



Earnings Conference
Call for
Q4 FY' 2021

June 30, 2021, 4:00 P.M.



MANAGING DIRECTOR

-MR. ROHIT GUPTA

WHOLESALE- CREDIT HEAD

-MR. CHANDAN KUMAR,

CHIEF FINANCIAL OFFICER

- MR. NARESH CHANDRA VARSHNEY

MODERATOR:

-MR. GAURAV SUD

KANAV CAPITAL ADVISORS

30-June-2021

- Moderator:** Good evening everyone, I would like to welcome you to the queue for FY- 21 earnings conference call of CSL Finance hosted by Antique Stock Broking. Participants, should you need any assistance during the call, please signal by raising your hand. I would like to welcome the entire management team of CSL Finance led by Mr. Rohit Gupta. Without further delay, I would like to hand over the call to Mr. Gaurav who will take across the numbers and then further we can ask Mr. Rohit Gupta to take us through the financials and start the call.
- Gaurav Sud:** Thanks Vidhi, Welcome everyone and thanks for joining us for Q4, FY 21 CONCALL for CSL Finance Limited. To take us to the subject and to answer your questions, we have today with us, Mr, Rohit Gupta, Managing Director of CSL Finance Limited, Mr. Chandan Verma Wholesale Credit Head Mr. Naresh Varshney, our CFO (Chief Financial Officer) and others. We will be starting the call with a brief overview of the last year and then following after the Q/A session. I would like to remind you all that everything said on this call that reflects any outlook for the future can be construed as a forward looking statement and must be used in conjunction with the uncertainty and the risk they may face. These uncertainties and risks are included but not limited to the prospectus filed with SEBI and the subsequent Annual Report that you will find on our website. With that said, I now hand over the call to Mr. Rohit Gupta. Over to you Rohit.
- Rohit Gupta:** Hello, Good Evening everybody. I am Rohit Gupta from CSL Finance. CSL Finance welcomes you to this Q4FY2021 investor concall. Thank you for taking out the time to attend this call. We hope you and your loved ones are safe and healthy in this stressful period of Covid-19 pandemic. Now, taking you with the Financial Performance for the Year-End and the quarter. The company has performed very well in this Q4FY2021. Given the current challenging environment, our total income has increased by 14.31% from Rs.14.06 Cr in Q4FY2021 as compared to Rs.12.30 Cr in Q4FY2020. Our pre-provisioning profits have improved by 36.95 % to Rs. 12.75 Cr in Q4FY2021 as compared to Rs. 9.31 Cr in Q4FY2020 and PAT has also significantly increased to Rs. 8.75 Cr as compared to Rs. 1.82 Cr in Q4FY2020, a growth of 381%. For the year ended Mar'21, our net interest income grew by 8.14% from Rs.48.25 Cr in FY2020 to Rs.52.17 Cr in FY2021. Our PAT has shown a decent growth of 22.46% from Rs 22.48 cr in FY2020 to Rs. 27.53 Cr in FY2021. Our AUM has increased by 3.78% from Rs. 318 Cr in FY2020 to Rs. 330 Cr in FY2021. The AUM growth has been lower due to a cautious approach followed for fresh disbursements. First five months of FY2021 i.e. April-July were affected by lockdown and disbursements to fresh customers was technically zero. We have also had early foreclosures of about 170 accounts in the SME segment amounting to Rs 8.29 Cr, which has

impacted the AUM in the SME segment. In the wholesale segment in spite of large disbursements of Rs. 433.24 Cr, the collections were also high at Rs. 419.25 Cr, and so our AUM has remained constant during the year.

Operational Update:

Our performance in the wholesale segment has been good in spite of negative sentiments in the real estate sector. Our wholesale book has performed exceedingly well. We have received repayments of Rs. 419.25 Cr during the year against a total scheduled repayment of Rs. 107.97 Cr as on 31st March 2021. We have always been prudent in our underwriting and have maintained an average LTV of about 42% in the wholesale loan book. We have been able to maintain a high quality book even in a challenging environment in the real estate sector for the past few years. This is largely due to our good domain knowledge and geographic focus on the NCR Region. Also, with continuous monitoring of projects, regular site visits and consistent reviews of project financials, the quality of our book has remained high. Our strategy while funding the wholesale loan segment has been to fund developers in the small and mid-size category and small developers in the builder floor segment and structured loans to companies coming out of stress. Given that the peak stress for this segment is behind us, we do not foresee any big challenge in this loan portfolio. Furthermore, most of the funded projects are either complete or near completion so the execution risk is no longer in play, and these projects expect sizeable committed receivables from the sold but undelivered inventory. We are currently operational in Delhi NCR but going forward we will increase our geographical spread to drive the growth of our AUM. The only limiting factor right now for us is the ability to raise debt at reasonable rates. Our wholesale lending AUM stands at Rs.268 Cr as on 31st March 2021 as compared to Rs.246 Cr as on 31st March 2020. Our SME segment AUM decreased by 15% to Rs.62 Cr as on 31st March 2021 as compared to Rs.73 Cr as on 31st March 2020. We were relatively a new entrant in the segment and the period from 2017-2019 has largely been a learning curve for us. The decline in AUM is largely on account of higher collections which consists of foreclosure of around 170 accounts amounting to Rs 8.29 Cr and a cautious approach towards new sanctions and disbursements due to the impact of Covid-19 pandemic. We stopped the disbursements in the school segment and plan to continue with this policy until schools reopen and normalcy is achieved. The disbursements in H1FY2021 were negligible due to the uncertainty due to Covid-19 impact, but from Q3FY2021 onwards the disbursements had started picking up. The Second Wave hit us in April 2021 and an impact on the business was observed. Our school portfolio was doing exceedingly well until March 2020 but it got severely affected due to COVID 19 lockdowns. As the schools we fund are based out of semi urban and rural areas, there is lack of online education infrastructure, schools are not operational in these areas and so cannot charge any fees. In spite of all these challenges, we have been able to maintain a good collection efficiency of about 89% till March 2021. Our SME portfolio consists of both secured and unsecured loans with over 92% loans being secured, which we consider a big strength in the current challenging environment. We give unsecured loans only to K-12 schools where we have capped ticket size to Rs.5 lakhs per loan and the total portfolio of unsecured loans amounts to Rs. 5 Cr as on 31st March 2021. The Covid-19 pandemic has impacted the businesses across the segments and our SME loan growth had already been impacted earlier due to certain external factor such as the demonetisation, slowing economy. As a future strategy we are now gearing up our SME Sales team to focus on the retail segment especially essential services category like Kiriyana shops, dairy outlets and small

retailing outlets for essential commodities etc. Coming to provisioning and NPA We have a Gross NPA of 2.11% as on 31st March 2021 which has been significantly provided by the ECL provisioning of Rs. 7.84 Cr and our NNPA is at 1.19% as at 31st March 2021. As a prudent Risk Management practice we have already provided the total ECL Provision of INR 7 Cr out of which INR 4.84 Cr pertains to Stage-1 & Stage-2 with an ECL coverage ratio of about 1.50% and INR 3 Cr for Stage-3 with an ECL Coverage ratio of about 43.27%. Coming to Treasury Update. The NBFCs sector has been facing challenges post lockdown due to rise in NPAs and liquidity challenges. The company had raised Rs 53 Cr of Debt in FY2021 maintaining our weighted average cost of borrowings at about 9.40% as compared to 10.50% in FY20. We are actively looking to raise more debt to drive the growth in AUM. We have a comfortable level of liquidity and have maintained cash & cash equivalents and unutilised credit limits of Rs. 47.82 Cr as on 31st March 2021. We have repaid about Rs 40 Cr debt, including a pre-payment of Rs. 10.50 Cr of high cost loans in FY2021. Our net debt has reduced from Rs 96 Cr as on 31st March 2020 to Rs 83 Cr as on 31st March 2021. Our CRR stands at 79% on 31st March 2021 as compared to 73% as on 31st March 2020 which is one of the highest among NBFCs of our size. That concludes my opening remarks and I now open up the floor for questions. I have Chandan and Naresh Varshney along with me to answer your Questions.

Moderator: Thank you. Participants who wish to ask the questions. Please raise your hands. Also, before asking a question, kindly introduce yourself and the name of your firm before asking the questions. Dhwanil, you can go ahead with your question.

Dhwanil Desai : Hi, my name is Dhwanil Desai from Turtle Capital. So, Rohit-three questions. The First one is, you know, one thing that we have observed is that there is a lot of consolidations which is happening on the wholesale side and we are pretty strong in terms of our understanding and the risks, investments etc. So, how do you see that segment going in next 2-3 years. How do you guys look at it?

Rohit Gupta : Ok and the other part.

Dhwanil Desai : Ok You want me to put all the questions together.

Rohit Gupta: Yes, we would answer it all together.

Dhwanil Desai : Sure, Ok. Sir, the second question is on the retail book. So, I observed this, you have been trying to grow this book in the last couple of quarters /years indicated that you want to grow this segment aggressively. But somehow, if you look at the numbers, it is not any meaningful scale that has happened. Going forward, are we going to change our strategy or what ? How do we want to go with our retail book? That is the second question and Last Question, I am not able to understand the rationale for giving this Bonus because for us Capital, Capital for a company like us is raw material. Why do we want to kind of exceed our capital by giving bonus? Can you please throw some light on the rationale behind this?

Rohit Gupta :

Coming to all the three questions. Regarding the wholesale group, I have seen that during these last five-six years. We have seen so many challenges specially in the part of the wholesale side, starting from demonetisation, going through RERA , GST .Then COVID PHASE-1 , COVID PHASE -II and though our size is not so big but we have been able to prove that we outstand our quality and you have seen even the last year collections were very high. Even though we were not able to operate for four -five months in the initial half of the first half year. So, growth although is the bigger even which we have seen in last four to five years. And, now we have lot of confidence in ourselves that we can grow and as told earlier, the limiting factor will be our ability to raise debt at reasonable rates and which we are always focussed on raise debt at reasonable debt. And now we will be venturing out of from our sweet spot NCR which we think that we have a good domain knowledge and we have already have some small exposures in the Chandigarh sub urban areas and now we will like to expand further geographically and now coming to the second part- The SME. Yes, SME has been a trouble spot for us for last four to five years. As we started in 2017-18, it was a little learning curve and we faced some challenges both on hiring the people and then we started little earlier and we were framing policies along with that. So, initially for one or two years, we have been little trying to explore ourselves and grow with that. Our School segment has picked lot of strength and where our collection efficiency was more than 98 % . as late as March 2020. And we were very bullish on that segment. But all of a sudden because of School closures for last fifteen sixteen months, that segment has ride up. And we faced two challenges internally and few externally due to COVID and little bit when we started in demonetisation. And now, I would not like to say it again but we have been telling for last two years, for last one and half years. Practically, the kind of segment we are in, COVID has played a bigger role and we made a little small mistake by curtailing our SME marketing team resources, little curtail down in the last year, April. And when we started hiring, we wasted practically three -four months in hiring, those people coming on board and training them and putting them on field. And the moment they were becoming productive in the month of January and February. Then again the COVID stuck in the month of April in which we postponed our sanctioned disbursed March sanctions. So, during this PHASE-II, we hired more people. We did not retrench a single person. We hired more people. And we have even hired senior more people also and our one or two states have joined us and our business heads will be joining by next week. So, we are working on some other digitalisation part also. So, hopefully, we think that this year as our three to four years will be good. But we are little conscious due to COVID, specially the segment we are in. And opening of the schools will also increase our growth in this segment. And Chandan will like to add something on the wholesale after I conclude. Coming to the third part- Bonus. Bonus does not entail any cash outgo. It is only to capitalize your reserves. The purpose

of the Bonus. First was to increase the liquidity of our shares which they had lot of demand from the investors through our people who are in investor relation and one was to reward our investors because we had a very strong reserves. On an equity of six crores, we have reserves of more than two hundred and sixty crores. We thought this is one way to reward our investors. But, it does not entail any cash outgo. So, I think that is all and Chandan will like to add in the wholesale group side.

Chandan : Hi Dhwanil. Chandan this side. As Rohit has rightly mentioned that we are much focussed on the wholesale part and in the future, we have lot of opportunities. We have little been more flexible on the IRR's part. Also, that we are opening our target segments, geographies as well as we are now moving in some new markets also so that we can tap the existing market profit and grow our wholesale book. So, considering the last year book also and comparing the last year book also, you can see that our aim to grow the wholesale book is there. And in coming two- three years, we are seeing that the growth to the wholesale book part also. One part in CIBIL book that we want to add that in addition to the Rohit's point that being the SARFAESI provisions enabled for NBFC segment for FY 2020-2021. The Budget of the loan book is Rs. 20 Lacs. Now this is adding a new target CIBIL for us to grow our SME book. So, we are now, earlier, we were focussing on smaller ticket size loan of the SME part. So, now we have opened a new target segment and we are very much bullish on the SME part also that opening of this segment. The customer base and clientele we were losing because of higher ticket size and good clientele base we were losing. Now we will be able to tap those customers in the coming years also, next year itself. So, there would be lot of opportunities in both the SME and the wholesale part.

Dhwanil Desai: Ok, yeah, I have questions but I will come back in the queue. Thank you.

Moderator: Participants who wish to ask the questions. Please raise your hands. Dhwanil, you can further go ahead with the questions, if any.

Dhwanil Desai: So, Rohit, taking forward this conversation. So, I mean we are directly between anywhere between three hundred thirty to three hundred forty crores kind of loan book. I mean, do we see us reaching five hundred crores in a couple of years. How do you think about that will be ambitious? How do you think about that?

Rohit Gupta: As we have told that growing our books is not a problem. The only limiting factor has been to raise debt at reasonable rates and as because of COVID, all the banks were little more conscious. I think I put in the opening that we had discussions. And we are able to raise debt, definitely, going to that size is not a challenge even in this current year itself.

Dhwanil Desai: Ok, and how do you, in the loan book texture changes from wholesale to retail. How do you guys look at the margin Tier. Is it that the names will compress? But our portfolio will become more granular and where is the trade-off rewards between wholesale and retail mix.

Rohit Gupta: Yeah! Definitely the operating cost is much higher in the retail side as compared to the wholesale. But, as you yourself said, the whole portfolio will become more granular and that is the added advantage that it will get diversification to us also. And we will always like to have a right mix between both the segments. So the IRR's are practically same in both the segments we are working because on an average IRR's 15-19% in the wholesale and retail side we are working between 17-19 %, Both gross IRR's are same.in SME's once our branches become more productive, we will be able to absorb that also. And we will give granularity to our, the whole loan book with the small retail coming along with the wholesale side and we are focussing on the wholesale not only on the real estate but those companies and small, companies that are coming out of the stress also and have settled through OTS and require funds and cash flow is visible. We had a very good experience and we have funded those portfolios.

Dhwanil Desai: Yes, last question. I think you mentioned about wholesale book. You guys venturing out of NCR and NCR has been, you know market are very well that where you have the comfort zone. So, what kind of risk you think you need to tackle or kind of when you venture out on the wholesale side because a lot of people have gone funding some of the wholesale loan book especially in the real estate side. So, what are the things that you would like to do for risk mitigation.

Rohit Gupta: There are two -three things. When we fund, we do not find the project at greenfield level apart from the affordable one. So, the affordable housing, we are funding in the greenfield level where we see the location and the history of the developers and all of our wholesale affordable funding projects are doing extremely good. So, in other way, we entered the project when the project is at the middle level and that too at the mid segment. So, as compared to others, the ticket size is smaller and we come at the when the project has been launched and there are committed receivables and sales and the execution risk that we have taken to some extent has not been taken care of. So, small builders loan is a fantastic product where we have not seen till stage, project not getting finished between twelve months to twenty- four months and saleability is very-very good. And where, it is a very strong market and we are sitting on. So, we find that the real estate funding is much more less risky or we are more comfortable in this segment. That is only how you do it. It requires a lot of monitoring. We have to do a lot of monitoring in terms of site visits, meeting with the promoters, getting their financials every month, understanding

them. And you have to have a good domain knowledge in the area you are working in around the authorities, the local laws and the informal knowledge which you get. So, when you move up, we will move up, funded few projects in Chandigarh sub urban areas. So, we will first like to build our domain knowledge in that particular area and then start funding it. So, that will be the area we will be looking at.

Dhwanil Desai: Sir, what kind of segment we will focus will be very much similar to what we are dealing in NCR. Small Builder loans and affordable housing.

Rohit Gupta: What we strongly believe as a small NBFC, we can only outperform, when we are present in few segments and we have a little edge by building the domain knowledge, by building the source strength on few segments on which we are focussed on and that is the only way we will be able to build our presence among our customers only. If we spread with too many segments without size, we will end up going nowhere. Neither our team will be able to build any kind of expertise, neither our presence will be felt. So, that is why we have chosen few segments which require a little specialised knowledge and we want to build that knowledge and if you will see our SME, that is also an unorganized where the data is not there-assessment based lending. So, we want to build domain knowledge in that segment only. Neither it can be touched by the Fintech part also because too much data is not there apart from the bureau data, banking and all those things are not there in those segments. So, if I go into those segments where the bigger NBFC's, larger banks are present with, we will find it difficult to have any kind of market presence and secondly we may not be competitive with those people. So, as we grow we may enter into other segments. But as of now till 1000 crore we don't see that we have any reason to move into any other segment.

Dhwanil Desai: Thanks a lot!

Moderator: Thanks Dhwanil . Anant you can unmute yourself and introduce yourself and ask a question.

Anant Jain: Hello my name is Anant Jain. I am an individual investor. I have just one question as to if you could elaborate on our school loan portfolio book. How do you see it? What is the current status of the book in terms of value and how much of it has turned NPA and how much of it can turn in next quarter or so and what kind of write-offs, we have taken in this book?

Rohit Gupta: Our school portfolio as on March '20, April'20 was around 22 crores. In terms of numbers, out of 290 schools. As on March, only two schools were in DPD and not a single account was in NPA. But during these last 15 months, our 88 accounts are in DPD and roughly a total DPD segment of out of 22 crores is around, this is

around between 8 and 9 crores as on March 2020-2021. And we are quite hopeful because even in these schools which were in DPD, we started getting EMI's in the month of October 2020 till March 2021 because they were already in DPD and they were paying only one EMI. They could not come out of that. So, we made adequate provisions against we have already made in stage III, we have already provided 44 % and the other schools are performing and we don't see much provisioning going ahead but most of that is taken care of by aggressive provisioning.

Anant Jain: Any of these accounts, we have made any kind of restructuring.

Rohit Gupta: No, we have not done any kind of restructurings in the schools. Schools were not ready. Neither do they understand to that extent-what is restructuring and all those and we have not restructured any of the school loans. We did provide ECLGS benefits in the last phase to around 20-22 schools, but we have not restructured any of the school loans. The scheme is still valid till July-August or September. But till date, we have not restructure any amount.

Anant Jain: Since most of these schools will probably come back as soon as wave II is over. Do, we expect right backs happening also from this portfolio?

Rohit Gupta: Yeah, definitely. I told you in the last October till March, we started getting EMI's. Seven to Eight EMI's were pending only. They were paying one only. So, they were not getting that DPD. Going Forward, we will use tools where we have made more provisions. The right back should start coming up once the schools reopen. It may not be in this year. They may be repaying the due date of current month and I think in the coming year, we can see the reasonable right backs. It's a cash flow based. They were paying us. The only problem with our schools is that they are mostly semi-rural and in small towns. And where the online infra with the school -neither the teachers are equipped with that level nor the students have that kind of equipment or interest bank with them. And once they are stopping, they say that they will pay once school will open and definitely schools will charge fees also. And when they promote to the next class. Their accumulated fees will come to them and we are quite hopeful and few of them will take benefit out of this. We will pay once schools start functioning. So, few of them can say are intentionally doing it. But we are following very hard and it has been a good segment till March '2020 an we never thought of that schools will be closed for an extended period of 16-18 months. So and hopefully they will definitely come back. And borrowers say that as the schools will open, they will start paying and.

Anant Jain: That was helpful Rohit.

Rohit Gupta: All our schools are having good infra, a good piece of land and everything and the LTV in the name of sometimes trust, societies or samitis or maybe individual's name. Our LTV's are quite lower and those borrowers are wary of them and they feel that we work with only 10-20% LTV in case of school cases and they still feel that their properties of the school are with them. And definitely, those right backs should happen. But, I don't think so, this will happen this year. May be, in the next year, we will start receiving them.

Anant Jain: That was helpful Rohit, One more question that I have is, like in to , the earlier question which Dhwanil had, you said that we might be reaching five hundred crore book this year as well...

Rohit Gupta: I just told that we are able to raise debt at a reasonable rate. We have the market, we have the ability and we have the confidence and last one and half years, we were little conscious too. We did not want to be little too aggressive. It has been our strategy that we want to survive and maintain our quality of book and maintain healthy cash reserves with us. And with so much fear around COVID and we faced one death of our employee and so many employees got COVID and all those. Things were little fearful and we were not aggressive from April to July practically. There were no disbursements because both of our segments unless until we meet the borrowers. You can't do the disbursements digitally just on the base of Zoom interviews and all those. So, we also wanted to see how things play out of the COVID waves. So, we have been little conservative. So growing our size. This size is not a problem for us. We are working under Co-Lending arrangements and also, where Co- Lender has must funded us around two -hundred to two-hundred fifty crores. So, if we had the funds, we could have done our book also. So, that is not the problem that we were little conservative and little wanted to see the passing of this COVID. And there was lot of fear that the first phase of COVID came in April around the real estate also. We were also internally fearful because we have not seen what COVID will play out. But we were very surprised what happened after July-August. The sales and collection improved dramatically. It was one of the best years of last five years we have seen.

Anant Jain: On the SME side Rohit. Our AUM. has been constantly coming down. Do you think that now we will also have a renewed focus on the SME segment and how do you see SME vs Wholesale shaping up may be a year or two, down the line?

Rohit Gupta: We have given those no.'s but I will not like to give you any kind of nos. for that mix this year. But I can just add one thing. In the last phase I of the COVID, we retrenched one or two of our sales people. May be a little mistake on our side as we were too fearful that the business is not going to happen for next six to nine months. But, this time we added people and retained our existing staff because in that it became little more fearful going into the

field and it was a very difficult period. You can't force your team to just move out. So, those and practically last out of fifteen months, we practically have three to four working months only that was from September till March and we lost two to three months because we retrenched the people and taking on board fresh people took little time in training them. So, partially it was lost to that. We saw huge foreclosures also. Out of total 1230 accounts, we saw foreclosures of 117 accounts in this COVID period. So that added all those things and as I told the first two years have been a little learning curve and then we are facing little external factors and then in terms of any mix and all those. We are putting a lot of efforts. But we were not able to perform for last three to four years. We will not like to give any kind of nos. So, this time we will like to perform and then we will like to speak.

Anant Jain: No, I understand that hesitation on your part. My only question is that, you know, do you have some kind of balance between Retail and Wholesale, that was

Rohit Gupta : That effort has been there and that's why we added people in retail and Retail team is 2/3rd of total employee's strength. They are still on focus and their lot of time is spent as we are rebuilding in terms of making the total of digitalised platforms and hope things work out and we are able to perform and then we are able to speak little better. Our efforts and we want to have a reasonable mix among both the segments.

Anant Jain: But aspiration ally if wholesale goes up significantly like ninety-five percent of the book you want to be. You won't be stooping that I mean.

Rohit Gupta: No If given, I would always say if SME is going. I will choose to go with SME because we want to have the right mix. At the same time if we are getting any opportunities on the wholesale and still we want to grow SME. We will like to take the opportunities on wholesale. This seems, But, if given suppose I have limited funds and my first choice will be to grow SME and bring it to right mix.

Anant Jain: Ok. Thanks Rohit. That's it for me. Thank you for your answers.

Moderator: Participants who wish to ask a question. Please raise your hands. Sir, I would like to ask you a question. So, basically, our cost of funds has come down drastically and its current 8-9.4%. How much do you expect to go the cost down further? Do you see scope of that in next year?

Rohit Gupta: No, it has not come down drastically. It's just, I don't think that it will fall further as we have seen that inflations in retail and wholesale inflation are there. Banks are not ready to go down further for the cost. I don't think so unless until we are able to improve our rating and, which we are trying and so I don't think

so that we will see a further fall in our borrowings in immediate period.

Moderator: Sure, and sir when you say that. You are not growing your wholesale book. You said you are not comfortable in the liabilities side.

Rohit Gupta: No, I don't know, that is a wrong interpretation that we are not comfortable on the liabilities side. Just told, in the last twelve months in the COVID PHASE, we were, just a strategy, we thought, we want to be little conscious and we want to focus on our existing book and maintain the quality of our existing book. So, and for last five years, our confidence has increased every year. We have faced lot of external challenges which are from during last five years and our confidence has increased. We would definitely like to add to our liability, otherwise what are the only limiting factor is the ability to raise funds. The liabilities we would like to add. There is no second thought about it.

Moderator: Ok. Thank you so much sir. Anuj you can introduce yourself and go ahead with your question.

Anuj Sharma: Hi, this is Anuj Sharma from M3 Investments. My question is you give a lot of importance to domain knowledge in entering into an area. So, you can just highlight what are those things into the domain knowledge which you look at. And my second question is based on that, which are the areas which you are open for work for next three to five years in terms of geography.

Rohit Gupta: Yes, Chandan will add details, I will say just two lines to it. My experience of last nine to ten years in wholesale lending. I will say, it is a specialised knowledge when we include real estate and the geography has so on and it's a small team who is able to understand it. And suppose I am sitting in Mumbai and wants to do a project in NCR. It will take first a lot of time to do it and so lot of pro activeness is required. In monitoring that, three months and to understand those localised markets. So, it is little different from other wholesale segments which we see. That is why some people perceive real estate as the huge risky market. But, we see it's a very safe market. We have a strong superiority to fall back and if done properly and with the proper diligence. It's a good market to gain and lot of companies are coming back to this segment. Also and now Chandan will like to add on the geographies and you say domain knowledge is required. Why is it required?

Chandan: Yeah Anuj, the thing is that -The Question talked about the domain knowledge. Look while entering into any market. It is very important to properly understand the market you are going to enter. You need to check other checks like the database, profiling, what are the existing opportunities and basis on your best profiling, you need to structure the loan on budget. So, what we

believe is that with the highly experience of eighteen years in the industry and with the core teams as Rohit has rightly said. It is very important in restructuring any wholesale loan. You need to understand the core project and requirements at different stages of project lifecycle. Whether it is lean phased or peak phased. So, what we believe is that with this kind of experience we have developed at kind of knowledge that we are able to structure the loan as per the project requirements. Structuring the market capitalisation, structuring the project cash outflows and inflows. All those are required in building a domain knowledge. Further it is very important to proof your lengthy methods with the help of your monitoring technologies. So, what we have built in, what we built up the monitoring mechanism which is very helpful in successfully delivering. The approach. So, what we believe that this kind of structure or this kind of monitoring is built in last three to four years in CSL itself as to capital or deliver the project and built up that kind of domain knowledge which we believe us differentiate us from the other market players.

Rohit Gupta:

It's not like that we have not faced challenges. We have faced, but we say we have to early detect. We keep on monitoring every account in twelve to fifteen days. We try to see detect the signals early and take earlier remedial action. And to have a very strong learning from that account and why that account was going and that was facing a little problem. So, we incorporate all those learnings into our systems. Sometimes, we see that we have, account is not going. But we try to get learnings from small learnings from that account. Little bit of difficulty and added to those credits in our diligence market.

Anuj Sharma:

That was very helpful. You know, just in extension our major portfolios are west and north. So, that is a function of our domain knowledge. So, you know, going forward also, we will see concentrations also around these areas also and ask our existing understandings which are the areas that we can tap. And you know does carpet area does moving help. I mean from existing area in help of our domain knowledge. Thank you.

Chandan :

Look Anuj ! We are, as Rohit has already mentioned that we are now diversifying our target areas to Chandigarh Market. Also, we are opening up, a little much lended in those markets and as we are now opening up geographically. But now we have find out that in addition. Look till the time, opportunities are available in Delhi NCR market itself. We are able to tap that and grow our loan book. So, we want to try our team is based in Delhi NCR. So, we will try to maximise these areas in wholesale lending. We try to focus on these areas itself. But, yes if the opportunities re available. Earlier, we were restricting ourselves to the outer geographies itself. But as the opportunities come. We have now built the domain knowledge of those areas like in and around Delhi NCR, like we can go till Chandigarh. We can go to Jaipur. So, yes, when

the opportunities come, we would like to tap those markets also and if get the opportunities, we will like to lend there.

Rohit Gupta: Possible areas which we look upon is Jaipur, Lucknow, Dehradun. These can be next possible segments and very good stable markets of Bangalore, Pune also. But we need funds. Unless and until we reach the size. There is no follow up in going, going. The projects which we are not able to tap. Things are very- very important and to have a ..Unless until you have a decent size, you are not able to get even domain knowledge. Because the formal knowledge informs the borrowers. The other borrowers and understanding of the local laws only comes if you can have few loans in that particular area. So, as we build in our size. Definitely we will have no option but to move on. But we are doing it consciously and I think whenever we want to enter into a new project. We may enter with a low IRR and understand the market and then increase my little bit of IRR appetite or risk appetite. So, the best way as I have understood is that go with the safest in a new territory and PAT when trying to understand and then move it.

Anuj Sharma: Alright, Thank you so much. That was very helpful.

Moderator: Participants who wish to ask the questions, you can please raise your hands or unmute yourself and ask a question. Since there are no further questions, I would like to conclude the call. Thank you everyone for joining this call. On behalf of Antique stock Broking. This concludes our call and Thank you!

Chandan: Thanks everyone for participating on the call. Your questions are important for us and we strive to be transparent in our investors communications. The economic activities have now started picking up post the wave of COVID 19. While the situation is coming under control. There are still chances of third wave hitting us and achieving normalcy is highly dependent upon the on how far fast we can vaccinate our Indian population. We aim to maintain high quality of our Balance Sheet while striving to grow our business in coming years. Look forward to meet you all after September '2020 results. Thank you

Moderator: Thank you.