



Press Release
C S L Finance Limited
July 18, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE A- Stable Assigned	-
Bank Loan Ratings	300.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	400.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 300.00 crore bank facilities of C S L Finance Limited (CSL). The outlook is '**Stable**'.
Acuite has assigned the long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 100.00 crore bank facilities of C S L 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 FY24. The AUM grew to Rs. 1030.67 Cr. as on March 31, 2024 from Rs. 735.61 Cr. as on March 31, 2023. The disbursements for FY24 were to the tune of Rs. 1052 Cr.. (P.Y: Rs. 756.83 Cr.) CSL's CAR stood at 51.18 percent with Tier 1 capital of 50.75 percent as of Mar 31, 2024. The profitability saw an improvement YoY as marked by increase in Total Income (net of interest expense) from Rs. 90.35 Cr. in FY23 to Rs. 123.65 Cr. in FY24. 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 97.88 percent with a GNPA of 0.45 percent and NNPA of 0.26 percent as of Mar 31, 2024.

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, C S L 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 FY2024 to Rs. 474.83 crore as of Mar 31, 2024 from Rs 362.52 crore in FY2023. It reported an adequate capital adequacy ratio (CAR) of 51.18 percent, comprising Tier 1 capital at 50.75 percent. The gearing remains comfortable at 1.06 times as on Mar 31, 2024. 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 372.41 crore for FY2024 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. 90.35 Cr. in FY23 to Rs. 123.65 Cr. in FY24. Despite the company being in an expansion phase, its operating expense to earning assets moderated to 3.62 percent in FY2024 as against 3.76 percent in FY2023. Resulting in an increase in its ROAA to 7.19 percent in FY2024 from 6.97 percent in FY2023. 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 97.88 percent as on Mar 31, 2024 as against 98.36 percent as on Mar 31, 2023. CSL's asset quality improved from 0.61 percent GNPA and 0.35 percent NNPA in FY23 to 0.45 percent GNPA and 0.26 percent in FY24 with comfortable PCR of 42.59 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. 440.93 crore as of Mar 31, 2024, from Rs. 291.57 crore as of Mar 31, 2023 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 Mar 31, 2024, 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 ~29% 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. 63.39 Cr. as on Mar 31, 2024.

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	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	984.28	777.57
Total Income*	Rs. Cr.	123.65	90.35
PAT	Rs. Cr.	63.36	45.63
Net Worth	Rs. Cr.	474.83	362.52
Return on Average Assets (RoAA)	(%)	7.19	6.97
Return on Average Net Worth (RoNW)	(%)	15.13	13.34
Debt/Equity	Times	1.06	1.13
Gross NPA	(%)	0.45	0.61
Net NPA	(%)	0.26	0.35

*Total income equals to Net interest income plus other income

Status of non-cooperation with previous CRA (if applicable): Not Applicable

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Mar 2024	Proposed Term Loan	Long Term	12.57	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	19.44	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	2.50	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	14.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	8.33	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	10.54	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	4.44	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	5.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	1.90	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	5.48	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	2.86	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	33.16	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	50.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	4.65	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	14.14	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	24.71	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	19.99	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	9.58	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	17.50	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	4.50	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	4.71	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A- Stable Assigned
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A- Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.06	ACUITE A- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.25	ACUITE A- Stable Reaffirmed
Bandhan Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A- Stable Assigned
DCB Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Oct 2026	Simple	13.50	ACUITE A- Stable Reaffirmed
Utkarsh Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Jun 2026	Simple	11.20	ACUITE A- Stable Reaffirmed
Fincare Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	13 Jan 2026	Simple	8.84	ACUITE A- Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	17 Apr 2026	Simple	6.88	ACUITE A- Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Mar 2026	Simple	6.56	ACUITE A- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Mar 2026	Simple	4.38	ACUITE A- Stable Reaffirmed

HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 May 2026	Simple	3.83	ACUITE A- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2025	Simple	3.75	ACUITE A- Stable Reaffirmed
South Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	18 Dec 2026	Simple	10.00	ACUITE A- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Aug 2024	Simple	0.83	ACUITE A- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	17 Mar 2025	Simple	2.78	ACUITE A- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Oct 2025	Simple	6.67	ACUITE A- Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 May 2025	Simple	7.08	ACUITE A- Stable Reaffirmed
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Sep 2025	Simple	11.33	ACUITE A- Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	14 Sep 2025	Simple	12.50	ACUITE A- Stable Reaffirmed
Fincare Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Aug 2024	Simple	1.19	ACUITE A- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Jun 2025	Simple	3.25	ACUITE A- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	Simple	3.91	ACUITE A- Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	22 Jul 2024	Simple	0.41	ACUITE A- Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	Simple	3.36	ACUITE A- Stable Reaffirmed
	Not							

Indian Bank	avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2027	Simple	11.67	ACUITE A- Stable Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2025	Simple	11.11	ACUITE A- Stable Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2026	Simple	20.77	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Dec 2026	Simple	27.63	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2026	Simple	41.66	ACUITE A- Stable Reaffirmed
Utkarsh Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Mar 2026	Simple	8.11	ACUITE A- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	14 Sep 2025	Simple	17.50	ACUITE A- Stable Reaffirmed
Tourism Finance Corporation of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Oct 2026	Simple	16.65	ACUITE A- Stable Reaffirmed
Tourism Finance Corporation of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2026	Simple	9.34	ACUITE A- Stable Reaffirmed
South Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	18 Dec 2026	Simple	5.00	ACUITE A- Stable Assigned
Tourism Finance Corporation of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	Simple	9.00	ACUITE A- Stable Assigned
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	Simple	20.00	ACUITE A- Stable Assigned
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2030	Simple	20.00	ACUITE A- Stable Assigned
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	Simple	20.00	ACUITE A- Stable Assigned

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About Acuité Ratings & Research

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