-Term Loan	1977.87	-	48	Monthly	17-Mar-23	25-Mar-27	
7	Tata Capital Financial Services Ltd-Term Loan-3	968.71	-	36	Monthly	29-Jan-23	28-Feb-26	
8	Tourism Finance Corporation Of India-Term	2506.38	-	36	Quarterly	15-Oct-23	15-Oct-26	
Total		14034.66	609.73					

16.3 Loans repayable on demand (secured)

S. No	Particulars	Amount outstanding as on 31 March, 2023	Amount outstanding as on 31 March, 2022	Nature of security
1	Cash Credit From Au Small Finance Bank	793.41	894.58	Exclusive charge on specific receivables, personal guarantee of Managing Director and corporate guarantee of the group Company.
2	Cash Credit From HDFC bank Ltd	800.66	600.26	
3	Drop line Overdraft Facility from Kotak Mahindra Bank Ltd	374.04	287.91	

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S. No	Particulars	Amount outstanding as on 31 March, 2023	Amount outstanding as on 31 March, 2022	Nature of security
4	Drop line Overdraft Facility from Kotak Mahindra Bank Ltd	813.18	-	
5	Indian Bank	365.29	-	
	Total	3,146.58	1,782.75	

16.4 Unsecured loan of ₹ 5,000 lakhs (31 March, 2022: ₹ 5,200 lakhs) has been taken for short term purpose and is repayable after a moratorium of twelve months. It is carrying the rate of interest of 14% p.a.

17. Other Financial liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
Unpaid Dividend	27.19	16.84
Salary Payable	3.30	1.94
Expenses Payable	51.21	61.94
Other financial liabilities	2.05	23.87
Insurance Premium payable	95.19	41.77
Advance received from Borrowers	118.55	107.10
Total Other Financial Liabilities	297.49	253.47

18. Current tax liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
Income tax payable (net of advance tax and TDS/TCS)	224.53	120.73
Total Current tax liabilities (net)	224.53	120.73

21. Equity share capital

Particulars	As at 31 March, 2023	As at 31 March, 2022
Authorized Share Capital		
At the beginning of the year	2300.00	940.00
Add: Increase in authorised share Capital	-	1360.00

19. Provisions

Particulars	As at 31 March, 2023	As at 31 March, 2022
Provision towards CSR:		
Opening balance	50.37	2.32
Provision made during the year	77.50	71.37
Utilised during the year	(99.19)	(23.32)
Closing balance	28.68	50.37
Total Provisions	28.68	50.37

20. Other Non-Financial liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
Statutory due payable	61.62	55.61
Gratuity contribution payable to Gratuity Trust	14.94	11.08
Other Liabilities	12.21	1.01
Total other Non-Financial liabilities	88.77	67.70

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Particulars	As at 31 March, 2023	As at 31 March, 2022
Closing at the end of the year	2300.00	2300.00
2,30,00,000 (Previous year 31 March, 2022: 230,00,000) Equity Shares of ₹ 10/- each		
Issued, subscribed and paid up		
At the beginning of the year	2073.26	616.92
Add: Shares issued during the year	-	1416.34
Add: Share issued to ESOP Trust	-	40.00
Total	2073.26	2073.26
Less: Treasury shares (held with trust)	(49.43)	(50.09)
Closing at the end of the year	2023.84	2023.17
2,07,32,621 (Previous Year 2,07,32,621) Equity Shares of ₹ 10/- each fully paid up		

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	2,07,32,621	2,073.26	61,69,207	616.92
Add: Issued during the year				
- Share issued under ESOP scheme	-	-	4,00,000	40.00
- Share issued under Bonus Issue	-	-	1,23,38,414	1,233.84
- Share issued under Preferential Allotment	-	-	18,25,000	182.50
	2,07,32,621	2,073.26	2,07,32,621	2,073.26
Less: Treasury shares (held with trust)	(4,94,264)	-49.43	(5,00,889)	-50.09
Outstanding at the end of the year	2,02,38,357	2,023.84	2,02,31,732	2,023.17

(b) During the financial year 2021-22 the Company had allotted the following shares:

- 1,23,38,414 equity shares of ₹ 10/- each, fully paid up, as bonus shares in the ratio of 1:2.
- 18,25,000 equity shares of face value ₹ 10/- each fully paid up on preferential basis.
- 4,00,000 equity shares of Face value of ₹ 10/- each fully paid under the ESOP scheme.

(c) Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share held. The shares entitle the holder to participate in dividends and in the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

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(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of the shareholder	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
CSL Capital Private Limited	66,37,490	32.01%	66,37,490	32.01%
Rohit Gupta	37,74,608	18.21%	37,74,608	18.21%
Sanjay Gupta HUF	12,00,000	5.79%	12,00,000	5.79%

(e) Details of shares held by promoter and promoter group:

Shares held by the promoter at the end of the year

Promoter Name	No of shares	% of total shares	% of change during the year
CSL Capital Private Limited	66,37,490	32.01%	No change
Rohit Gupta	37,74,608	18.21%	No change
Rohit Gupta HUF	37,295	0.18%	Increase of 3.05%
Ridhima Gupta	73,131	0.35%	No change
Sat Paul Gupta	62,505	0.30%	No change
Rachita Gupta	58,503	0.28%	No change

(f) During the period of five years immediately preceding the current year, other than 1,23,38,414 equity shares issued as Bonus Shares during the financial year 2021-22, no other shares have been issued as bonus shares or for consideration other than cash.

(g) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year.

22. Other equity

(a) Reserves And Surplus:

Capital Reserve	As at 31 March, 2023	As at 31 March, 2022
Opening balance	206.49	206.49
Closing balance - (i)	206.49	206.49

Securities Premium	As at 31 March, 2023	As at 31 March, 2022
Opening balance	7309.35	5801.37
Add: Issue of Share (Preferential Allotment)	-	2737.50
Add: Share Option exercised	4.33	4.33
Less: Issue of Bonus Share 1,23,38,414 equity shares	-	1233.84
Closing balance - (ii)	7313.68	7309.35

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.

(b) Other Reserves

Capital Redemption Reserve	As at 31 March, 2023	As at 31 March, 2022
Opening balance	62.16	62.16
Closing balance	62.16	62.16

Capital redemption reserve is the requirement under 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.

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Debenture Redemption Reserve	As at 31 March, 2023	As at 31 March, 2022
Opening balance	1200.00	400.00
Add: Transferred from retained earnings	2800.00	800.00
Closing balance	4000.00	1200.00

Debenture Redemption Reserve has been created to ensure the repayment/redemption of the Secured Non-Convertible Debentures (NCDs) of ₹ 4,000 lacs issued by the Company during 2020-21. The said reserve has since been fully utilised/transferred to General Reserve on 21 April, 2023, at the time of redemption of the NCDs.

Share Options Outstanding Account	As at 31 March, 2023	As at 31 March, 2022
Balance at the beginning of the year	63.71	63.71
Add: Employee share option expense	61.71	-
Less: Reversal on shares lapsed	(10.76)	-
Closing balance	114.65	63.71

*Share options outstanding account recognizes the fair value of options as at the grant date spread over the vesting period. (Refer Note no.35)

Statutory reserve fund under Section 45 IC of the Reserve Bank of India Act, 1934^	As at 31 March, 2023	As at 31 March, 2022
Opening balance	4266.26	3597.27
Add: Addition during the year	912.97	668.99
Closing balance	5179.23	4266.26

^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.

General reserve	As at 31 March, 2023	As at 31 March, 2022
Opening balance	4.00	4.00
Closing balance	4.00	4.00

It is the reserve which is created out of retained earnings. It is a free reserve and is created without any specific or particular purpose.

Total Other Reserves - (iii)	9360.05	5596.13
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(c) Retained Earnings

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening balance	16874.34	15178.45
Add: Net profit for the year	4562.84	3344.94
Add: Other Comprehensive Income for the year	2.03	5.01
Less: Transfer to statutory reserve	(912.97)	(668.99)
Less: Dividend	(518.32)	(185.08)
Less: Transferred to Debenture Redemption Reserve	(2800.00)	(800.00)
Closing balance - (iv)	17207.92	16874.34
Total Reserves & Surplus - (i) to (iv) - A	34,088.14	29,986.32

(d) Money Received Against Share Warrants

Particulars	As at 31 March, 2023	As at 31 March, 2022
Balance at the beginning of the year	140.00	-
Add: Amount received during the year*	-	140.00
Closing balance - B	140.00	140.00

*During 2021-22 the Company had allotted 3,50,000 warrants at a price of ₹ 160/- per warrant with a right to warrant holders to apply for and be allotted one equity share of the face value of ₹ 10/- each within a period of 18 months from the date of the issue of the warrants after paying the balance amount. The share warrant holders have already paid 25% (i.e. ₹ 40/- per warrant) against the share warrants to be issued.

Total Other Equity - (A +B)	34228.13	30126.32
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23. Interest Income

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
On Financial Assets measured at Amortised Cost		
Interest on loans	10785.73	6755.45
Interest on Deposits with banks	27.97	10.56
Other Interest Income	0.56	0.47
Total	10814.26	6766.48

24. Fees and Commission income

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Advisory fees	429.26	270.98
Legal & Technical Fee/Recovery	112.34	151.05
Foreclosure Fee	110.16	24.60
Other Fee/Commission	15.30	15.60
Total	667.06	462.23

25. Recoveries of financial assets written off

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Bad Debt Recovered	242.36	233.83
Total	242.36	233.83

26. Other Income

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Gain on disposal of Liquid funds	4.22	-
Reversal of Liability on lease termination	2.36	0.18
Gain on derecognition of Security Deposits	0.09	0.04
Miscellaneous Income	22.60	17.15
Total	29.27	17.37

27. Finance Costs

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
On Financial liabilities measured at Amortised Cost		
Interest on borrowings		
On debt securities	407.50	407.50
On bank borrowings	1463.79	478.12
On borrowings from others	826.46	172.25
Interest on lease liability	16.96	17.09
Total	2714.70	1074.96

28. Fees and Commission Expenses

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Fees and commission	11.36	23.58
Total	11.36	23.58

29. Impairment on financial instruments

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
On financial Instruments measured at Amortised cost		
Impairment provision on loans	10.01	226.45
Loans & Advances written off	376.99	145.19
Total	387.00	371.64

30. Employee Benefits Expenses

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Salaries and wages	1314.94	827.93
Bonus and incentives	112.32	23.41
Contribution to provident and other funds	59.39	37.20
Share based payment expenses	50.93	-

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Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Staff welfare expenses	33.04	19.22
Gratuity	6.57	23.22
Total	1577.21	930.98

31. Depreciation & Amortization

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Depreciation on Property, Plant and Equipment - Note 10	65.21	36.12
Depreciation on Investment Property - Note 9	0.29	0.29
Depreciation on Right to use Assets - Note 13.2	32.25	28.89
Amortization on Intangible Assets - Note 12	5.51	0.26
Total	103.26	65.56

32. Other expenses

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Advertisement & Business Promotion Expenses	22.92	12.49
Annual Event	63.59	-
Llisting, filing and annual fee etc.	17.84	8.32
Payment to Auditors	11.33	3.59
Books & Periodicals	-	0.13
Bank Charges	2.03	2.86
Business Promotion	-	-
Corporate Social Responsibility Expenses	77.50	71.37
Donation	-	-
Directors' Sitting Fees	3.32	-
EDP Expenses	2.77	5.28

Electricity Expenses	11.65	8.40
Festival Expenses	5.96	4.74
Generator Repair & Maintenance	-	0.97
Insurance Expenses	2.24	1.75
Interest Paid (Others)	0.71	-
Commission & Brokerage	9.66	2.28
Legal & Professional Charges	277.27	234.85
Loss on sale of Assets	0.02	0.43
Meeting & Conference Expenses	13.74	3.52
Miscellaneous Expenses	0.55	0.36
Office Expenses	25.76	16.28
Postage & Courier Expenses	6.25	4.88
Printing & Stationery	8.83	5.95
Rent (Short term leases)	35.64	19.39
Repair & Maintenance	27.98	18.93
Software & Technical Services	69.80	57.86
Telephone Expenses	8.46	6.47
Travelling & Conveyance	96.54	44.15
Vehicle Running Expenses	3.95	2.49
Total	806.29	537.76

* Payment to auditors	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
As auditor		
Statutory audit fee (including limited reviews)	10.00	2.45
- for tax audit/certification	0.44	0.82
- for reimbursement of expenses	0.89	0.32
Total	11.33	3.59

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33. Reconciliation of movement in borrowings to cash flows from financing activities

Particulars	As at 31 March, 2022	Cash Flows	Amortisation of loan origination costs	Impact of Ind AS 116	As at 31 March, 2023
Borrowings	20416.58	20146.93	242.11	-	40805.62
Lease liabilities	164.79	(45.53)	-	57.90	177.17
	20581.38	20101.40	242.11	57.90	40982.79

34. Segment information

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

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

All the operating revenue of the Company is from the external customers with in India only. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March, 2023/31 March, 2022.

35. 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 September, 2016. 7,00,000 options are covered under the CSL ESOS, 2016.

During the financial year 2016-17, the Compensation Committee in its meeting held on 3 February, 2016 and 11 February, 2016 has granted 4,50,000 options (aggregate) under ESOS to eligible employees of the Company. Each option comprises one underlying equity share. The terms regarding vesting and exercise of options are governed by the grant letters issued to the eligible employees to whom options are granted. The Exercise price has been determined at ₹ 226/- per share for the grant of aforesaid 450000 options.

During the financial year 2017-18, the Compensation Committee in its meeting held on 12 May, 2017 and 07 July, 2017 has granted 1,15,000 options (aggregate) under ESOS to eligible employees of the Company. Each option comprises one underlying equity share. The terms regarding vesting and exercise of options are governed by the grant letters issued to the eligible employees to whom options are granted. The Exercise price has been determined at ₹ 240/- per share for the grant of aforesaid 1,15,000 options.

During the financial year 2018-19, 69,350 options were exercised and 1,65,000 equity shares were allotted. However, 90,000 options were lapsed during the financial year 2018-19 and no fresh options were granted during the year.

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

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

During the financial year 2021-22, 6625 options were exercised. During the current financial year 400000 equity shares were allotted along with the 71676 bonus shares

During the financial year 2022-23, 6625 options were exercised. During the current financial year 481000 equity shares were granted.

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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-II During the financial year 2021-22, the shareholders of the Company on 26 March, 2022, through postal ballot by Remote E-voting have approved the revision in the Exercise Period from exiting 3 years to 5 years and have adopted the amended CSL Stock Option Scheme, 2016-II.
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. 5 (Five) years from the date of vesting.
	1. Share route- the Grantee shall make the payment of the exercise price and 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.
Method of settlement	2. Cashless route-After the receipt of request letter from transfer by grantee, the Trust will sell the relevant number of the Shares and disburse the sale proceeds (after deducting the Exercise Price and the applicable income tax) to the bank account of the Grantee. The Company will inform the Trust of the amount of the applicable income tax to be withheld from the sale proceeds of the Shares. The Trust will pay the exercise price and tax amount so collected upon sale, to the Company.

Vesting conditions	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. Further, The Nomination & Remuneration Committee (NRC)/Compensation Committee has the sole discretion to lapse/cancel the ESOP of the employees in case of misconduct by the employees.

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

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number	WAEP (INR)	Number	WAEP (INR)
Options outstanding at beginning of year	2,48,375	75	85,000	232
Options granted during the year	4,81,000	151		
Options vested during the year			-	-
Bonus shares issued during the year	-		1,70,000	-
Less:				
Options exercised during the year	6,625	75	6,625	75
Options forfeited during the year*	30,000	75	-	-
Options outstanding at the end of year	6,92,750	128	2,48,375	75

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36. Earnings per share

Particulars	As at 31 March, 2023	As at 31 March, 2022
Net profit from operations attributable to equity holders - ₹	4564.87	3349.95
Net profit attributable to ordinary equity holders adjusted for the effect of dilution - ₹	4564.87	3349.95

Particulars	As at 31 March, 2023	As at 31 March, 2022
Weighted average number of ordinary shares for basic earnings per share (In Nos.)	2,07,32,621	1,87,61,024
Effect of dilution:		
- Employee share options (In Nos.)	3,04,846	1,13,352
- Share warrants (In Nos.)	2,89,376	
Weighted average number of ordinary shares adjusted for the effect of dilution (In Nos.)	2,13,26,843	1,88,74,376

39. Fair value measurement

39.1 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:

As at 31 March, 2023	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash and Cash equivalent	4036.50	4036.50	4036.50	-	-
Bank balances other than cash and cash equivalent	558.05	558.05	558.05	-	-
Loans and advances to customers	72318.42	76382.87	-	-	76382.87
Financial assets - at amortised cost	81.37	81.37	-	-	81.37
Total financial assets	76994.33	81058.78	4594.54	-	76464.24

Particulars	As at 31 March, 2023	As at 31 March, 2022
Earnings per share		
Equity shareholders for the year - ₹		
Basic earnings per share - ₹	22.02	17.86
Diluted earnings per share - ₹	21.40	17.75

37. Contingent liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
- Claims against the Company not acknowledged as debts	-	-
- Guarantees excluding financial guarantees	-	-
- Other money for which the Company is contingently liable	-	-

38. There are no commitments as at 31 March, 2023/31 March, 2022.

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As at 31 March, 2023	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Liabilities					
Borrowings Debt Securities	4198.77	4198.77	-	-	4198.77
Borrowing (other than debt securities)	36606.84	36606.84	-	-	36606.84
Lease Liabilities	177.17	177.17	-	-	177.17
Other financial liabilities	297.49	297.49	-	-	297.49
Total Financial liabilities	41280.27	41280.27	-	-	41280.27
As at 31 March, 2022	Carrying Value	Fair Value	Fair Value		
			Level 1	Level 2	Level 3
Financial Assets					
Cash and Cash equivalent	1302.54	1302.54	1302.54	-	-
Bank balances other than cash and cash equivalent	330.35	330.35	330.35	-	-
Loans and advances to customers	50784.57	50789.74	-	-	50789.74
Financial assets - at amortised cost	78.04	78.04	-	-	78.04
Total financial assets	52495.50	52500.67	1632.89	-	50867.78
Financial Liabilities					
Borrowings Debt Securities	4196.48	4196.48	-	-	4196.48
Borrowing (other than debt securities)	16220.10	16220.10	-	-	16220.10
Lease Liabilities	164.79	164.79	-	-	164.79
Other financial liabilities	253.47	253.47	-	-	253.47
Total Financial liabilities	20834.85	20834.85	-	-	20834.85

39.2 Valuation methodologies of financial instruments not measured at fair value:

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

Short-term financial assets and liabilities

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

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Loans and advances to customers

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

Borrowings

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

40. Credit Risk Management

40.1 Credit Risk:

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

40.2 Credit Quality of Loans:

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

Wholesale Loans	As at 31 March, 2023	As at 31 March, 2022
Not due	44284.34	37650.22
0-30 days past due	-	-
31-90 days past due	-	-
Impaired (more than 90 days)	-	-
Total Gross carrying value as at reporting date	44284.34	37650.22

SME Loans-Retail	As at 31 March, 2023	As at 31 March, 2022
Not due	19196.04	8307.51
0-30 days past due	417.36	318.13
31-90 days past due	348.16	514.10

Impaired (more than 90 days)	409.66	858.10
Total Gross carrying value as at reporting date	20371.22	9997.84

SME Loans-MSL	As at 31 March, 2023	As at 31 March, 2022
Not due	8545.77	4009.59
0-30 days past due		-
31-90 days past due		-
Impaired (more than 90 days)	37.69	37.50
Total Gross carrying value as at reporting date	8583.46	4047.09

Note: The Company is into Wholesale & SME lending business, there is no significant credit risk of any individual customer that may impact Company adversely. The Company has calculated its Expected Credit Loss allowances collectively for SME segment and customer wise for WSL segment.

40.3 ECL Methodology:

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

Stage 1: 0-30 days past due

Stage 2: 31-90 days past due

Stage 3: More than 90 days past due

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

(i) Definition of default

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

(ii) Exposure at default

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

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(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.

(v) 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.

(vi) 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.

(vii) Undrawn commitments

These commitments pertain to the loans sanctioned but amount remaining undrawn. The Company can opt not to disburse the undrawn amount at its discretion. Therefore, no provision has been created on these commitments.

40.4 Impairment Loss:

a). Wholesale Loans

As at 31 March, 2023	Stage I	Stage II	Stage III	Total
Gross Balance	44284.34	-	-	44284.34
Expected Credit loss	431.16	-	-	431.16
Carrying Amount	43853.18	-	-	43853.18

As at 31 March, 2022	Stage I	Stage II	Stage III	Total
Gross Balance	37650.22	-	-	37650.22
Expected Credit loss	365.23	-	-	365.23
Carrying Amount	37285.00	-	-	37285.00

b) SME Loans-Retail

As at 31 March, 2023	Stage I	Stage II	Stage III	Total
Gross Balance	19613.41	348.16	409.66	20371.22
Expected Credit loss	206.90	6.16	175.22	388.27
Carrying Amount	19406.51	342.00	234.44	19982.95

As at 31 March, 2022	Stage I	Stage II	Stage III	Total
Gross Balance	8625.64	514.10	858.10	9997.84
Expected Credit loss	96.92	7.82	383.58	488.33
Carrying Amount	8528.71	506.28	474.52	9509.51

c) SME Loans-MSL

As at 31 March, 2023	Stage I	Stage II	Stage III	Total
Gross Balance	8545.77	-	37.69	8583.46
Expected Credit loss	84.33	-	16.84	101.17
Carrying Amount	8461.44	-	20.84	8482.28

As at 31 March, 2022	Stage I	Stage II	Stage III	Total
Gross Balance	4009.59	-	37.50	4047.09
Expected Credit loss	40.27	-	16.76	57.04
Carrying Amount	3969.32	-	20.74	3990.06

#'SME Loans - Retail' and 'SME Loans - MSL' are covered under the SME loan portfolio of the Company.

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40.5 Gross Exposure and ECL Balance reconciliation:

a) Wholesale Loans

i) Reconciliation of gross exposure is given below:

Particulars	Financial Year 2022-23			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	37650.22	-	-	37650.22
New assets originated or purchased	44496.53	-	-	44496.53
Assets derecognised/repayments	(37862.41)	-	-	(37862.41)
Transfers to Stage 1		-	-	-
Transfers to Stage 2		-	-	-
Transfers to Stage 3		-	-	-
Gross carrying amount - Closing balance	44284.34	-	-	44284.34

Particulars	Financial Year 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	26644.04	93.85	-	26737.89
New assets originated or purchased	29670.85	-	-	29670.85
Assets derecognised/repayments	(18664.67)	(93.85)	-	(18758.52)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Gross carrying amount - Closing balance	37650.22	-	-	37650.22

ii) Reconciliation of ECL balance is given below:

Particulars	Financial Year 2022-23			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	365.23	-	-	365.23
New assets originated or purchased	444.88	-	-	444.88

Assets derecognised/repayments	(378.95)	-	-	(378.95)
Changes in ECL due to Gross exposure changes	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
ECL allowance - Closing balance	431.16	-	-	431.16

Particulars	Financial Year 2021-22			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	400.16	1.41	-	401.57
New assets originated or purchased	248.02	-	-	248.02
Assets derecognised/repayments	(282.96)	(1.41)	-	(284.37)
Changes in ECL due to Gross exposure changes	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
ECL allowance - Closing balance	365.23	-	-	365.23

b) SME Loans-Retail

i) Reconciliation of gross exposure is given below:

Particulars	Financial Year 2022-23			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	8625.64	514.10	858.10	9997.84
New assets originated or purchased	14589.84			14589.84
Assets derecognised/repayments	(3602.25)	(217.08)	(397.13)	(4216.45)
Transfers to Stage 1	415.37	(220.31)	(195.06)	(0.00)
Transfers to Stage 2	(250.46)	271.44	(20.98)	0.00
Transfers to Stage 3	(164.72)		164.72	-
Gross carrying amount - closing balance	19613.41	348.16	409.66	20371.22

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Particulars	Financial Year 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	4989.04	533.93	694.15	6217.12
New assets originated or purchased	5367.37			5367.37
Assets derecognised/repayments	(1320.91)	(19.82)	(245.91)	(1586.64)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(230.40)	230.40	-	-
Transfers to Stage 3	(179.46)	(230.40)	409.87	-
Gross carrying amount - Closing balance	8625.64	514.10	858.10	9997.84

ii) Reconciliation of ECL balance is given below:

Particulars	Financial Year 2022-23			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	96.92	7.82	383.58	488.33
New assets originated or purchased	146.02	-	-	146.02
Assets derecognised/repayments	(36.05)	(2.17)	(186.33)	(224.56)
Changes in ECL due to Gross exposure changes	-			-
Transfers to Stage 1	4.16	(2.20)	(83.75)	(81.79)
Transfers to Stage 2	(2.51)	2.72	(9.01)	(8.80)
Transfers to Stage 3	(1.65)	-	70.72	69.07
ECL allowance - Closing balance	206.90	6.16	175.22	388.27

Particulars	Financial Year 2021-22			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	74.93	8.02	300.34	383.29
New assets originated or purchased	38.91			38.91
Assets derecognised/repayments	(12.80)	(0.20)	(99.98)	(112.98)
Changes in ECL due to Gross exposure changes	-			-

Transfers to Stage 1				-
Transfers to Stage 2	(2.31)	2.31		-
Transfers to Stage 3	(1.80)	(2.31)	183.22	179.10
ECL allowance - Closing balance	96.92	7.82	383.58	488.33

c) SME Loans-MSL

Particulars	Financial Year 2022-23			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	4009.59	-	37.50	4047.09
New assets originated or purchased	10584.43	-	0.19	10584.62
Assets derecognised/repayments	(6048.26)	-	-	(6048.26)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Gross carrying amount - closing balance	8545.77	-	37.69	8583.46

Particulars	Financial Year 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	-	-	-	-
New assets originated or purchased	6126.79	-	37.50	6164.29
Assets derecognised/repayments	(2117.19)	-	-	(2117.19)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Gross carrying amount - Closing balance	4009.59	-	37.50	4047.09

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ii) Reconciliation of ECL balance is given below:

Particulars	Financial Year 2022-23			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	40.27	-	16.76	57.04
New assets originated or purchased	105.94	-	0.08	106.02
Assets derecognised/repayments	(61.88)	-	-	(61.88)
Changes in ECL due to Gross exposure changes	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
ECL allowance - Closing balance	84.33	-	16.84	101.17

Particulars	Financial Year 2021-22			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	-	-	-	-
New assets originated or purchased	61.54	-	16.76	78.30
Assets derecognised/repayments	(21.27)	-	-	(21.27)
Changes in ECL due to Gross exposure changes	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
ECL allowance - Closing balance	40.27	-	16.76	57.04

40.6 Concentration of Credit Risk

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

Region	As at 31 March, 2023	As at 31 March, 2022
SME Loans-Retail		
- North	9142.42	5226.61
- West	11228.80	4771.23
SME Loans-MSL		
- North	8583.46	4047.09
Wholesale Loans		
- North	44284.34	37650.22
Total Gross carrying value as at reporting date	73239.03	51695.16

40.7 Collateral

i) Narrative description of collateral

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

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

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

Loan to value	Gross value of secured Wholesale loans		Gross value of secured SME loans-Retail		Gross value of secured SME loans-MSL	
	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022
0% to 25%	4750.84	7599.80	3544.42	3591.42	1213.58	256.02
26% to 50%	32837.26	13469.74	11200.71	5006.50	3798.21	2866.61
51% to 75%	6131.24	16580.69	5531.72	1399.92	3571.67	924.46
76% to 100%	565.00	-	94.38	-	-	-
More than 100%	-	-	-	-	-	-
	44284.34	37650.22	20371.22	9997.84	8583.46	4047.09

iii) Fair value of collateral held against credit impaired assets

As at 31 March, 2023	Maximum exposure	Plant & Machinery	Land & Building	Other	Total Collateral	Net Exposure	Associated ECL
Wholesale Loans*	-	-	-	-	-	-	-
SME Loans-Retail	409.66	-	1735.17	-	1735.17	(1325.51)	175.22
SME Loans-MSL	37.69	-	170.00	-	170.00	(132.31)	16.84
Total	447.35	-	1905.17	-	1905.17	(1457.83)	192.06

As at 31 March, 2022	Maximum exposure	Plant & Machinery	Land & Building	Other	Total Collateral	Net Exposure	Associated ECL
Wholesale Loans*	-	-	-	-	-	-	-
SME Loans-Retail	858.10	-	4428.68	-	4428.68	(3570.58)	171.62
SME Loans-MSL	37.50	-	170.00	-	170.00	(132.50)	7.50
Total	895.60	-	4598.68	-	4598.68	(3703.08)	179.12

41. Liquidity risk and funding management

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

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

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41.1 Maturity profile of Financial Liabilities:

The disclosure is based upon the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March, 2023 and 31 March, 2022.

As at 31 March, 2023	Less than 1 Year	1-3 Years	3-5 Years	5 Years and Above	Total
Borrowings					
- Term Loans	12090.73	15931.76	5437.77	-	33460.27
- Loans repayable on demand	3146.58	-	-	-	3146.58
- Debt Securities	4198.77	-	-	-	4198.77
Total	19436.08	15931.76	5437.77	-	40805.61

As at 31 March, 2022	Less than 1 Year	1-3 Years	3-5 Years	5 Years and Above	Total
Borrowings					
- Term Loans	2719.86	9745.43	1972.06	-	14437.35
- Loans repayable on demand	1782.75	-	-	-	1782.75
- Debt Securities	-	4196.48	-	-	4196.48
Total	4502.61	13941.92	1972.06	-	20416.58

41.2 Maturity profile of assets and liabilities:

Particulars	As at 31 March, 2023			As at 31 March, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial Assets						
Cash and cash equivalents	4036.50		4036.50	1302.54	-	1302.54
Bank Balance other than cash and cash equivalents	340.61	217.44	558.05	312.51	17.84	330.35
Loans						-
- Wholesale	23115.20	21169.14	44284.34	9047.18	32650.14	41697.32
- SME	3713.63	25241.05	28954.68	1331.20	8666.64	9997.84
Impairment Loss Allowance	(146.32)	(774.28)	(920.61)	(910.59)		(910.59)
Investments	-	-	-	-	-	-
Other Financial assets	81.37	-	81.37	17.11	60.93	78.04

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Particulars	As at 31 March, 2023			As at 31 March, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Non-financial Assets						
Deferred tax Assets (Net)	-	117.23	117.23	-	116.69	116.69
Property, Plant and Equipment	-	555.45	555.45	-	437.75	437.75
Investment Property	-	13.42	13.42	-	13.71	13.71
Right-of-use assets	-	141.95	141.95	-	129.90	129.90
Intangible Assets under development	-	-	-	-	17.44	17.44
Intangible assets	-	42.20	42.20	-	0.09	0.09
Other non-financial assets	9.63	-	9.63	12.05	-	12.05
Total Assets	31150.60	46723.61	77874.21	11111.99	42111.14	53223.13
Financial Liabilities						
Payables	-	-	-	-	-	-
(I) Trade Payables	-	-	-	-	-	-
(II) Other Payables	-	-	-	-	-	-
Debt Securities (Reedemable, Non-Convertible Debentures)	4198.77	-	4198.77	-	4196.48	4196.48
Borrowings (Other than Debt Securities)	15236.46	21370.38	36606.84	4502.61	11717.49	16220.10
Lease Liabilities	-	177.17	177.17	24.40	140.40	164.79
Other financial liabilities	297.49	-	297.49	253.46	-	253.46
Non-Financial Liabilities						
Current tax liabilities (Net)	224.53	-	224.53	120.73	-	120.73
Provisions	28.68	-	28.68	50.37	-	50.37
Other non-financial liabilities	73.82	14.94	88.77	67.70	-	67.70
	20059.75	21562.49	41622.24	5019.28	16054.37	21073.65
Net amount	11090.85	25161.12	36251.97	6092.71	26056.77	32149.48

42. Market risk

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

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 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 **31 March, 2023**.

43. Transfer of financial assets

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

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44. Capital Management

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

The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

45. The Company has not traded or invested in crypto currency or virtual currency during the year.

46. Related Party Disclosures

(A) Names of related parties and description of relationship as identified and certified by the Company:

Key Management Personnel (KMP) and their relatives

Mr. Rohit Gupta, Managing Director

Ms. Rachita Gupta, Whole Time Director

Ms. Preeti Gupta, Company Secretary

Mr. Naresh C. Varshney, Chief Financial Officer

Mr. Pramod Bindal, Independent Director

Mr. Chandra Subhash Kwatra, Independent Director

Mr. Ayussh Mittal

Mr. Ashok Kathuria

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

Relatives of Key Management Personnel

Ms. Ridhima Gupta

(B) Details of transactions with related party in the ordinary course of business for the year ended:

(i) Key Management Personnel (KMP)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Compensation of key management personnel		
Short term employee benefit [#]	125.29	112.81
Loan Given	13.50	-
Sitting Fees to Directors	3.32	-

[#]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

Purchase of shares

(iii) Enterprises over which key management personnel and relatives of such personnel exercise significant influence

Particulars	As at 31 March, 2023	As at 31 March, 2022
Loan Given	460.00	27.00
Loan Received Back	460.00	27.00
Interest Received	3.33	0.03
Loan Received	323.00	138.00
Loan Repaid	323.00	153.00
Interest Paid	6.15	1.74
Sale of shares	-	5.61

(C) Amount due to/from related party:

(i) Key Management Personnel (KMP)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Employee related payables	13.50	-

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47. CORPORATE SOCIAL RESPONSIBILITY ('CSR')

Pursuant to the requirement of Section 135 of the Companies Act, 2013, CSR committee has been formed by the Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time.

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Amount required to be spent by the Company during the year	77.50	71.37
Amount of expenditure incurred	99.19	23.32
Shortfall at the end of the year	28.68	48.05
Total of previous years shortfall	50.37	2.32
Reasons for shortfall	It is an ongoing project where the expenses shall be incurred by the next financial year	It is an ongoing project where the expenses shall be incurred by the next financial year
Nature of CSR activities	Promoting Gender Equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; eradicating hunger, poverty, malnutrition, promoting health care and sanitation	

48. Additional Regulatory Information

(a) Analytical Ratios

Particulars	As at 31 March, 2023	As at 31 March, 2022
1. Capital to Risk Weighted Assets Ratio (CRAR)	49.88%	63.82%
TIER- I CRAR	48.64%	62.06%
TIER- II CRAR	1.24%	1.76%
2. Liquidity Coverage Ratio	1.2	3.43

(b) Others

Other than in the normal and ordinary course of business there are no funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company; or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Other than in the normal and ordinary course of business there are no funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company; or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Relationship with Struck off companies

Name of the Struck off Company	Nature of Transaction	Balance Outstanding	Relationship
VAM Holdings Limited	Shares held by struck off Company	21900 (no. of shares)	Shareholder

(d) Exposures

1) Exposure to Real Estate Sector

a) Direct exposure

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
i. Residential Mortgages:		
a. Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
More than 15 lakh	Nil	Nil
Less than 15 lakh	Nil	Nil
Sub Total	Nil	Nil

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Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
ii. Commercial Real Estate:		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, Land acquisition, development & construction etc.). Exposure would also include non-fund based (NFB) limits.	44284.34	4047.09
	44284.34	4047.09

2) Exposure to Capital Market

Particulars	Current Year	Previous Year
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds taken as primary security;	Nil	Nil
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debenture/units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
Residential	Nil	Nil
Commercial Real Estate	Nil	Nil
Sub Total	Nil	Nil
b) Indirect Exposure		
Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
Sub Total	Nil	Nil
Grand Total (a+b)	44284.34	4047.09

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(e) Disclosure on frauds pursuant to RBI Master Directions

No frauds have been detected during the year under consideration

f) Other Regulator Registration

Regulator	Registration No.
Ministry of Corporate Affairs	L74889DL1992PLC051462
Reserve Bank of India	B-14.00652

g) Details of Penalties imposed by the above Regulators

No penalties has been imposed by RBI and other regulators on the Company during the year.

h) Concentration of Advances Exposures & NPA

Concentration of Advances

Particulars	Amount (in ₹)
Total Advances to twenty largest borrowers	28230.51
Percentage of Advances to twenty largest borrowers to Total Advance of the applicable NBFC	38.55%

Concentration of NPAs

Particulars	Amount (in ₹)
Total exposure to top four NPA accounts	130.41

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:

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
i. Amounts recognised in the Statement of Profit & Loss		
Current service cost	5.74	7.79

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Net Interest cost	0.83	-0.37
Past Service Cost	-	15.79
Adjustment due to change in opening balance of Plan assets	6.57	23.22
ii. Amount recognised in Other Comprehensive income		
Remeasurement (gains)/losses:		
a) Present Value of Defined Benefit Obligation	(3.96)	(6.27)
b) Plan assets	1.25	(0.43)
Total amount recognised in other comprehensive income	(2.71)	(6.70)
iii. Changes in the defined benefit obligation		
Opening defined benefit obligation	34.80	16.51
Current service cost	5.74	7.79
Past service cost	-	15.79
Interest expense	2.61	1.12
Remeasurement (gains)/losses	(3.96)	(6.27)
Benefits paid	-	(0.16)
Closing defined benefit obligation	39.19	34.80
iv. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	23.72	21.95
Expected return on plan assets	1.78	1.49
Actual Benefits paid	-	(0.16)
Return on plan assets, excluding interest income - Actuarial	(1.25)	0.43
Closing Fair value of plan assets	24.25	23.72
v. Net defined benefit obligation		
Defined benefit obligation	39.19	34.80
Fair value of plan assets	(24.25)	(23.72)
Liability - Shortfall in the plan assets	14.94	11.08

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For more information visit website - www.csloffinance.in

(Amount in INR lacs, unless otherwise stated)

49.3 Actuarial assumptions and Sensitivity:

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
i. Actuarial assumptions		
Discount Rate (p.a.)	7.50%	7.23%
Attrition rate	40.00%	5.34%
Expected rate of return on plan assets (p.a.)	7.50%	7.23%
Rate of Salary increase (p.a.)	10.00%	5.72%
Mortality rate during employment	Indian Assured Lives Mortality (2012-14) 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	(48,067)	(2,28,147)
Delta effect of -1% change in rate of discounting	50,225	2,62,793
Delta effect of +1% change in rate of salary increase	11,045	2,13,747
Delta effect of -1% change in rate of salary increase	(8,614)	(1,84,714)
Delta effect of +1% change in rate of employee turnover	33,376	2,043
Delta effect of -1% change in rate of employee turnover	(32,437)	(5,471)
iii. Maturity profile of defined benefit obligation		
1st Following year	14,00,893	2,94,125
2nd Following year	3,23,227	1,77,444
3rd Following year	6,49,635	1,93,866
4th Following year	61,360	1,97,335
5th Following year	48,879	16,87,800
6th following year and above	14,35,104	42,87,013

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 @Characteristics of defined benefit plans

Company has introduced the benefit scheme for Mr. Rohit Gupta during the year. The impact of the introduction of the scheme is recognised as past service cost.

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.

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50. Loans/Advance to Directors/KMP/Related parties

Details of Loans & advances to Directors/KMP/Related Parties either severally or jointly with any other person, that are:

(a) repayable on demand or
(b) without specifying any terms or period of repayment, are as follows:

Type of Borrower	Amount of loan or advance in the nature of loan outstanding as on 31 March, 2023	% to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding as on 31 March, 2022	% to the total Loans and Advances in the nature of loans
Promoters	Nil	Nil	Nil	Nil
Directors				
KMPs*	13.50	Nil	Nil	Nil
Related Parties	Nil	Nil	Nil	Nil

* It represents advance to the Chief Financial Officer.

51. The Company did not have any transaction which had not been recorded in the books of accounts, that had been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

52. The Company has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

53. The Company has not received any funds from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

54. Previous year figures have been regrouped/rearranged wherever necessary to render them comparable with current year figures.

55.

(a) Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:

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	72443.52	725.06	71718.46	289.77	435.29
	Stage 2	348.16	3.48	344.68	1.39	2.09
Subtotal		72791.68	728.55	72063.14	291.17	437.38

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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 [#]
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	393.25	168.83	224.41	41.42	127.42
Doubtful up to 1 year	Stage 3	39.54	16.97	22.56	8.07	8.90
Doubtful 1 to 3 years	Stage 3	14.56	6.25	8.31	4.40	1.86
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		54.10	23.23	30.87	12.47	10.76
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		447.35	192.06	255.29	53.89	138.17
Total	Stage 1	72443.52	725.06	71718.46	289.77	435.29
	Stage 2	348.16	3.48	344.68	1.39	2.09
	Stage 3	447.35	192.06	255.29	53.89	138.17
	Total	73239.03	920.61	72318.42	345.05	575.55

(b) For other RBI disclosures refer attached Schedule-1:

^{##}The Company was categorised as 'Non-Systemically Important Non-Deposit taking Non-Banking Financial Company' till 31 March, 2022, however, as the total assets of the Company as per the audited financial results as at 31 March, 2022, are more than ₹ 500 Crores, it is now categorised as 'Systemically Important Non-Deposit taking Non-Banking Financial Company' w.e.f. 01 April, 2022 in terms of RBI Master Direction DNBR.PD.008/03.10.119/2016-17, dated 29 September, 2022: "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016". Due to change in the category, there is change in the assets classification and provisioning norms for Non-Performing Assets as per the aforesaid RBI Direction, however, as the Company is preparing its financial results as per Ind AS, wherein the provision towards Expected Credit Losses/impairment is based on Stage Models based on changes in credit quality, and the provision/impairment so ascertained is more than the provision required as per RBI Directions (IRACP), there is no impact of said shift to Systemically Important Non-Deposit taking Company.

As per our Report of even date attached

For **S. P. Chopra & Co.**

Chartered Accountants

Firm Registration No.: 000346N

Pawan K. Gupta

Partner

Membership No.: 092529

Place: New Delhi

Date: 16 May, 2023

For & on behalf of the board

Rohit Gupta

Managing
Director

DIN: 00045077

Preeti Gupta

Company
Secretary

M. No.: A43593

Ashok Kumar Kathuria

Director

DIN: 01010305

Naresh C. Varshney

Chief Financial Officer



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Karol Bagh, New Delhi - 110005

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