CSL Finance Limited

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National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	Corporate Relationship Department Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai-400001
NSE Symbol: CSLFINANCE	**BSE Scrip Code: 530067**

Dear Sir / Ma'am,

Sub: Transcript of the Conference Call held on November 03, 2026

With reference to our letter dated October 24, 2026, intimating you about the conference call for Analysts and Investors held on November 03, 2026, please find attached the transcript of the aforesaid conference call.

The above information shall be made available on the website of the Company viz. www.cslfinance.in

We request you to kindly take the above information on your records.

Thanking You
Yours Faithfully

For **CSL Finance Limited**

PREETI GUPTA
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Date: 2026.11.06 13:38:56 +05'30'

Preeti Gupta
(Company Secretary & Compliance Officer)

CSL Finance Limited
Q2 & H1 FY27 Earnings Conference Call
November 03, 2025

Moderator: Ladies and gentlemen, good day and welcome to the CSL Finance Limited Q2 and H1 FY27 Earnings Conference Call hosted by TIL Advisors Pvt. Ltd. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sayam Pokharna from TIL Advisors Pvt. Ltd. Thank you and over to you, Sir.

Sayam Pokharna: Thank you, Rutuja. Good evening, everyone and thank you for joining us today for the Q2 and H1FY27 Earnings Conference Call of CSL Finance Limited. The investor presentation for the Quarter 2 has already been uploaded on the Stock Exchange and on the company website. In case you wish to be added to our mailing list, please feel free to reach out to us.

To take us through today's results, we have with us from the management team, Mr. Rohit Gupta – Managing Director, Mr. Naresh Chandra Varshney – Chief Financial Officer, Mr. Chandan Kumar – Head Strategy and Business, Ms. Rachita Gupta, Whole Time Director, Mr. Atul Gupta, President, Finance and Treasury, and Mr. Chirag Gupta, Credit Head, Wholesale Segment. We will begin with a brief overview of the quarter from Ms. Rachita Gupta followed by a Q&A session.

Please note that any forward-looking statement made during this call should be considered in conjunction with the risks and uncertainties that we face. These risk factors have been outlined in our annual report.

With that, I would now like to hand over the call to Ms. Gupta. Over to you.

Rachita Gupta: Thank you, Sayam. Good evening, everyone. Thank you for joining us today.

I am pleased to share the highlights of CSL Finance's performance for the second quarter and the first half of FY27. The quarter has seen a continuation of the trends we outlined in our previous calls. The Wholesale Segment has continued to perform strongly and remains the primary driver of our AUM growth at present, supported by healthy disbursements, robust asset quality, and good availability of funds for future growth.

SME Retail Segment has remained in a consolidation phase driven by a mix of internal and external factors. On the external side, the broader SME lending space remains low. The factors we discussed in our earlier calls, namely, over-leveraged borrower profiles, stagnant income growth across the MSME ecosystem, and higher competitive intensity in the smaller ticket segments, have not yet eased materially.

On the internal side, we have used this period to tighten our credit policy and checks, rationalize non-performing branches, relocate others, and strengthen the team with the focus on improving productivity in our existing branches rather than on network expansion. SME retail disbursements remained measured during the quarter, although they were higher sequentially compared to Q1 FY27. As the consolidation measure takes hold and the operating environment gradually improves, we expect better performance on the SME retail disbursement front in the second half of the year.

With that overview, let's come to our financial performance. Let me begin with our AUM performance. Our AUM as of September 30, 2026, stood at Rs 1,627 crore, which was up by 16% year-on-year from Rs 1,397 crore, and up 88% sequentially from Rs 1,505 crore at the end of Q1 FY27.

On-book AUM stood at Rs 1,578 crore, which was up by 21% year-on-year and 7% sequentially. Growth during the quarter continued to be led by the wholesale vertical. The AUM mix now stands at Rs 2,773 between SME retail and wholesale, compared with Rs 1,3466 a year ago and Rs 1,370 at the end of Q1 FY27.

Total disbursement for the quarter stood at Rs 385 crore, which was up 31% year-on-year and 20% sequentially. This is the highest quarterly disbursement in the company's history. For the first half of FY27, disbursement stood at Rs 706 crore, which is up by 18% over first half of FY26.

Collections stood at Rs 298 crore in Q2, which is up 16% year-on-year and 5% sequentially, taking first half of FY27 collections to Rs 580 crore. Collection efficiency improved to 99% during the quarter from the 98% maintained over the preceding four quarters. Apart from on-book AUM growth, we continue to work on strengthening our fee income through joint lending structures with select industry partners in the wholesale segment.

These structures continue to support growth during the quarter and our off-book AUM stood at Rs 50 crore as of September 30, 2026, which is up from Rs 33 crore at the end of Q1 FY27. We see joint lending as an important lever for the wholesale segment. It allows us to participate in larger transactions while retaining control over the project and its cash flows, deepens our relationships with larger NBSCs and banks, and adds a fee-based income stream alongside our interest income, thus improving our ROEs.

We expect activity to build up on this front further over the coming quarters. Coming to our asset quality, gross NPS stood at 1.13% as of September 30, 2026, compared with 0.95% in Q1

FY27 and 0.51% in Q2 FY26. Net NPS stood at 0.71% compared with 0.60% in Q1 FY27 and 0.39% in Q2 FY26. Gross State Free Asset stood at Rs 17.84 crore against Rs 13.92 crore at the end of Q1 FY27. Total ECL provision stood at Rs 19.67 crore or 1.25% of the loan book with the provision coverage ratio at 110.29%. Write-offs during the quarter were Rs 2.05 crore, lower than Rs 2.87 crore in Q1 FY27 while recovery stood at Rs 1.44 crore. I would also like to provide some context on recoveries.

Major of our book is SARFAESI compliance and we expect recoveries to improve in the future as case resolutions progress through the legal process. Now moving to our P&L performance. Net Interest Income for Q2 FY27 stood at Rs 49.6 crore, which is up 21% year-on-year and 10% sequentially, driven by a higher average AUM during the quarter. Total Income stood at Rs 77.4 crore, also up 21% year-on-year and 10% sequentially. Profit before tax stood at Rs 35 crore, which is up 21% year-on-year and 18% sequentially. Profit after tax stood at Rs 25 crore, which is up 2% year-on-year and 13% sequentially.

The gap between PBT and PAT growth on a year-on-year basis is on account of a lower effective tax rate in the base quarter of Q2 FY26. Hence, PBT is a better comparison in this quarter. The annualized ROE improved to 6.30% from 5.86% in Q1 FY27 and annualized ROE improved to 14.86% from 13.82%. For the first half of FY27, Total Income stood at Rs 147.7 crore, which is up 20% year-on-year. Profit before tax stood at Rs 64.7 crore, which is up 15% year-on-year. Profit after tax stood at Rs 47.1 crore, which is up 3% year-on-year. Now, finally, on the operational and funding front, our branch network stands at 35 branches across 7 states.

During the quarter, we continued with the rationalization of non-performing branches and the relocation of others, in line with our focus on improving branch-level productivity and operational efficiency in SME retail. On the funding side, we continued to make progress in strengthening our lender base. Our lender base stands at 35, comprising a well-diversified mix of public sector banks, private banks, SFCs and NBFCs.

The total borrowing stood at Rs 962.90 crore as on September 30, 2026. Importantly, we have good availability of funds to support growth in the coming quarters as well, especially on the wholesale front. Undrawn sanction limits, including the NCD, stood at Rs 210 crore as on September 30, 2026, compared with Rs 90 crore at the end of Q1 of FY27, over and above balance sheet liquidity of Rs 76.8 crore. Our ALM remains positive across all buckets. The leverage ratio stands at 1.5 times, well within our thresholds and leaving meaningful headroom for growth and our capital adequacy ratio stands at 40.87%. Our credit rating continues to be A-table from acuity rating and research, enabling access to capital on competitive terms. Together, these give us the funding capacity and the confidence to keep growing the wholesale segment through the rest of the year.

To conclude, Q2 FY27 has been a quarter of strong operating performance with record disbursement, 16% AUM growth and 21% growth in both NII and PBT, and an improvement in return ratios over previous quarters. Looking ahead to the second half of FY27, we expect the

wholesale segment to continue to drive AUM growth for the remainder of the year, supported by our funding opposition, and the opportunity we continue to see in our core markets. Alongside on book growth, we will continue to build off book AUM and fee income through joint lending structures.

In SME retail, we expect disbursements to improve in the second half as the consolidation measures of the past few quarters begin to yield results and the operating environment gradually improves. We will continue to pursue disciplined growth in both business verticals, with asset quality and conservative leverage remaining our priorities. Thank you and now we can open the floor for questions.

Moderator: Thank you, The first question is from the line of Himanshu Patel from State Food Investment Managers. Please go ahead.

Himanshu Patel: Yes, my first question was on the wholesale business. How much of approvals are there and disbursements are pending on the wholesale side of the business? And what we are seeing is or what we are hearing is there is some slowdown on the residential real estate business.

So what is your thoughts or outlook and how are you seeing the growth in loan book and let's say the repayments. Some thoughts on that will be helpful.

Rohit Gupta: In terms of our pipeline, if you are asking, we have a reasonable good pipeline at the end of September with roughly you can say around 300 to 400 crore kind of a pipeline we are already doing the due diligence and some sanctioning has already been done. And so the second part of the question which is more important is that what is the scenario in the wholesale and what you are hearing around the market is no doubt. We had a very good year, four years where the sales and the price rise was there.

And we as a lender, we are more concerned with the specific project where we visualize the cash flows which are the most important part. In all our projects, we do cash flow back the lending only and we have complete control over their cash flows through the escrow mechanism. So our focus is on you can say affordable housing where even if there is no kind of any slackness and the projects are getting oversold 5 to 10 times, it's a kind of a drop lottery system that is prevalent here.

And the price has been fixed by the government. And the second is the meeting from housing where even if the location and the pricing is right, we are seeing that the sales are sufficiently good. And sometimes it doesn't make any reason which getting sold 100% day one.

Even if the project gets sold 30 to 40% in 2 to 3 months and there are some reasonable sales over a period of next 24 months, the salability of the product is always there and it is better for all the stakeholders of those projects. So yes, as a lender, we have to be cautious. We have to project specific, location specific and the borrower specific.

Being in this lending industry in this specific region for last 12-13 years, we have strong insights and strong relationships and that help us. And yes, as a lender, we have to be on toes and always see the scenario what is around and we always keep on and we have been very conservative in that way and we keep those scenarios in view and do lending according to that. And lastly, our size is too small and the kind of pipeline we have always, we get a choice of whom to lend and we only pick and choose a customer according to our, who fulfills our parameters.

Chandan can add more on this.

Chandan Kumar: Just to add 2-3 points Himanshu. As an strategy, CSL Finance always focused on a kind of affordable. In group, in large segment itself, the CSL immediately focus on affordable housing segment where the sales is not going to be any challenge and till date, whatever the projects have been launched in anywhere in affordable housing projects itself, the sales are 100% in all those projects itself.

Now, coming on your point and dividing the CSL portfolio as on date, we find that 30-40% of the portfolio belongs to the affordable housing segment and where the sales is not going to be challenge, reason being the sales will happen through the lottery system and it happens on the day 1 of the launch itself. Other than that, out of rest, 60-70% of the portfolio, 35% belongs to the small housing where there is no slowdown and we don't find any kind of slowdown into that segment. Reason being that are the small plotted projects and majorly the locations which we fund are very much marquee.

So, there is no kind of slowdown in that space. Only 30% of the portfolio where you are telling that the sales could be the challenge. So, being like a conservative lender, we keep on focusing on those locations only or the geographies which are like moving or the infrastructures are good.

We are not experimenting with any kind of the new geographies or the new locations where the infrastructure is yet to be developed. So, we are very much confident that the projects which we are boarding in that 30% segment itself would not face any kind of challenges in terms of sales or like churn in coming years. That's why the market goes down by 10-20% itself.

Himanshu Patel: And one thing on this wholesale, we have written there are 128 active accounts. So, active accounts mean 121 projects which we are funding or these would be 121 separate builders whom we are working with.

Chandan Kumar: No, it's the 128 projects. Like the 128 projects that are currently funded by us.

Himanshu Patel: Okay. So, one builder can have 3 projects also on which we are working with him.

Chandan Kumar: Yes, 2-3 projects. But generally, in case of the large, we keep on exposure limit. But for the small projects like where the exposure size is around 2-3-5 crores or kind of thing, we used to

fund kind of SPP kind of structure, single plotted project which other NBFC called it as a housing loan. We used to keep on that as a CRE exposure and that we used to fund 2-3 projects simultaneously for a single borrower.

Himanshu Patel: So, out of these 121 projects, how many would be the, let's say, builders or separate builders?

Chandan Kumar: You want to ask the number of customers?

Himanshu Patel: Yes, number of customers or builders who's these 121 projects would be there?

Chandan Kumar: Around 80-90 builders are there.

Himanshu Patel: Okay. And one more thing, what I see is that gross NPA, whatever it is, is not on the wholesale side, it is on the SME side. And we have seen a lot of, let's say, write-offs and all those things and we have also chosen not to grow, which I think, which is very appreciable. But still, the gross NPAs are around 3% if I take everything on the SME side of the book. It's 17 crores on the overall SME book, which is around 450 crores. So, what is the outlook from here on? And secondly, we have chosen to grow slowly and steadily and hired a new CEO also for that business. But what would be our strategy from here on when we again start growing that book or how are you thinking about that business? What are we going to change in that particular product?

Rohit Gupta: So, broadly, there is no change in the product line, only that we have made few changes. So, earlier, we used to do certain accounts beyond 50 lakhs, which we have stopped in last 18 months. So, that is one, because in 17 crore NPA, you will see there are 7-8 accounts, which are more than 50 lakhs. So, and what we have seen that the good accounts, we used to get taken over, the foreclosure used to happen within 9 months to 15 months and little stressful account used to remain with us. So, we completely stopped and most of these accounts, the NPAs have come up during the book for one period between 22 to 24 and in last 18 months, there is no NPAs, which has come in last 18 months.

So, that was one in terms of that we have stopped 50 lakhs plus. Our focus on less than 10 lakhs has also reduced because we have seen these are marginal borrowers, and having only one property, which is coming to us as a collateral and that would completely rural kind of a property and where any mishap in terms of his businesses or any education wise or maybe any marriage in the family or any health issues, that borrowed becomes delinquent and becomes difficult to roll back.

So, the focus is more on the 10 to 50 lakhs, which are more compliant towards the SARFAESI also that is one of the most helpful tools in recovery. So, that is one change we have done. Second change, we have relocated certain branches, mostly branches which are doing less than 10 lakhs, certain Akarni properties, branches in Gujarat and certain completely rural property branches in Rajasthan.

So, we have done consolidation of those and where we were lacking, I think we have built one of the finest technology platform, our legal operations and all things are very good. So, the distribution and attrition which we were facing a lot, a bigger issue which was there with us, now that attrition rates are stabilizing, our team is stable. We have now complete senior middle level team with us and the focus now going forward will be on the distribution side and that is where we need to strengthen ourselves.

And with the new CEO coming we are very hopeful. He is a young passionate and who has seen all the verticals of the SME. So, we are steering this vertical.

They have also seen that because there were CBOs were there and all the HODs were there but one full-time person was not there to oversee on day-to-day basis and to bring the cohesiveness of all the divisions of the SME and to strategize more and to take forward what we have projected ourselves in the management meetings. So, now we will have the complete one person who will take forward these things. So, I would not like to say too much and would like to speak in the next quarter when we see a three-month of change that will happen after that.

But we are hopeful that the thing should be better and last two months have been the best two months of this financial year for SME and we are hopeful that post Diwali our numbers will be better.

Himanshu Patel: And one last thing, would we like to increase the bucket, let's say something like a gold loan or a two-wheeler type of loans or the product what we have on the small ticket size SME that would be the only product for us at least for next 24 to 36 months or you are also thinking of increasing the product span over let's say next two years to three years?

Rohit Gupta: Sir, we don't want to, we are not seeing any new product in last at least 15-18 months. The reason being we still have scope to grow ourselves in the existing product and those are specialized product, gold loans, unless until we have a vision and we want to open, make it a huge vertical and those verticals require a huge, I would say they start performing in terms of operational profitability, start coming after two, three years of investing into those verticals. We still want to, as a company which we have told earlier so many times that knowledge is very important, building the knowledge in the company through technology and the operating platforms, that will be a little edge.

So, in gold loans already the bigger companies are there and still we want to grow our SME first in the LAF business with the self-employed customers and then we would like to see whether we want to go into vehicle finance or gold loan or any other variant of that but it will not make any sense, start focusing on the newer one without, still be a lot to grow and build our existing SME LAF portfolio. So, neither it will make any operational metric and it will also, it will take a lot of bandwidth on strategizing the new vertical and still we have to consolidate a lot our existing SME vertical.

So, as a company with the size we are in and it doesn't make any sense to open a new vertical. So, just for sake of building a new, I would say product line and without having a clear strategy will not make any sense and so we don't want to open in the immediate 15 to 18 months.

Himanshu Patel: Okay. Okay. Thank you and Happy Diwali to everyone. Thank you.

Rohit Gupta: Thank you. Same to you.

Moderator: Thank you. As there are no further questions from participants, I now hand the conference over to management for closing comments.

Rohit Gupta: Yeah, yeah. So, I think the one person who was asking question has covered most of the things I think which you have been… So, yes, we have already in the opening speech we have given our performance and we are hopeful that this quarter will be better on the SME where we are working a lot and so wish you everyone are all our stakeholders and a very happy Diwali and we will see you all after 6 months with a better set of numbers. Thanks to everyone.

Moderator: Thank you. Thank you. Ladies and gentlemen, on behalf of CSL Finance Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.