

Geared for Growth



ANNUAL REPORT
2021-22



Media

THE ANNUAL REPORT
IS ALSO AVAILABLE ONLINE



Online

Contents

01 /CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	28
Management Discussion and Analysis	30

02 /STATUTORY REPORTING

Company Information	34
Notice	35
Directors' Report	50
Corporate Governance Report	67

03 /FINANCIAL REPORTING

Independent Auditor's Report	87
Balance Sheet	96
Statement of Profit and Loss	98
Statement of Cash Flow	100
Statement of Changes in Equity	102
Notes to the Financial Statement	105

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.

Read more about our SME Retail business vertical



P_10

Read more about
our Wholesale
business vertical

P_06



>>Our heightened
abilities combined with
the present industry
opportunities puts us in
a good place to deliver
a good performance in
coming years,<<

P_21



Contents

01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

Geared for growth

The last couple of years proved to be a phase of consolidation for CSL Finance, as was the case for many in the industry, due to the convergence of multiple external and internal factors. It all started with the NBFCs funding crisis in late 2018, followed by a global pandemic in 2020 that significantly affected business & economic prospects for a while. During the same time, CSL's primary customer segment, the real estate sector, had also undergone a consolidation phase of its own, including changes in the regulatory landscape. It is pertinent to note that the Company worked to establish its new SME Retail business vertical in this dynamic external environment.

CSL's true north during this entire consolidation phase was its unwavering commitment and astute focus on risk management. Team CSL team put its best foot forward in the face of adversities to ensure the best possible results for the Company. Learnings from the last couple of years led to a steep learning curve for the Company, and its performance during this time is a testament to its sheer grit and resilience.

Our proactive attitude during this phase was undoubtedly game-changing. After carefully calibrating itself in light of the new learnings, the Company is now better prepared than ever, with a new and improved team, greater management bandwidth, strengthened infrastructure, and efficient processes & workflows.

Today, CSL Finance is ever so confident and excited about its journey ahead and is certain that the coming three years will look absolutely different from the last three.

The Company is finally ready to unleash its growth potential.



Contents
01 / CORPORATE OVERVIEW

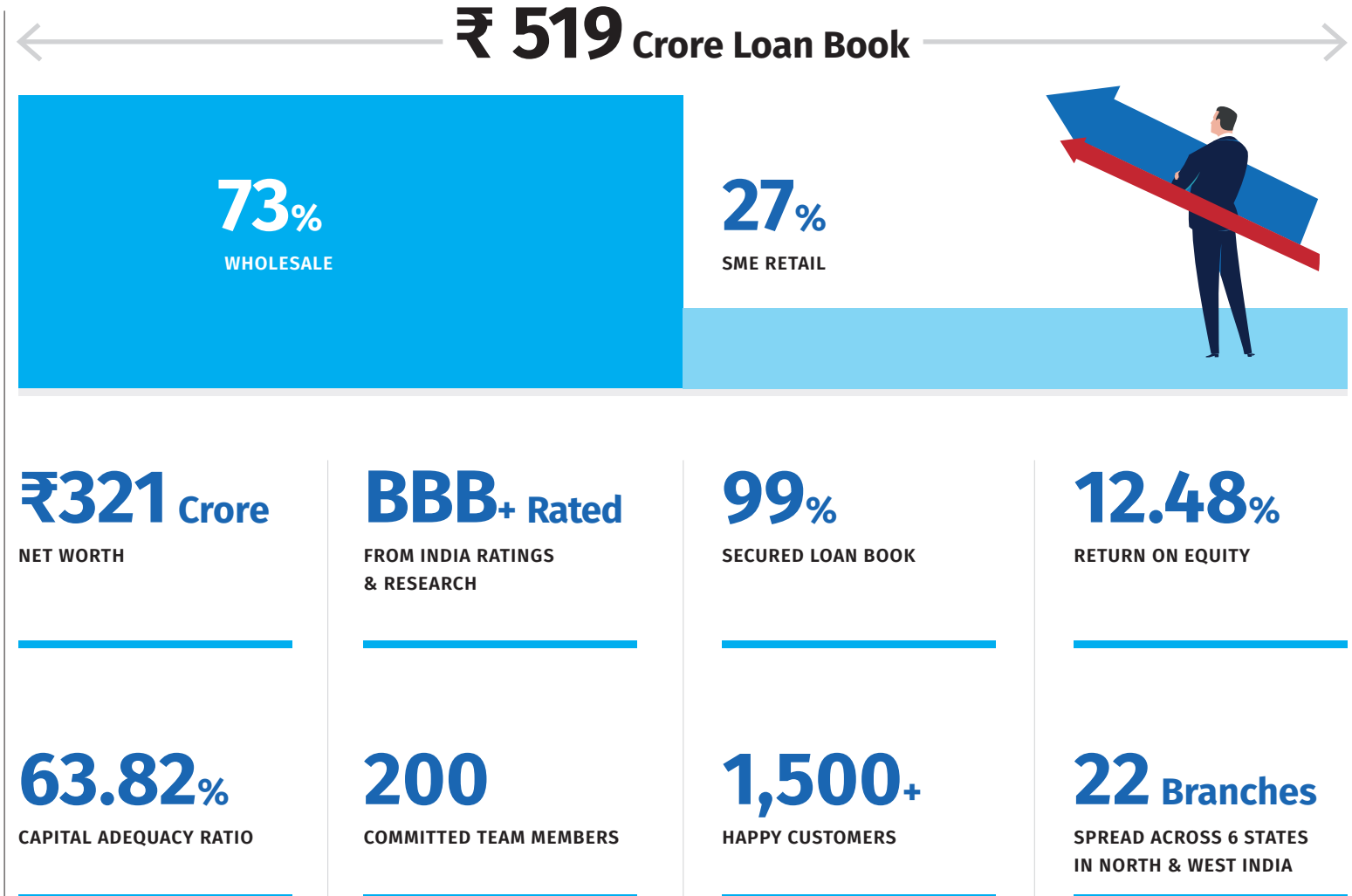
Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

02 / STATUTORY REPORTING
03 / FINANCIAL REPORTING
COMPANY AT A GLANCE

A synopsis of CSL Finance


OVERVIEW

CSL Finance Limited is a Non-Banking Finance Company registered with the Reserve Bank of India and listed on the NSE and BSE. The Company is a one-stop destination for Small and Medium-Sized Enterprises (SMEs) and real estate and non-real estate corporates to avail a variety of secured loan products. CSL's experienced and dynamic team aims to fulfil every entrepreneur's dreams by bridging the gap between their dreams and their financial needs to grow their business.



Contents

01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

COMPANY AT A GLANCE (CONT.)

A synopsis of CSL Finance

DEFINING CSL'S ROADMAP TO SUCCESS

The defining characteristic of CSL Finance is its ability to recognise challenges, and create a roadmap that will catapult it to a higher orbit of success. In the last decade of its journey as a lender, the Company has worked relentlessly to strategise, execute and deliver performance in the short and long run.

Today, CSL Finance aims to become a trustworthy lender with a sustainable business model, and to achieve this objective, it has identified certain short and long-term goals for itself

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

6

Focus on a clustered approach, based on understanding and comfort in each micro-market, to expand geographically in the North and West India

5

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

4

Create a sustainable business that focuses on delivering a consistent Return on Equity, above the industry average

Contents

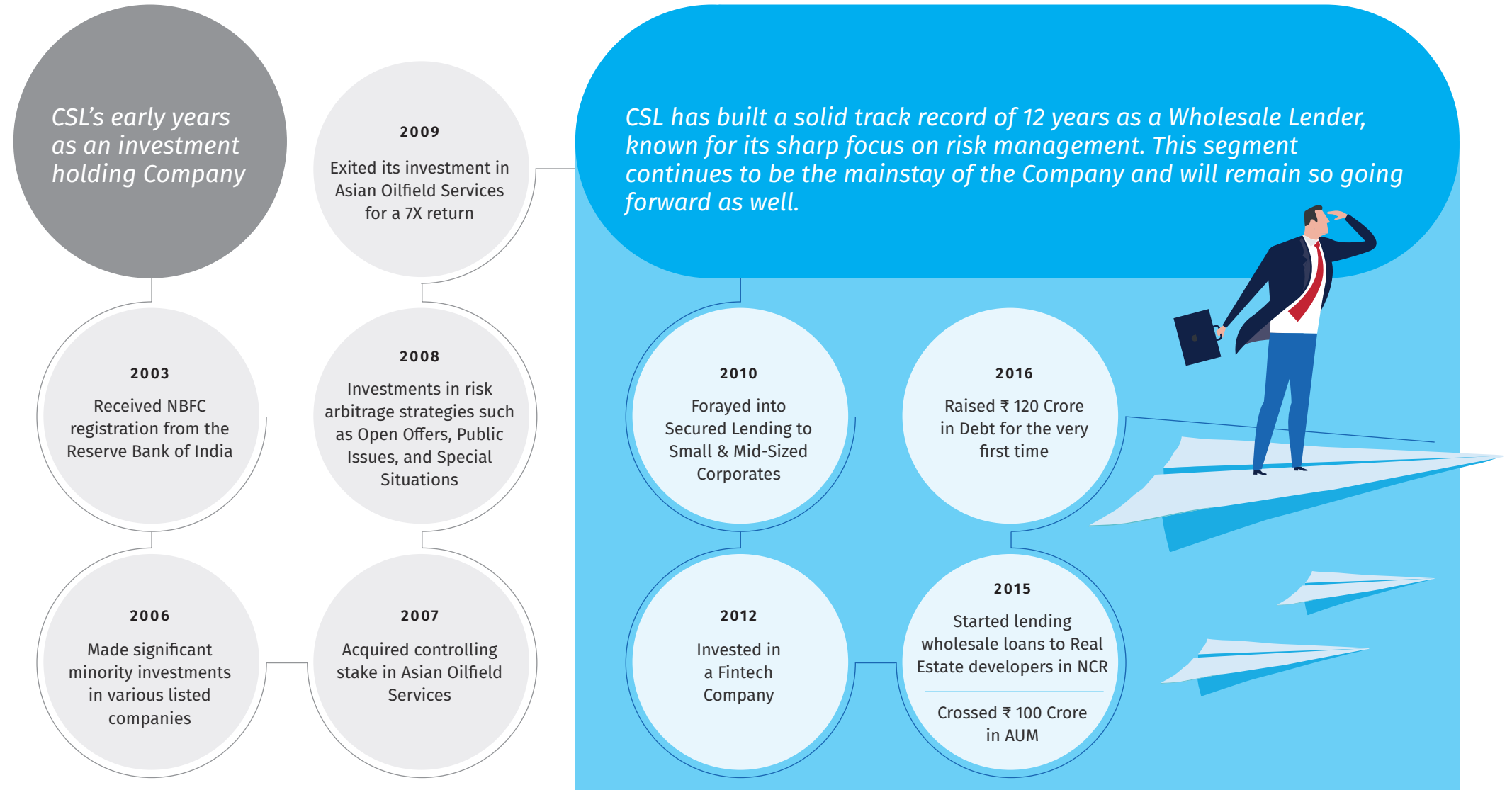
01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

A decade of turning the tide



Contents

01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals:	06
Wholesale	
Business Verticals:	10
SME Retail	
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

A decade of turning the tide



2017

Forayed into SME Retail Vertical

Raised ₹ 54 Crore in Fresh Equity

2018

12 SME Retail Branches operational by the end of year

Forayed into a new region, Rajasthan

2019

Rejigged its operations in the SME Retail vertical, improved processes, management bandwidth, and infrastructure

2022

Crossed ₹ 500 Crore in AUM and ₹ 100 Crore in SME Retail AUM

Raised ₹ 30 Crore in Fresh Equity

Got listed on the National Stock Exchange of India Limited (NSE)

22 SME Retail branches operational

CSL experienced a steep learning curve in the last five years, since the launch of its SME Retail vertical. It has steadily strengthened its infrastructure, people and processes in these years and is now ready to showcase the true potential of this vertical in the coming few years.

Contents

01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

BUSINESS VERTICALS: WHOLESALE

Wholesale Lending: CSL's Mainstay

OVERVIEW

CSL Finance's Wholesale Lending vertical provides uniquely designed loan products to real estate developers for group housing and single-plotted projects, which are collateralized against the projects developed or to be developed by them. These loan products of different categories are specially designed for projects like Affordable Group Housing, Mid-Income Group Housing and Small Builder Floors (G+4 buildings). Furthermore, in a bid to minimise project execution risk, the Company focuses on funding projects where promoters have committed decent capital of their own.

Currently, this vertical is leveraging its robust market know-how and catering to projects located in the NCR region and most of its micro-markets. Further, CSL Finance is also conducting market research and trying its hand on a few projects located in Chandigarh.



₹378 Crore

LOAN BOOK



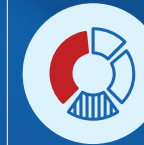
17%

AVERAGE YIELD



50

ACTIVE ACCOUNTS



27% LTV

FOCUSED ON SECURED LOANS WITH
2X ASSET COVER

Contents

01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

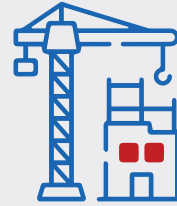
02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

BUSINESS VERTICALS: WHOLESALE (CONT.)

Wholesale Lending: CSL's Mainstay

PRODUCTS



WHOLESALE LARGE

Structured loan products for Mid Income and Affordable Group Housing Projects

₹9 Crore

AVERAGE TICKET SIZE



WHOLESALE SMALL

Construction loan given against single plotted projects

₹6 Crore

AVERAGE TICKET SIZE



WHOLESALE OTHER TERM LOAN

Loan against Self-Occupied residential Property (SORP) or Self-Occupied Commercial and Industrial Property (SOCP), and Loan against highly liquid securities & deposits

₹5 Crore

AVERAGE TICKET SIZE

Contents

01 / CORPORATE OVERVIEW

Geared for Growth	01
Company at a glance	02
Journey	04
Business Verticals: Wholesale	06
Business Verticals: SME Retail	10
Key Performance Indicators	14
FY22 Performance Review	18
Letter to Shareholders	21
Board of Directors	24
Senior Management Personnel	25
Strategic Priorities	26
Corporate Social Responsibility	27
Management Discussion and Analysis	29

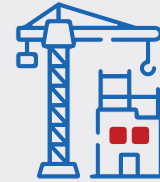
02 / STATUTORY REPORTING

03 / FINANCIAL REPORTING

BUSINESS VERTICALS: WHOLESALE (CONT.)

Wholesale Lending: CSL's Mainstay

SUB SEGMENTS



WHOLESALE LARGE: AFFORDABLE GROUP HOUSING

- Lends to projects approved under the Affordable Housing Policy of the Government of Haryana
- The average ticket size of the unit is under ₹25 Lakh
- Time-linked payment schedule
- Committed receivables of the project amount to 3X of existing POS

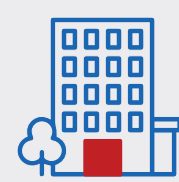
₹156 Crore **41%**
LOAN BOOK CONTRIBUTION TO
WHOLESALE LOAN BOOK



WHOLESALE SMALL: SMALL BUILDERS

- A bespoke product where CSL Finance lends to developers of Small Builder Floors (low-rise buildings up to G+4) in Gurugram and South Delhi
- Due to these projects not falling under the purview of RERA, regulatory compliances are minimal and the risk of non-completion is limited
- Typically in these projects, the feedback loop is fast, and demand-supply corrects fairly quick

₹112 Crore **30%**
LOAN BOOK CONTRIBUTION TO
WHOLESALE LOAN BOOK



WHOLESALE LARGE: MID-INCOME GROUP HOUSING

- Provides last-mile funding to Mid-Income Group Housing projects located in the NCR region
- The average ticket size of the unit is under ₹60 Lakh
- Committed receivables of the project amount to 3X of existing POS

₹96 Crore **25%**
LOAN BOOK CONTRIBUTION TO
WHOLESALE LOAN BOOK

