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Q1FY23 Earnings Presentation
9th August 2022

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Business Performance

Executive Summary : Key Highlights

- ❑ Cons. PAT of Rs461mn (flat YoY, 10% QoQ) in Q1FY23, consolidated Q1FY23 RoE 9.5%, RoA 2.5%.
- ❑ Quarterly disbursements at ~Rs11bn, up 91% YoY. AUM growth at 41% YoY; Co-lending continued to gain momentum touching ~Rs2bn AUM, up ~72% QoQ.
- ❑ Car loan distribution franchise beginning to deliver strongly; loan originations touched ~Rs11bn, net fee contribution at Rs183mn in Q1FY23.
- ❑ Strong and well-funded balance sheet, CGCL CAR at 29.9%, CGHFL CAR at 39.5%.
- ❑ Gross Stage 3 ratio increased to 2.7% (-73bps YoY, +32bps QoQ); standard restructured assets declined to 2.6% of AUM (-55bps QoQ); collection efficiency strong and stable.
- ❑ Added 6 branches, branch count at 123, group staff count at 4,134 (up 65% YoY).
- ❑ Credit Ratings : Long term issuer rating reaffirmed A+ by CARE. Outlook upgraded from 'Negative' to 'Stable'.

Business Update : Housing, Co-Lending In Good Momentum

AUM Segmental Break Up (INR Mn)

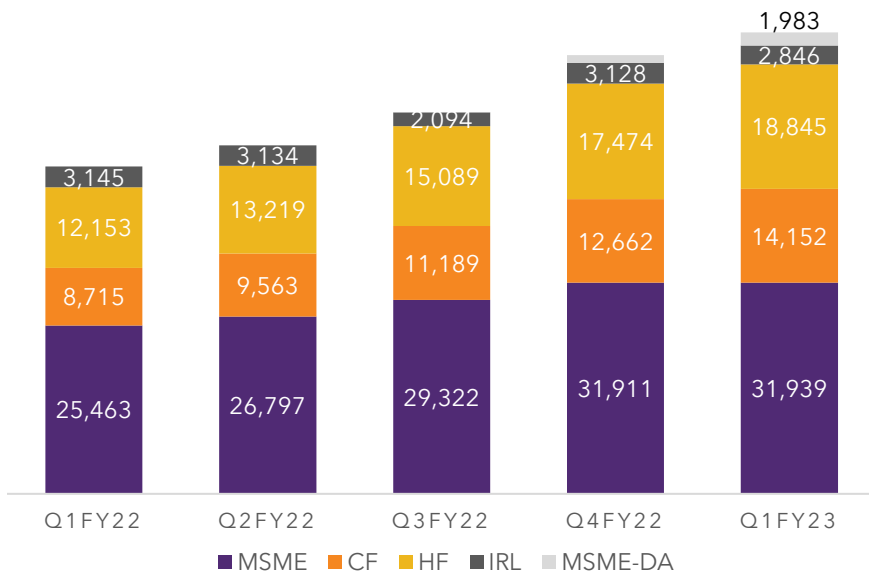
49,477

52,712

57,736

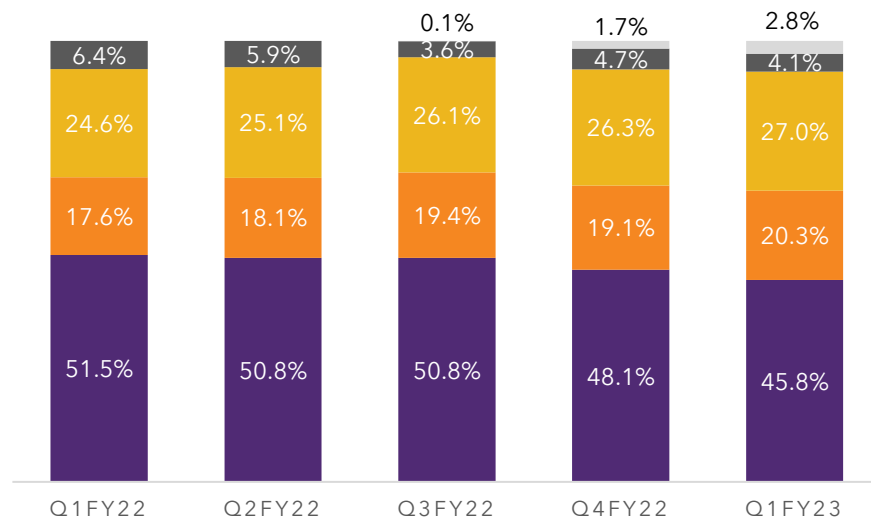
66,325

69,765



Composition of AUM (%)

■ MSME ■ CF ■ HF ■ IRL ■ MSME-DA



- MSME-DA relates to off-balance sheet AUM comprising Direct Assignment (co-lending portfolio) in MSME.

Disbursals : Sequentially Softer

Segmental Disbursals (INR Mn)

5,715

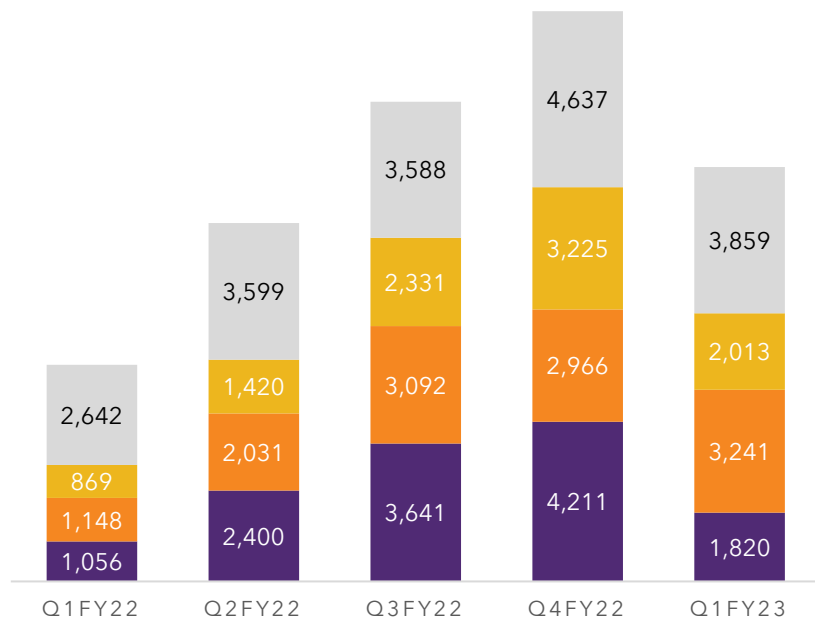
9,450

12,652

15,039

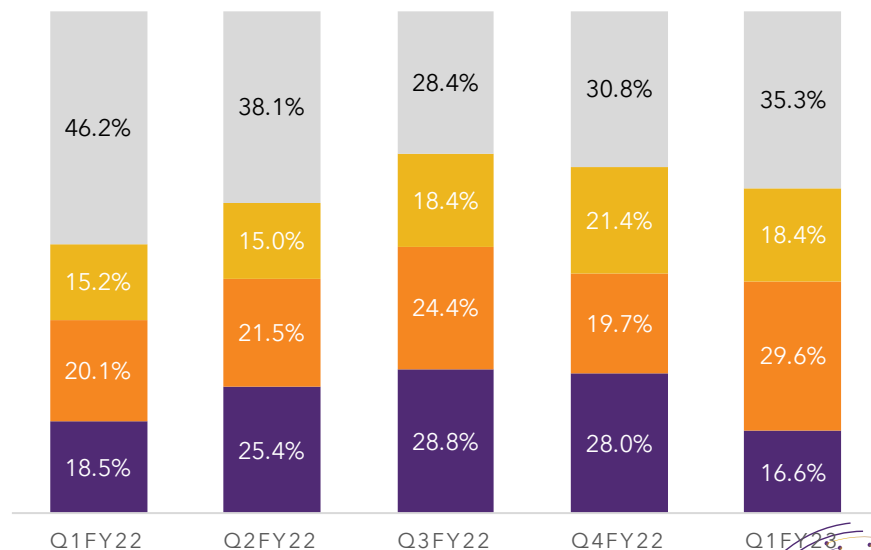
10,933

■ MSME ■ CF ■ HF ■ IRL



Composition of Segmental Disbursals (%)

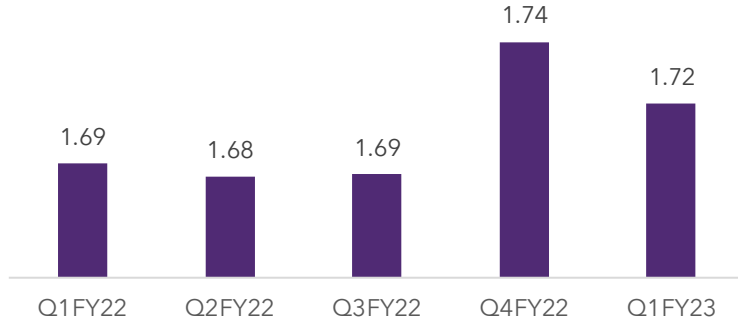
■ MSME ■ CF ■ HF ■ IRL



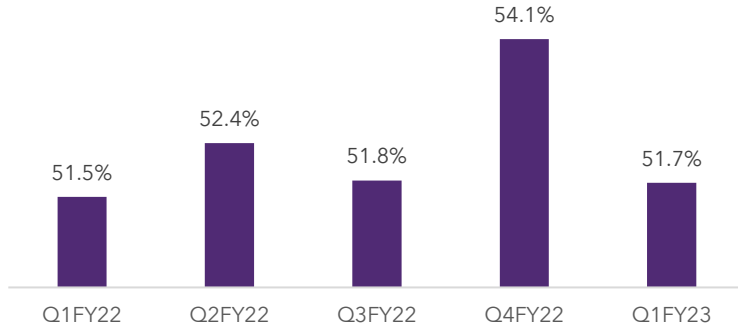
Note: Indirect Lending disbursals that we previously excluded from this graph, have now been included. Previous quarter data is suitably adjusted.

MSME Business Update

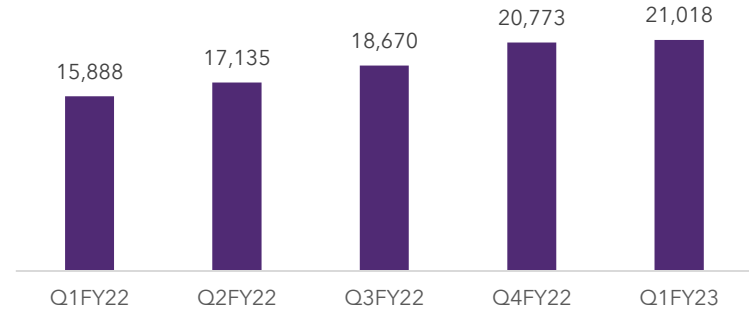
Average Ticket Size (INR Mn)



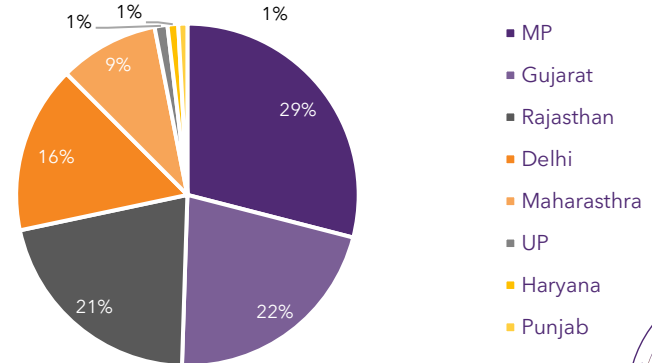
Loan to Value (%) (Incremental Disbursals)



Live Accounts

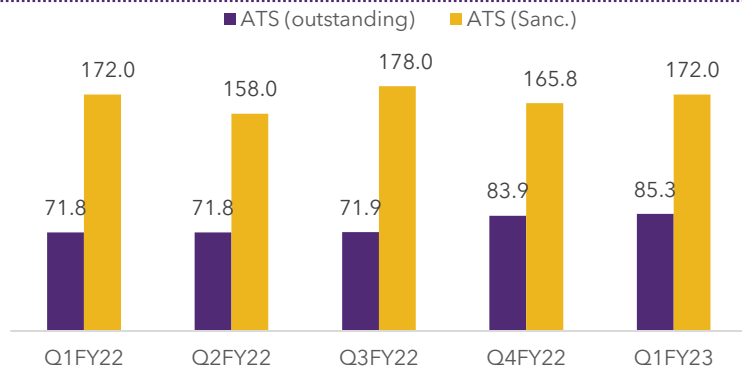


Geographical Distribution (Value-Wise)

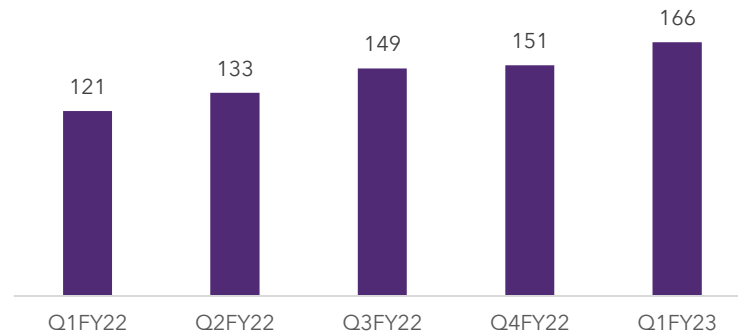


Construction Finance Business Update

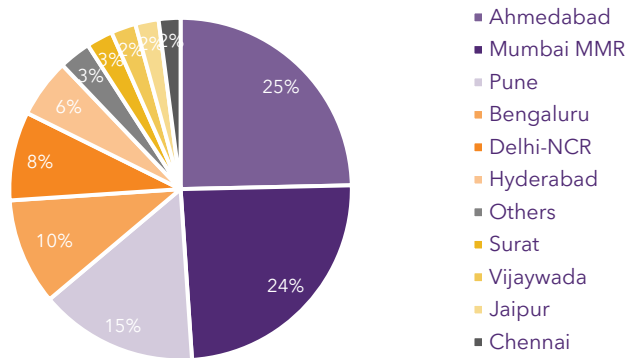
Average Ticket Size (INR Mn)



Live Accounts

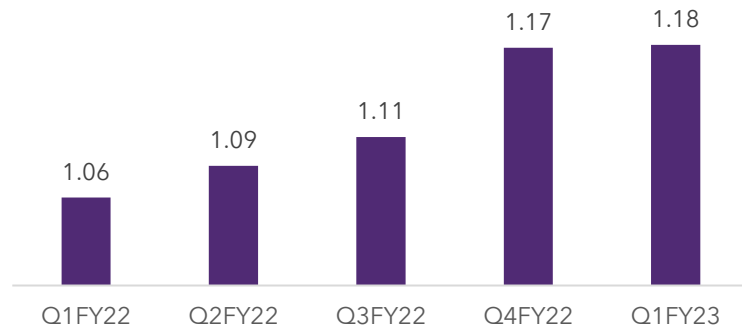


Geographical Distribution (Value-Wise)

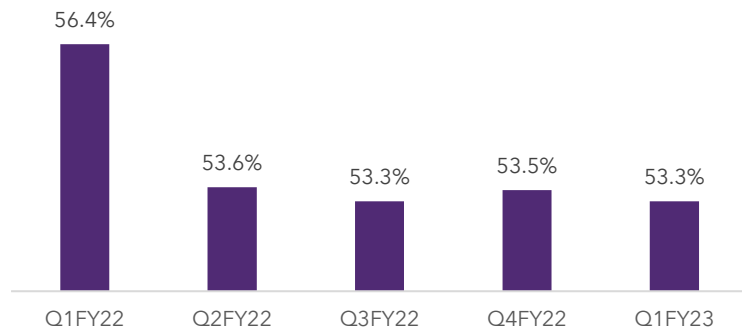


Housing Finance Business Update

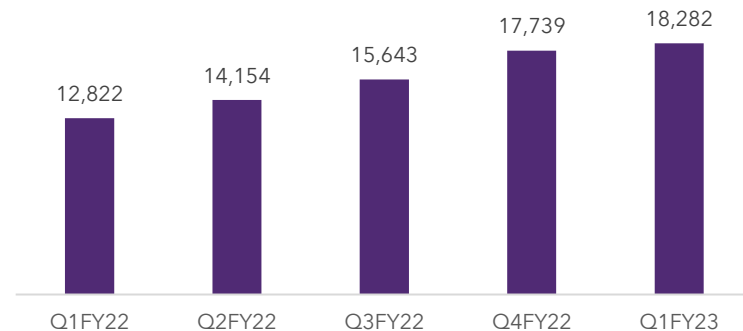
Average Ticket Size (INR Mn) (Incremental Disbursals)



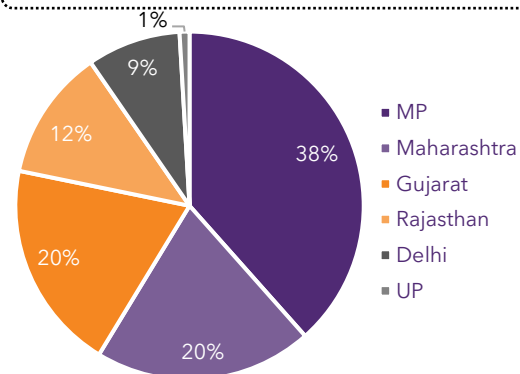
Loan to Value (%) (Incremental Disbursals)



Live Accounts



Geographical Distribution (Value-Wise)



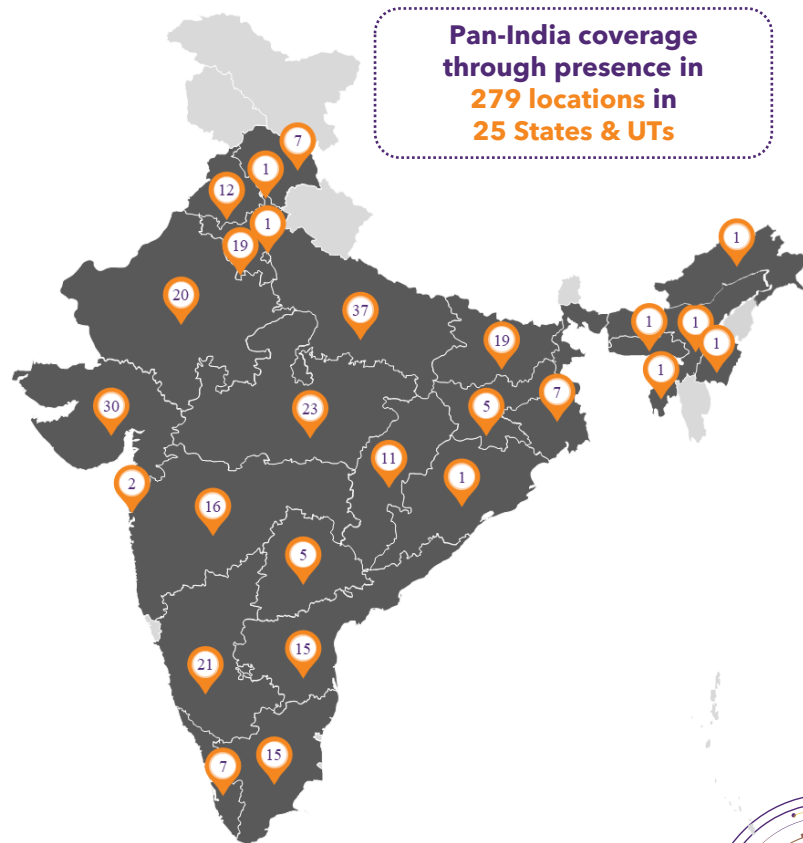
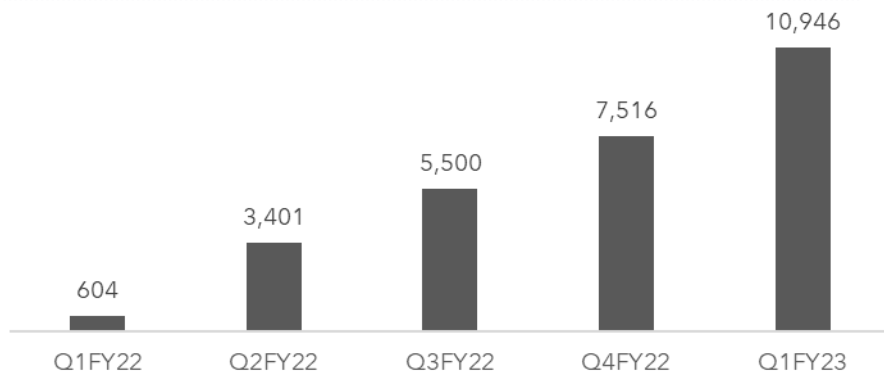
Salaried	44%
Self-employed	56%

Car Loan Distribution: Beginning To Deliver

Distribution Footprint Now Pan-India

- Distributing new car loan products of Union Bank of India, Bank of Baroda, HDFC Bank, IOB, Yes Bank, and Bank of India.
- Asset light model; branch presence in five locations, feet-on-street presence in 279 locations.
- Cumulative volume Rs28bn with an ATS of Rs1.14mn.
- Generated net fee income of Rs183mn in Q1FY23.

Robust Distribution Volume (INR Mn)

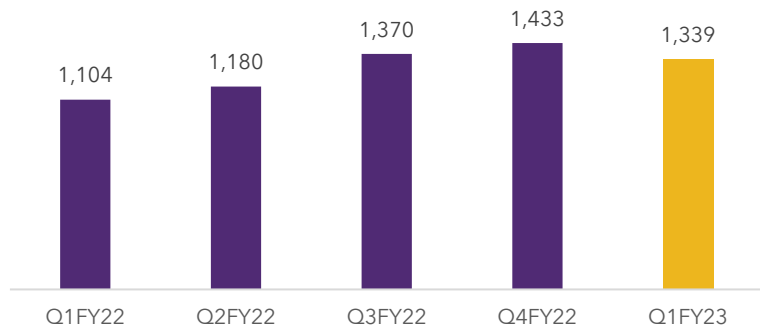




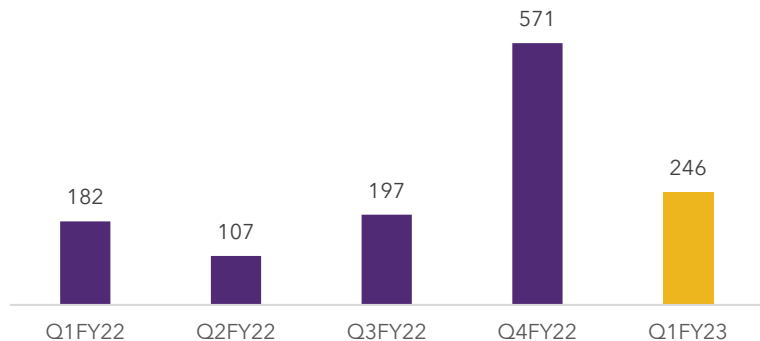
Earnings Performance

Performance Matrix : Sharp Decline In Credit Costs

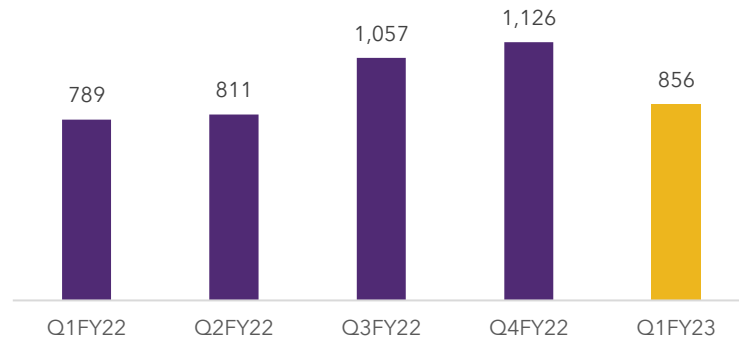
NII (INR Mn)



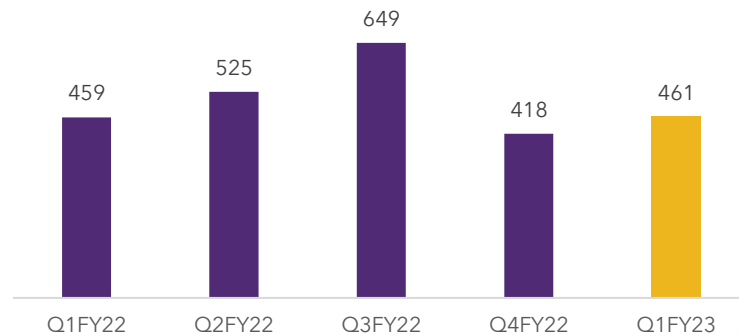
Credit Costs (INR Mn)



Operating Profit (INR Mn)

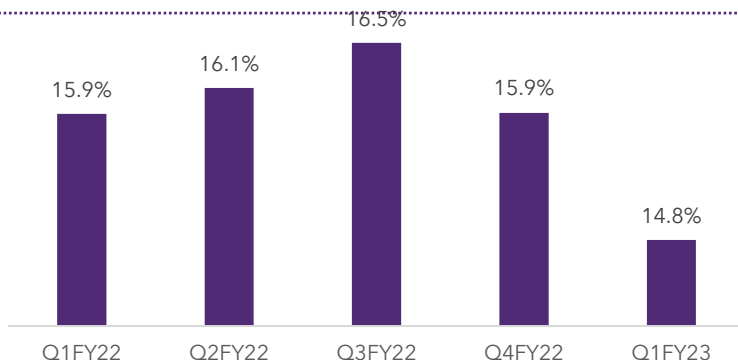


PAT (INR Mn)

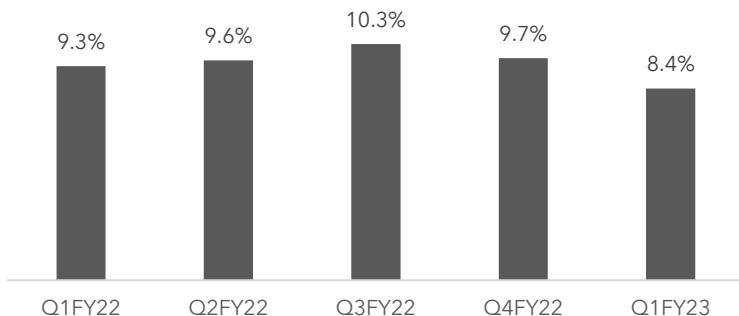


Key Ratios : NIMs Holding Up Well

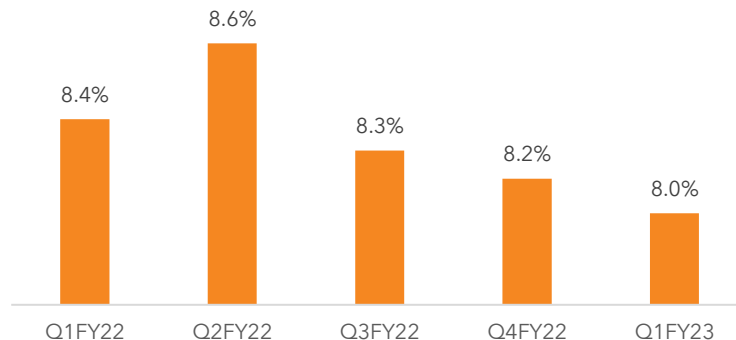
Yield on Advances (%)



Net Interest Margin (%)



Cost of Funds (%)



Note:

- We have changed YoA and CoF calculation methodology to bring it in-line with the formula used in our rights issue disclosures.
- Instead of weighted yields and weighted borrowing costs, we have computed average yields and average borrowing costs, due to which, some volatility in the YoA and CoF movement may be seen.

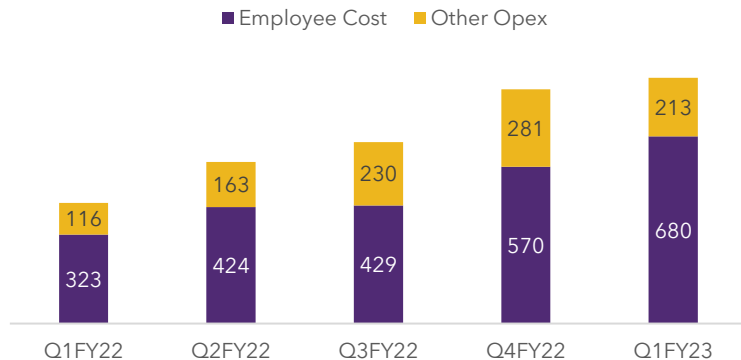
$$\text{YoA} = \text{Interest Income} / \text{Average Net Advances} * 100$$

$$\text{CoF} = \text{Interest Expense} / \text{Average Borrowings} * 100.$$

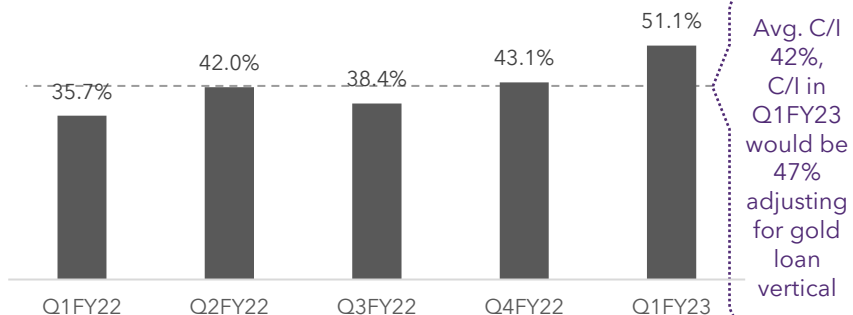
- Average balance sheet aggregates are sequential averages.
- Net Interest Margin has been computed on average net advances.
- NIM computed on Average AUM was 7.8% in Q1FY23, 9.0% in Q4FY22, and 8.3% in Q1FY22.

Operating Expenses : Softening In Opex to AAUM Ratio

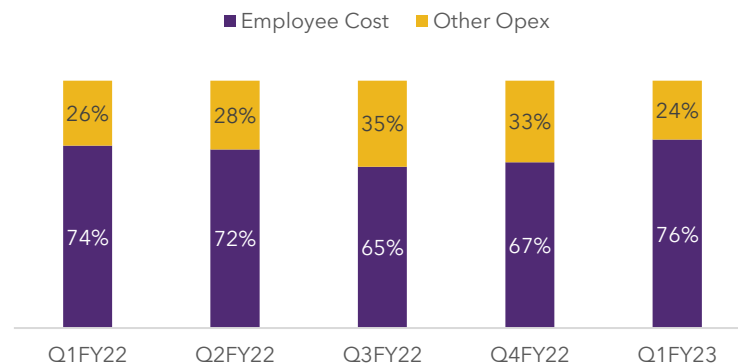
Operating Expenses (INR Mn)



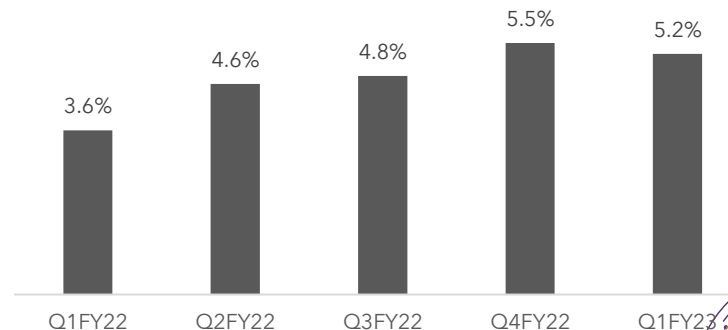
Cost-Income (%)



Operating Expenses Composition (%)

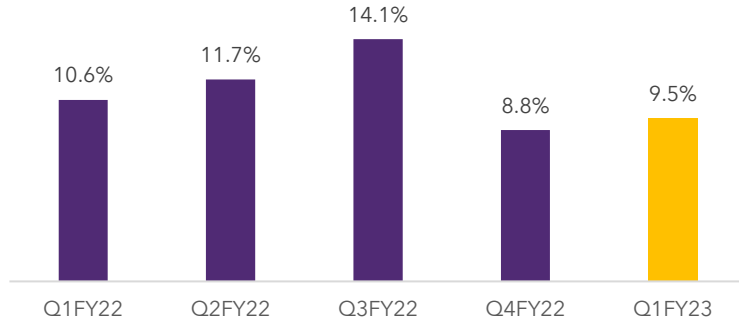


Cost / AAUM (%) (annualized)

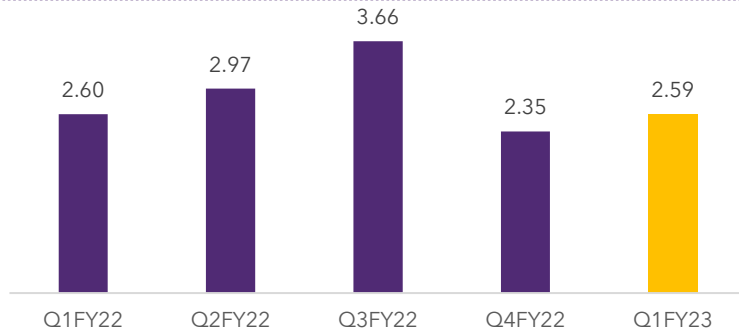


Key Ratios : RoE Marginally Better

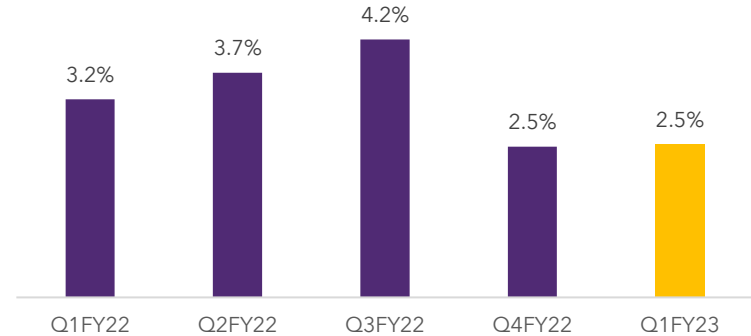
Annualized Return on Equity (%)



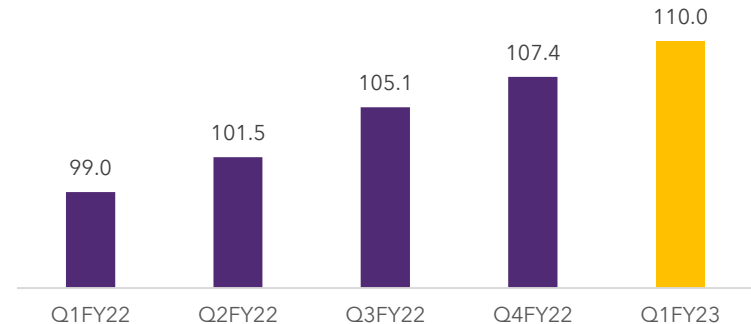
EPS (Diluted) (INR) (Not Annualized)



Annualized Return on Assets (%)



Book Value Per Share (INR)*

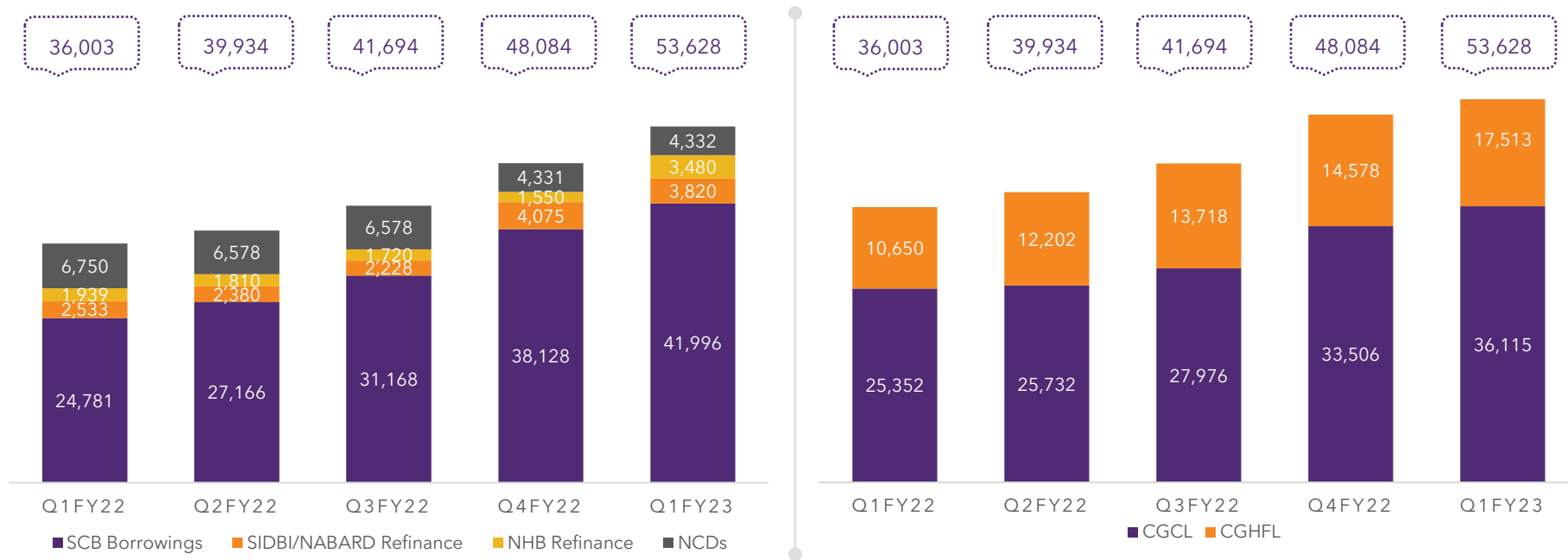


* Deferred tax assets deducted from Networth before computing BVPS.



Liabilities & Liquidity Position Update

Liability Mix : Well Funded Balance Sheet



- We drew all our facilities sanctioned between Apr'22 to first week of Jul'22 to lock in the MCLR. While this would have entailed some negative carry, our cost of borrowings on these loans is now locked in.

Liquidity Position : Comfortable Liquidity Position

Particulars (INR Mn)	CGCL (Standalone)	CGHFL	Consolidated
Limits Sanctioned	51,018	23,463	74,481
Limits Availed	45,487	22,463	67,950
Un-Drawn	5,531	1,000	6,531
Repaid	9,236	4,962	14,198
Outstanding	36,251	17,501	53,752
Total no. of relationship maintained	19	13	
Limits Sanctioned in Q1FY23	4,650	2,500	7,150

- CGCL has active borrowing relationship with 19 Financial Institutions across PSU, Private Sector Banks, Foreign Banks, Mutual funds, Life Insurance companies and Public sector Financial Institutions.

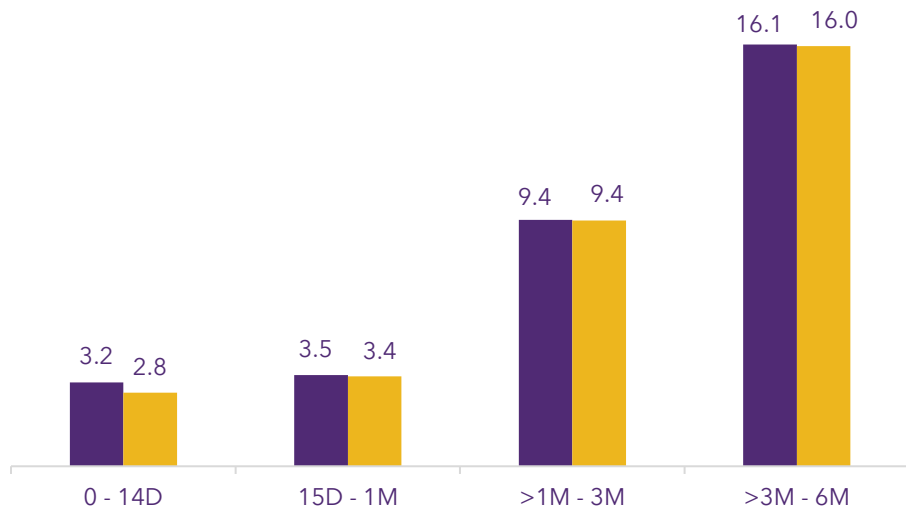
Liquidity Position : Proactive Liability Management

Particulars (INR Mn)	CGCL (Standalone)	CGHFL	Consolidated
Dues during Q1FY23	1,487	749	2,236
Payment made as per Schedule (A)	1,147	670	1,817
Prepayments made for the quarter (B)	340	79	419
Total repayments/prepayments (A+B)	1,487	749	2,236
Balance Payment for Q1FY23	0	0	0
Additional prepayments beyond Q1FY23 (C)	133	72	205
Total Repayments / Prepayments (A+B+C)	1,620	821	2,441

Asset-Liability Position : Well-Balanced for Short Term*

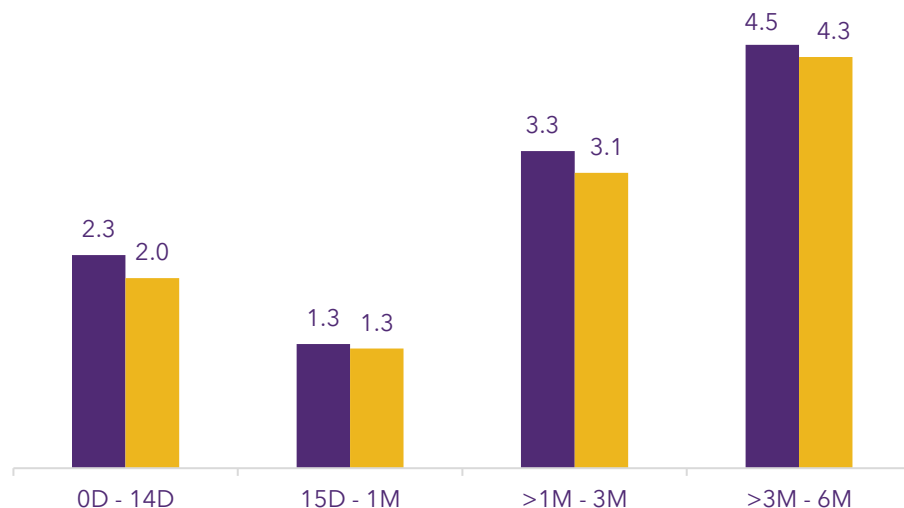
ALM Position : CGCL (Standalone)

■ Inflows ■ Outflows



ALM Position : CGHFL

■ Inflows ■ Outflows



* 6-months



Asset Quality and Collection Efficiency

Asset Quality : To Remain A Key Focus Area

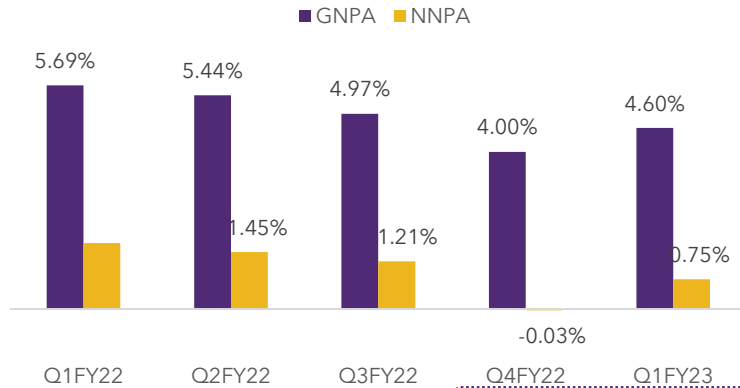
INR Mn except stated

ECL Analysis As Per IndAS (INR Mn)	Q1FY23	Q4FY22	Q3FY22	Q2FY22	Q1FY22
Stage 1 & 2 - Gross	65,953	63,627	55,988	51,006	47,693
Stage 1 & 2 - ECL Provisions	1,260	1,325	944	918	828
Stage 1 & 2 - Net	64,693	62,303	55,044	50,089	46,865
Stage 1 & 2 - ECL Provisions %	1.91%	2.08%	1.69%	1.80%	1.74%
Stage 3 - Gross	1,840	1,562	1,724	1,715	1,702
Stage 3 - ECL Provisions	508	476	515	487	485
Stage 3 - Net (net of aggregate ECL prov.)	1,331	1,086	1,208	1,228	1,217
Stage 3 - ECL Provisions %	27.6%	30.5%	29.9%	28.4%	28.5%
Total ECL Provisions	1,769	1,801	1,459	1,404	1,312
Stage 3 % - Gross NPA	2.71%	2.40%	2.99%	3.25%	3.45%
Stage 3 % - Net NPA	0.11%	-0.38%	0.47%	0.61%	0.81%
Provision Coverage Ratio %	96.2%	115.3%	84.6%	81.9%	77.1%
Restructured Assets	2,053	2,161	2,287	2,312	2,038
Restructured Assets (%)	3.0%	3.3%	4.0%	4.4%	4.1%
Prov. on Restr. Assets	426	475	295	295	252
Prov. on Restr. Assets (%)	20.8%	22.0%	12.9%	12.8%	12.3%

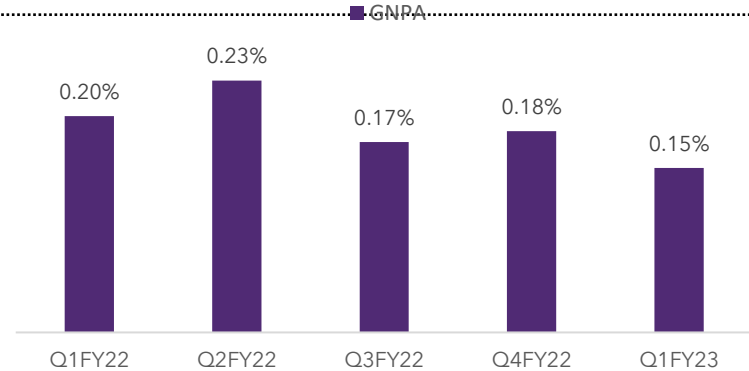
- Std. restructured assets: MSME Rs 1,649mn (5.2% of MSME AUM), Housing Rs 127mn (0.7% of Housing AUM), CF & IRL - NIL
- Standard restructured assets Rs1,776mn (2.6% of AUM) in Q1FY23.

Segmental NPAs : Low Net NPAs

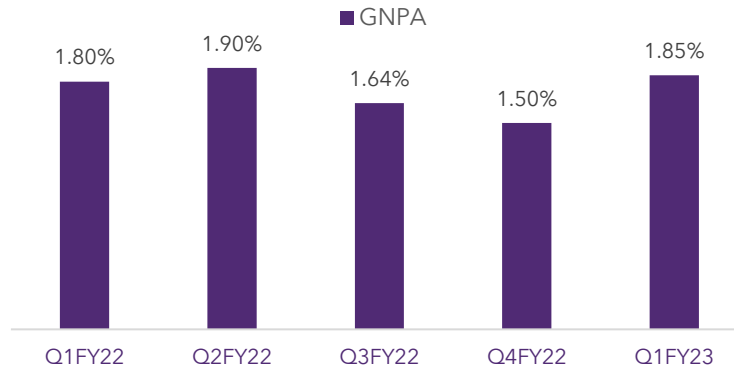
MSME



Construction Finance (Net NPAs Negative)

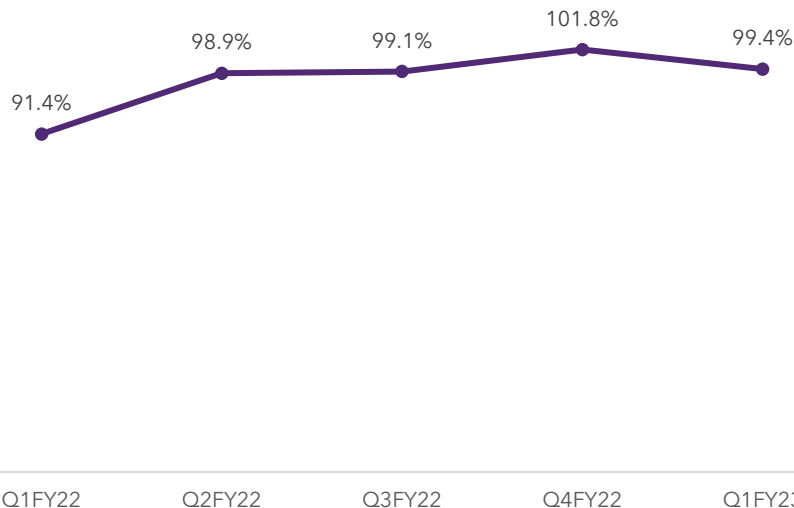


Housing Finance (Net NPAs Negative)



Collection Efficiency : High and Stable

Consolidated Collection Efficiency



Stable Collection Efficiency

- Our overall collection efficiency has remained high and stable.
- The collection efficiency within retail segment is marginally lower than the overall collection efficiency.
- The collection efficiency within the wholesale segments of Indirect Lending and Construction Finance was close to or higher (Indirect Lending) than the overall collection efficiency.

Note:

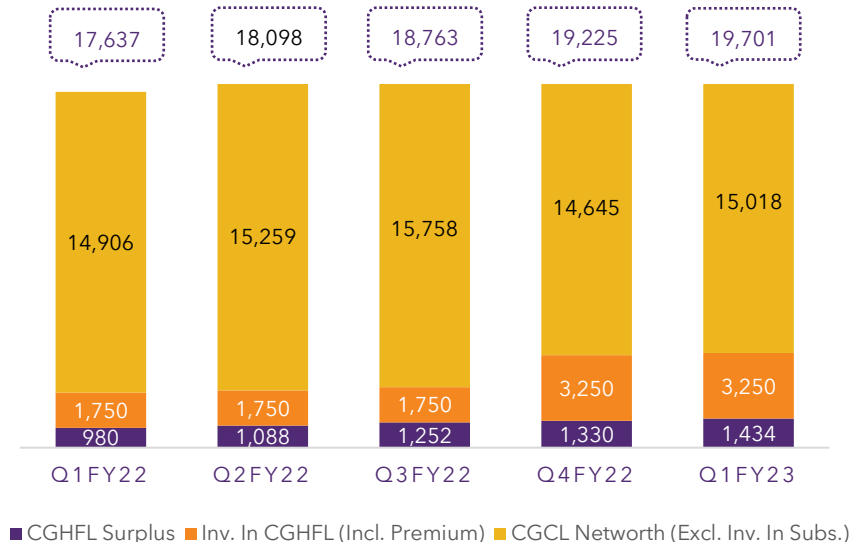
- In-line with the reporting methodology being followed widely, we have shifted from reporting collection efficiency based on POS previously to one based on billing from Q3FY22.
- Collection Efficiency = (Total Collections excl. Foreclosures / Prepayments) / Total Billings for the Period * 100



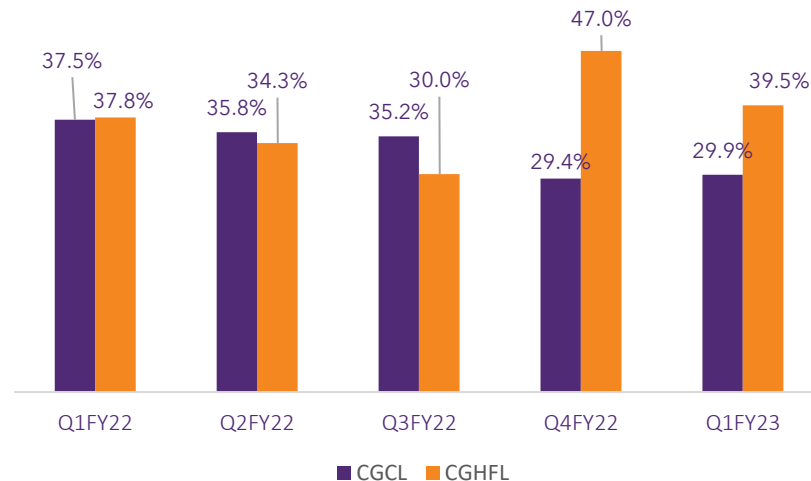
Capital Adequacy

Well Capitalized Balance Sheet: Aid to Expansion

Consolidated Network (INR Mn)



Capital Adequacy (%) : Leveraging Capital Fast



Adequate cash position on balance sheet

+

Strong capital adequacy to support future growth

+

Undrawn credit lines of INR 6.5 Bn

=

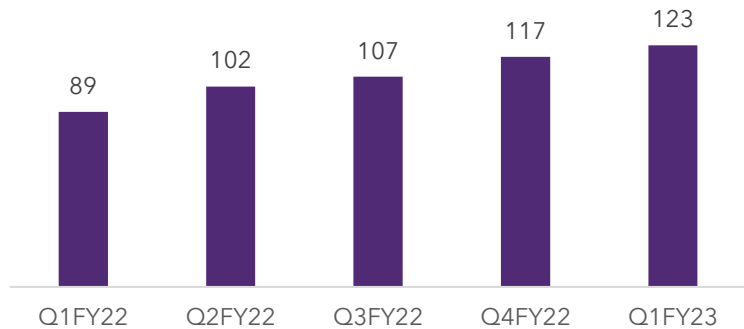
Comfortable liquidity position to support future growth



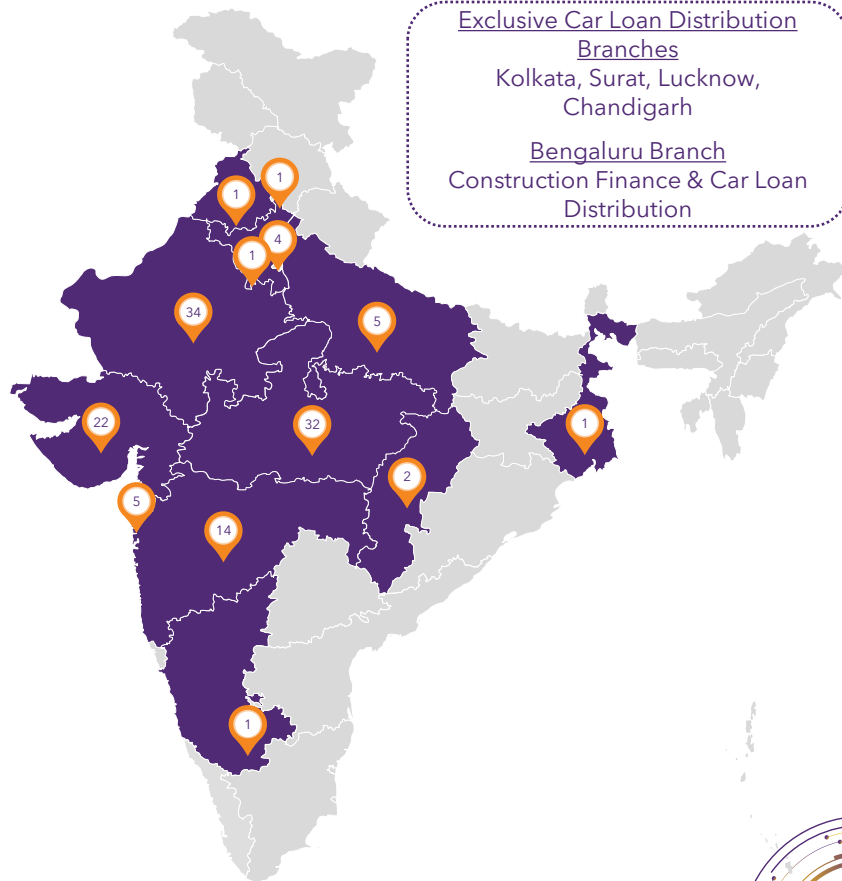
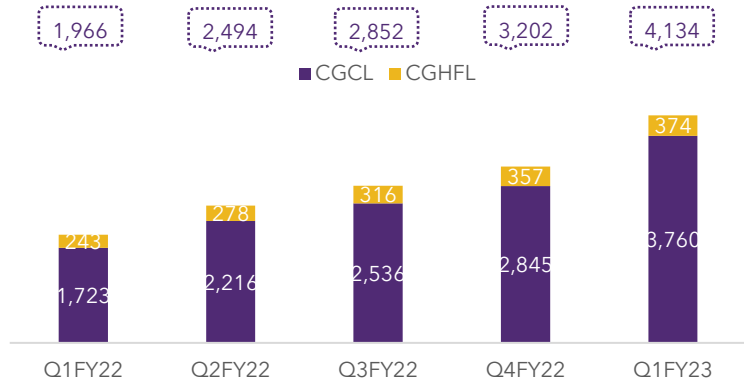
Network and Financials

Network: Presence In Major Growth Centres

Branch Addition Has Continued



Headcount Addition To Support Branch Expansion



CGCL Cons. Inc. Statement : Quarterly Comparison

Particulars (INR Mn)	Q1FY23	Q1FY22	Y-o-Y (%)	Q4FY22	Q-o-Q (%)
Interest earned	2,361	1,875	25.9%	2,348	0.5%
Interest expended	1,021	771	32.4%	916	11.6%
Net interest income	1,339	1,104	21.4%	1,433	-6.5%
Non-interest income	409	124	231.1%	544	-24.8%
Core operating income	403	123		536	
Other income	6	1		8	
Total income	1,749	1,227	42.5%	1,977	-11.6%
Operating expenses	893	439	103.6%	851	4.9%
Employee cost	680	323	110.6%	570	19.3%
Other operating expenses	213	116	84.1%	281	-24.3%
Operating profit	856	789	8.5%	1,126	-24.0%
Total provisions	246	182	34.7%	571	-57.0%
ECL provisions	(32)	130		341	
Write-offs	277	53		230	
Profit before tax	610	606	0.6%	555	9.9%
Tax	149	147		137	
Implied tax rate	24.4%	24.2%		24.7%	
Profit after tax	461	459	0.3%	418	10.3%
EPS (diluted) (Rs.) (not annualised)	2.59	2.60		2.35	

CGCL Consolidated Balance Sheet : Quarterly Comparison*

Particulars (INR Mn)	Q1FY23	Q1FY22	Y-o-Y (%)	Q4FY22	Q-o-Q (%)
Paid-up equity	351	351	0.3%	351	0.1%
Reserves and surplus	19,350	17,286	11.9%	18,873	2.5%
Networth	19,701	17,637	11.7%	19,225	2.5%
Bank borrowings and refinance	49,296	29,253	68.5%	43,753	12.7%
NCDs	4,332	6,750	-35.8%	4,331	0.0%
Other liabilities and provisions	2,300	1,718	33.9%	4,219	-45.5%
Total shareholders' equity & liabilities	75,629	55,357	36.6%	71,528	5.7%
Cash and bank balances	4,912	1,094	349.0%	3,531	39.1%
Investments	3,226	5,668	-43.1%	3,775	-14.5%
Assets under financing activities	65,262	47,674	36.9%	62,708	4.1%
Other assets	2,229	921	142.1%	1,514	47.3%
Total assets	75,629	55,357	36.6%	71,528	5.7%

* Q1FY23 and Q1FY22 balance sheets were not subject to audit review.

CGCL Consolidated Income Statement : Annual Comparison

Profit and Loss A/c (INR Mn)	FY18	FY19	FY20	FY21	FY22
Interest income	3,219	5,307	6,700	6,735	8,396
Interest expenses	967	2,071	2,828	2,887	3,308
Net interest income	2,252	3,236	3,872	3,848	5,087
Other income	210	586	433	636	1,231
Fees	195	558	399	626	1,103
Other income	15	27	34	11	128
Net income	2,462	3,822	4,305	4,484	6,319
Operating expenses	1,285	1,790	1,732	1,520	2,536
Employee expenses	813	1,175	1,188	994	1,746
Other expenses	471	614	544	526	790
Operating profit	1,178	2,032	2,573	2,964	3,783
Provisions	95	165	353	607	1,057
ECL provisions	69	99	299	545	618
Write-offs	26	67	54	62	439
Profit before tax	1,082	1,867	2,220	2,357	2,726
Taxes	433	510	607	588	676
Tax rate (%)	40.0%	27.3%	27.4%	24.9%	24.8%
Profit after tax	649	1,357	1,612	1,770	2,050
<i>Earnings per share (Diluted) (Rs.)</i>	<i>3.7</i>	<i>7.7</i>	<i>9.2</i>	<i>10.0</i>	<i>11.6</i>

PAT CAGR of 33%
FY18-FY22

CGCL Consolidated Balance Sheet : Annual Comparison

Balance Sheet (INR Mn)	FY18	FY19	FY20	FY21	FY22
Liabilities					
Paid-up equity	350	350	350	351	351
Reserves	12,166	13,477	15,042	16,822	18,873
Networth	12,517	13,827	15,392	17,173	19,225
Borrowings	15,661	27,687	28,366	37,689	48,084
Other liabilities	1,533	1,256	657	3,269	4,219
Total liabilities	29,711	42,770	44,415	58,131	71,528
Assets					
Cash and equivalents	624	1,691	742	2,242	3,531
Investments	556	93	3,607	8,075	3,775
Loans	27,974	40,222	39,288	46,863	62,708
Other assets	557	764	777	951	1,514
Total assets	29,711	42,770	44,415	58,131	71,528

Ample leverage room to continue delivering robust growth.

~2.4x growth in balance sheet in 4 years.

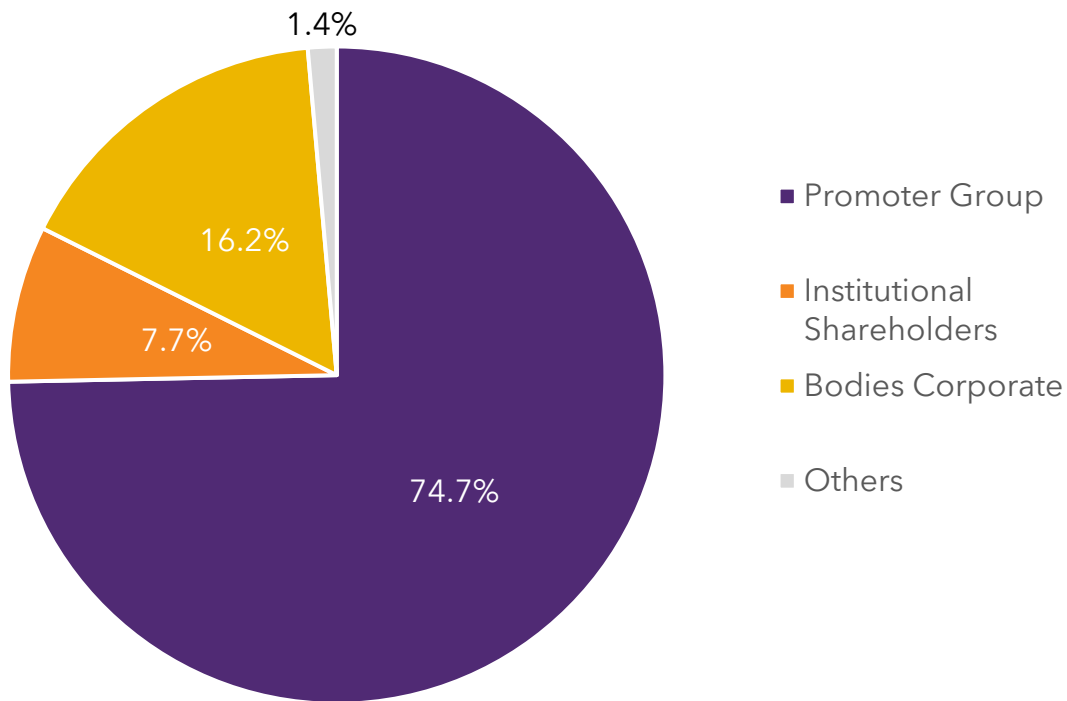
~2.2x growth in loan book in 4 years.

CGCL Consolidated Earnings : Du Pont Analysis

RoA Tree (%)	FY18	FY19	FY20	FY21	FY22
Interest income	13.0	14.6	15.4	13.1	13.0
Interest expenses	3.9	5.7	6.5	5.6	5.1
Net interest income	9.1	8.9	8.9	7.5	7.8
Other income	0.8	1.6	1.0	1.2	1.9
Fees	0.8	1.5	0.9	1.2	1.7
Other income	0.1	0.1	0.1	0.0	0.2
Net income	9.9	10.5	9.9	8.7	9.7
Operating expenses	5.2	4.9	4.0	3.0	3.9
Employee expenses	3.3	3.2	2.7	1.9	2.7
Other expenses	1.9	1.7	1.2	1.0	1.2
Operating profit	4.8	5.6	5.9	5.8	5.8
Provisions	0.4	0.5	0.8	1.2	1.6
ECL provisions	0.3	0.3	0.7	1.1	1.0
Write-offs	0.1	0.2	0.1	0.1	0.7
Profit before tax	4.4	5.2	5.1	4.6	4.2
Taxes	1.7	1.4	1.4	1.1	1.0
Profit after tax (RoA)	2.6	3.7	3.7	3.5	3.2

RoAs averaged
3.3% FY18-FY22.

Shareholding



- **Market capitalization :**
Rs123bn | US\$ 1.5bn
- **Cons. Networth (Q1FY23) :** Rs19.7bn
- **Paid-up Equity :**
Rs351.5mn
- **FV :** Rs2
- **Dividend Per Share (FY22) :** Rs0.50



Leadership

Board of Directors & Strong Corporate Governance



Rajesh Sharma, Managing Director

Founder & Promoter with over 2.5 decades of experience, Chartered Accountant



Ajit Sharan, Independent Director

IAS - Batch 1979 with over 3 decades of experience in varied aspects of public administration



Bhagyam Ramani, Independent Director

Ex- GM and Director of General Insurance Corporation; 3+ decades of experience, MA (Economics Hons.)



Beni Prasad Rauka, Independent Director

Group CFO- Advanced Enzyme Technologies; over 2.5+ decades of experience, CA & CS



Desh Raj Dogra, Independent Director

EX- CEO and MD of CARE ratings with over 4 decades of experience in financial sector and credit administration



Mukesh Kacker, Independent Director

EX- IAS Officer, Jt. Secy (GOI) with over 3 decades of experience, MA (Public Policy), MA (Political Science)

Corporate Governance Philosophy

- Good Board Practices
- Control Environment
- Transparent Disclosure
- Well-defined shareholder right
- Board Commitment
- Employee Empowerment
- Equitable treatment to all the stakeholders

Stable Leadership Team

Urban Retail



Amar Rajpurohit (Business Head - MSME & Home Loan) Ex-AU Financiers, Gruh Finance, DHFL with over 17 years of work experience, B.A., LLB
Vintage with CGCL: 4Y



Ravish Gupta (Business Head - Gold Loans) Ex-IIFL Finance, GE Money, HDFC Bank with 20 years of work experience, BCA., MDP (IIM-K, IIM-B)
Vintage with CGCL: <1Y



Bhavesh Prajapati (Head - Credit, Risk & Policy) Ex-Aadhar Housing Finance, IDFC Ltd, DHFL with over 20 years of experience; MBA- ICFAI
Vintage with CGCL: 4Y



Hemant Dave (Head - Operations) Ex - Kotak Mahindra Bank, A. F. Ferguson with over 23 years of experience, CA;
Vintage with CGCL: 9Y



Prasanna Kumar Singh (Group Collections Head) Ex-Bajaj Finance and PNB Housing with over two decades' experience; LLB, MBA
Vintage with CGCL: 1Y

Urban Retail



Bhupinder Singh (Head - Legal Litigation) More than a decade experience with various NBFCs in providing legal advice
Vintage with CGCL: 3Y

Construction Finance



Bhaskarla Kesav Kumar (Associate Director - Monitoring) Ex AGM and Unit Head of Corporate Relationships with SBI
Vintage with CGCL: 7Y 6M



Vijay Kumar Gattani (Associate Director - Credit) Ex-ICICI Bank, Head of Credit & Policy- ICICI HFC with over 15 years of experience, CA
Vintage with CGCL: 6Y 11M.

Technology



Rahul Agarwal (Chief Technology Officer) Ex-Policy Bazaar, Lava International, IndiaHomes.com with over 17 years of exp., M. Tech (IIT-D)
Vintage with CGCL: 1Y 1M

Corporate Functions



Ashok Agarwal (Associate Director - Accounts, Legal & Compliance) Previously practicing CA with over 26 years of experience, CA and CS
Vintage with CGCL: 14Y 7M



Suresh Gattani (Associate Director - Finance) Ex-Aditya Birla, two decades plus experience in accounts, finance, taxation and corporate planning
Vintage with CGCL: 16Y 4M



Vinay Surana (Head - Treasury) Ex-Founding Member, Axis Bank debt syndication with over 15 years of experience, CA
Vintage with CGCL: 14Y



Yashesh Bhatt (VP - Compliance & Secretarial, CS) Previously associated with L&T Fin. Serv., Tata Hsg, M&M, RIL; 15 years of work exp; CS, LLB, MFM-JBIMS
Vintage with CGCL: <1Y

Accolades



CAPRI GLOBAL
GREAT PLACE TO WORK - CERTIFIED™
Building and Sustaining High-Trust, High-Performance Culture™





Thank you

For further information, please contact:

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