



**Press Release**  
**CSL Finance Limited**  
**March 22, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	300.00	ACUITE A-   Stable   Assigned	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	300.00	-	-

**Rating Rationale**

Acuite has assigned the long-term rating of **Acuite A-(read as Acuite A minus)** on the Rs. 300.00 crore bank facilities of CSL Finance Limited (CSL). The outlook is 'Stable'

**Rationale for the rating**

The rating assigned factors in sustained increase in scale of operations, adequate capitalization level, healthy profitability metrics and improving asset quality. The growth in portfolio is owing to the improvement in disbursements in FY23 and 9MFY24. The AUM grew to Rs. 735.61 Cr. as on March 31, 2023 from Rs. 519.76 Cr. as on March 31, 2022. As on Dec 31, 2023, the AUM stood at Rs. 943.64 Cr. The disbursements for FY23 were to the tune of Rs. 756.83 Cr. (P.Y: Rs. 491.10 Cr.) CSL's CAR stood at 50.58 percent with Tier 1 capital of 49.42 percent as of Dec 31, 2023. The profitability saw an improvement YoY as marked by increase in Total Income (net of interest expense) from Rs. 64.02 Cr. in FY22 to Rs. 90.35 Cr. in FY23. The 9MFY24 total income stood at Rs. 90.18 Cr. While Acuite takes cognizance of asset quality challenges in the real estate and SME sector, CSL has been able to maintain comfortable asset quality as marked by its on-time portfolio, which stood at 99 percent with a GNPA of 0.40 percent and NNPA of 0.23 percent as of Dec 31, 2023.

The rating is however, constrained by geographical concentration and major wholesale book exposure in its loan portfolio but is well managed as the company has expertise and thorough knowledge which it has gained in its long run. The concentration in its wholesale book has been brought down from 81 percent to 54 percent in the last 3 years and the company is expecting to bring this concentration to 40 percent in the coming year. The rating is further constrained by the low seasoning of the small and medium enterprise (SME) portfolio. These constraints weigh on the credit profile of the company. Going forward, movement in asset quality, profitability metrics and any deterioration in capital structure or capitalization levels will be key credit indicators

**About the company**

New Delhi - Based, CSL Finance Limited (formerly known as Consolidated Securities Limited) was incorporated on 28th December 1992. The company is a Non-Banking Finance Company registered with the Reserve Bank of India and listed on both the Stock Exchanges. The Company is a one-stop destination for Small and Medium-Sized Enterprises (SMEs) and Real estate and non-real estate Corporates to avail of a variety of secured loan products. It is led by Mr Rohit Gupta who is also the promoter. The promoter and promoter group shareholding stands at 47.71 percent as on Dec 31, 2023

**Unsupported Rating**

Not Applicable

## **Analytical Approach**

Acuité has adopted a standalone approach on CSL's business and financial risk profile for

arriving at the rating.

## Key Rating Drivers

### Strength

#### Comfortable capitalisation with a diversified funding mix

CSL's net worth improved owing to internal accruals and equity infusion received from Kitara Capital of Rs 48 Cr in 9MFY2024 to Rs. 471.14 crore as of Dec 31, 2023 from Rs 362.52 crore in FY2023. It reported an adequate capital adequacy ratio (CAR) of 50.58 percent, comprising Tier 1 capital at 49.42 percent. The gearing remains comfortable at 1.09 times as on Dec 31, 2023. The company has a diverse lender profile, comprising banks, both private and public and financial institution, CSL has been able to obtain disbursements of Rs 310 crore for 9MFY2024 in the form of term loans. CSL's average cost of funds ranges between 11 to 12 percent.

Acuité believes, going forward, that the ability of the company to mobilise low-cost funding through debt and its ability to deploy the funds profitably will be key factors to monitor.

#### Healthy profitability metrics

The profitability saw an improvement YoY as marked by increase in Total Income (net of interest expense) from Rs. 64.02 Cr. in FY22 to Rs. 90.35 Cr. in FY23. The 9MFY24 total income stood at Rs. 90.18 Cr. However, as the company is in expansion phase its operating expense to earning assets moderated to 3.25 percent in FY2023 as against 3.04 percent in FY2022. Resulting in moderation in its ROAA to 6.97 percent in FY2023 from 7.62 percent in FY2022. CSL has also shown strong control over its credit costs as the asset quality has shown improvement with lower slippages and increased recoveries.

Acuité believes, going forward, the company will be able to maintain healthy profitability metrics given that its asset quality and credit costs are contained.

#### Improved asset quality

The company's asset quality is marked by on time portfolio of 98.29 percent as on Dec 2023 as against 96.67 percent as on March 2022. CSL's asset quality improved from 1.72 percent GNPA and 0.95 percent NNPA in FY22 to 0.61 percent GNPA and 0.35 percent in FY23 with comfortable PCR of 42.8 percent. (9MFY24: GNPA: 0.40 percent; NNPA: 0.23 percent; PCR: 43.6 percent). The prudent underwriting policies adopted by the management and improving collection efficiency has enabled the company to improve its asset quality.

Acuité believes that going forward the ability of the company to maintain comfortable asset quality and growth momentum in AUM will be key rating sensitivity.

### Weakness

#### Low seasoning of SME portfolio and concentration risk.

CSL forayed into the lending segment in 2011, but has commenced extending loans to SME since 2017, with an average tenure from 5 to 7 years. The company's retail loan book has grown significantly to Rs. 434.05 crore as of Dec 31, 2023, from Rs. 141.89 crore as of March 31, 2022 constituting 46 percent of the total book. As the tenure is high the seasoning of this segment is yet to be established. CSL's portfolio is majorly exposed towards its real estate segment, with 54% as on December 31, 2023, though, it has come down gradually from 81% as on March 31, 2021. Further, company is expecting to achieve the product mix of 60:40 between retail and wholesale segment in the next 12 to 18 months. CSL's book is concentrated to its top 20 borrowers account which form ~32% of total AUM and slippages from these large accounts can put pressure on the asset quality, leading to higher delinquencies. Further, the company's operations are concentrated in Delhi-NCR region.

#### Rating Sensitivity

- Movement in gearing levels
- Timely infusion of capital
- Movement in profitability metrics
- Changes in regulatory environment

## Liquidity Position Adequate

CSL's overall liquidity profile remains adequate. The company's assets and liabilities are well matched with no deficit in any of the time buckets upto 5 years as on Sept 30, 2023. CSL has maintained cash and cash equivalents of Rs. 45.1 Cr. as on Dec 31, 2023.

## Outlook: Stable

Acuité believes that CSL will maintain a 'Stable' outlook over the near to medium owing to established track record of promoters in lending and their resource raising ability while maintaining asset quality and profitability metrics. The outlook may be revised to 'Positive' in case of higher than envisaged growth in loan portfolio while maintaining profitability and asset quality metrics. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in asset quality or profitability metrics or elevation in gearing levels or in case of headwinds faced by promoters in raising resources in a timely and profitable manner or in case of any deterioration in capital structure or capitalization levels.

## Other Factors affecting Rating

None

## Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	777.57	531.06
Total Income*	Rs. Cr.	90.35	64.02
PAT	Rs. Cr.	45.63	33.45
Net Worth	Rs. Cr.	362.52	321.49
Return on Average Assets (RoAA)	(%)	6.97	7.62
Return on Average Net Worth (RoNW)	(%)	13.34	11.52
Total Debt/Tangible Net worth (Gearing)	Times	1.13	0.64
Gross NPA	(%)	0.61	1.72
Net NPA	(%)	0.35	0.95

\*Total income equals to Total Income net off interest expense

## Status of non-cooperation with previous CRA (if applicable):

None

## Any other information

None

## Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of

the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria “Complexity Level Of Financial Instruments” on [www.acuite.in](http://www.acuite.in).

**Rating History- Not Applicable**

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.57	ACUITE A-   Stable   Assigned
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Aug 2024	Simple	2.50	ACUITE A-   Stable   Assigned
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	17 Mar 2025	Simple	4.44	ACUITE A-   Stable   Assigned
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Oct 2025	Simple	9.58	ACUITE A-   Stable   Assigned
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 May 2025	Simple	8.33	ACUITE A-   Stable   Assigned
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Sep 2025	Simple	14.00	ACUITE A-   Stable   Assigned
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	08 Jun 2024	Simple	5.00	ACUITE A-   Stable   Assigned
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	14 Sep 2025	Simple	17.50	ACUITE A-   Stable   Assigned
Fincare Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Aug 2024	Simple	4.65	ACUITE A-   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Jun 2025	Simple	4.50	ACUITE A-   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	23 Mar 2024	Simple	1.90	ACUITE A-   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	Simple	5.48	ACUITE A-   Stable   Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	22 Jul 2024	Simple	2.86	ACUITE A-   Stable   Assigned

ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	Simple	4.71	ACUITE A-   Stable   Assigned
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2027	Simple	14.14	ACUITE A-   Stable   Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2025	Simple	19.44	ACUITE A-   Stable   Assigned
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2026	Simple	24.71	ACUITE A-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Dec 2026	Simple	33.16	ACUITE A-   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2026	Simple	50.00	ACUITE A-   Stable   Assigned
Utkarsh Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Mar 2026	Simple	10.54	ACUITE A-   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	14 Sep 2025	Simple	20.00	ACUITE A-   Stable   Assigned
Tourism Finance Corporation of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Oct 2026	Simple	19.99	ACUITE A-   Stable   Assigned
Tourism Finance Corporation of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2026	Simple	10.00	ACUITE A-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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