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Ready.**

Q2FY22 Earnings Presentation

31st October 2021

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Q2FY22 Earnings Presentation

Executive Summary : Key Highlights



Consolidated Profit After Tax of Rs525mn (14% QoQ) in Q2FY22.



First full quarter of operations post second lockdown; total disbursements Rs5,850mn (3.1x YoY and -1.9x QoQ) ; AUM growth at 27% YoY.



Strong and well-funded balance sheet; well positioned for a medium-term growth trajectory of +22-27% CAGR FY22-FY27E.



Gross Stage 3 ratio 3.3% (-19bps QoQ); restructured assets marginally up sequentially to 4.4% of AUM; collection efficiency stable.



Added 10 new branches, branch count at 99, group staff count at 2,494.

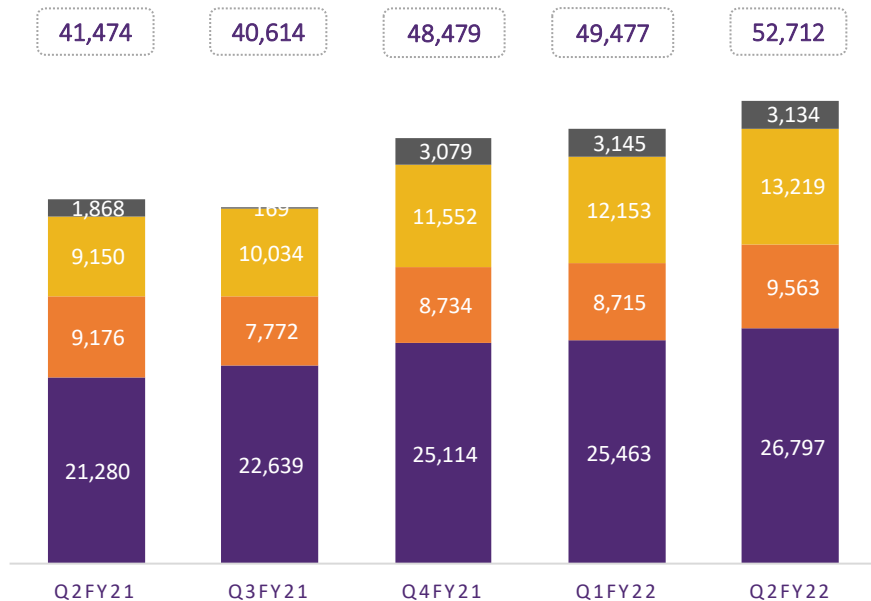


Way forward: Steady opening up in most geographies of operations; lockdowns now very localized and in select pockets of Maharashtra; target of +20% AUM growth in FY22E.

Business Update : AUM On Positive Growth Path

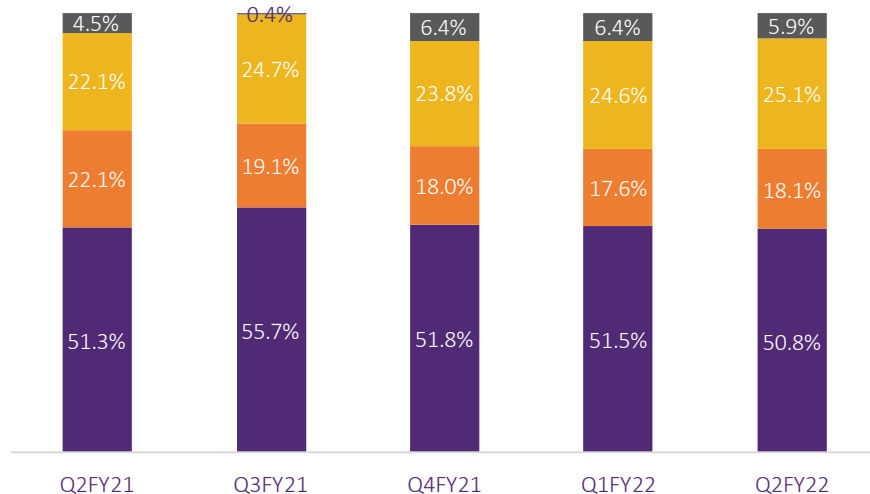
AUM Segmental Break Up (INR Mn)

■ MSME ■ CF ■ HF ■ IRL



Composition of AUM (%)

■ MSME ■ CF ■ HF ■ IRL



Disbursals : Disbursals Pick-up Pace

Segmental Disbursals (INR Mn)

■ MSME ■ CF ■ HF

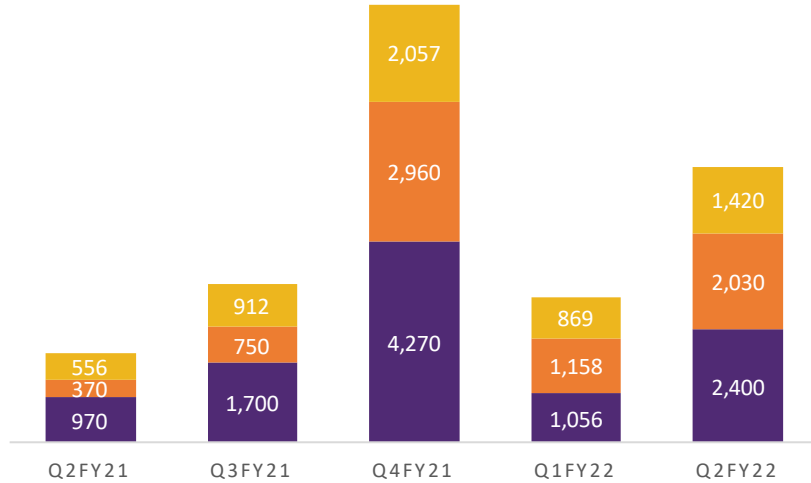
1,896

3,362

9,287

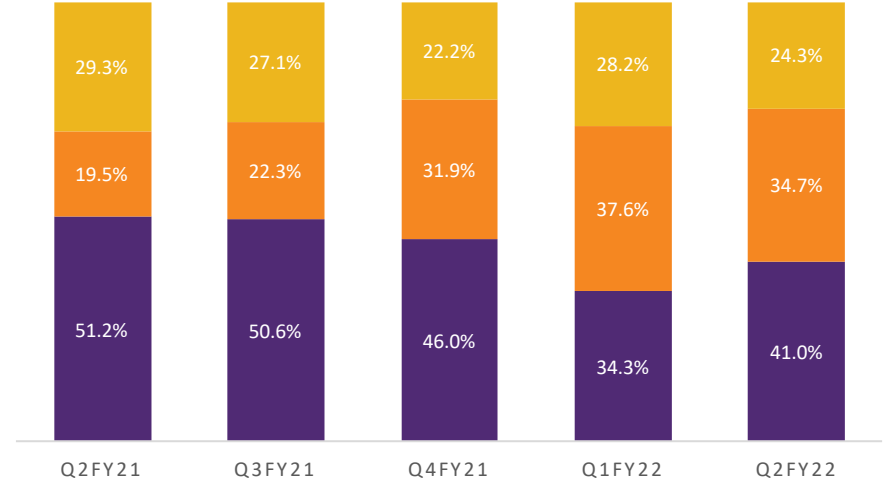
3,083

5,850



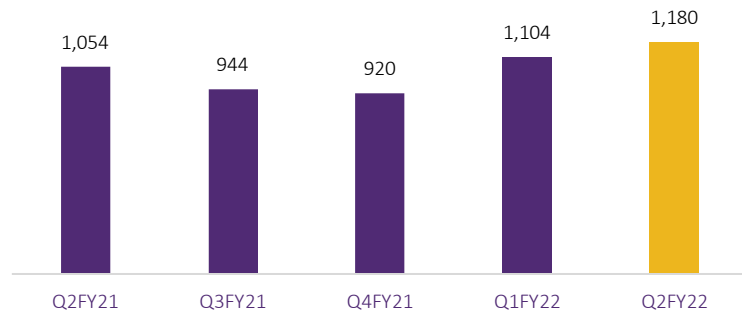
Composition of Segmental Disbursals (%)

■ MSME ■ CF ■ HF

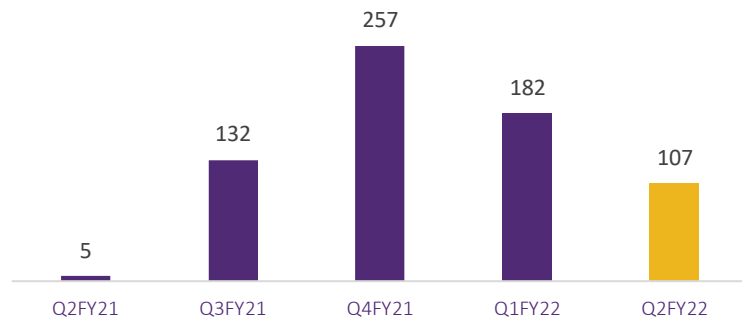


Performance Matrix : Core Earnings Performance Remained Robust

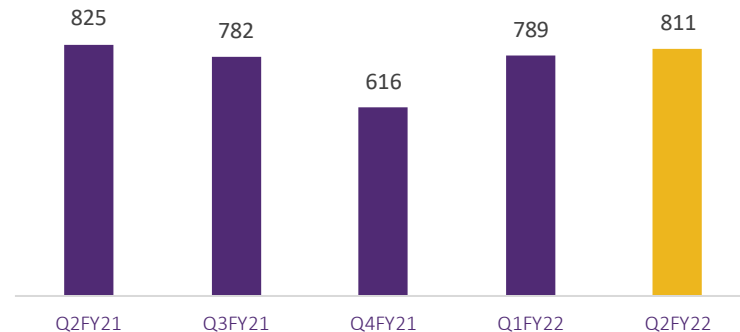
NII (INR Mn)



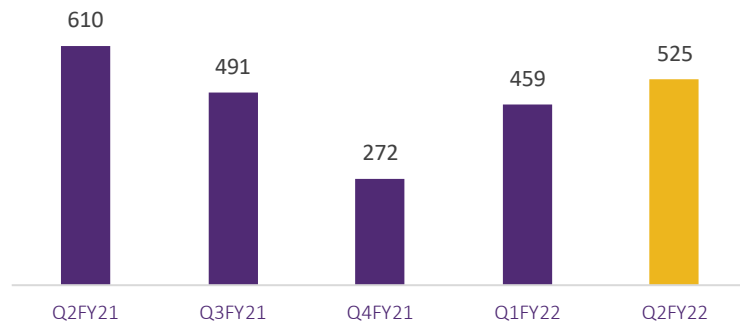
Credit Costs (INR Mn)



Operating Profit (INR Mn)

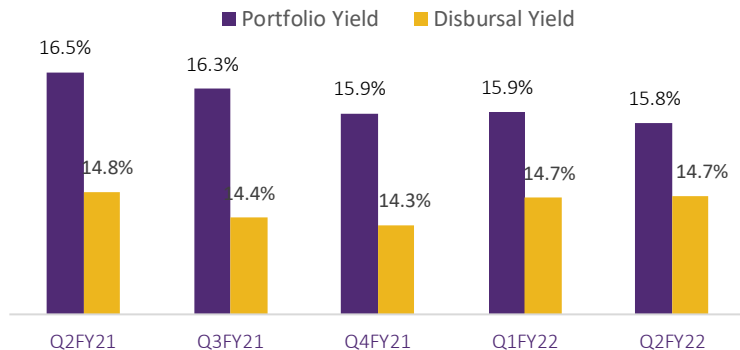


PAT (INR Mn)

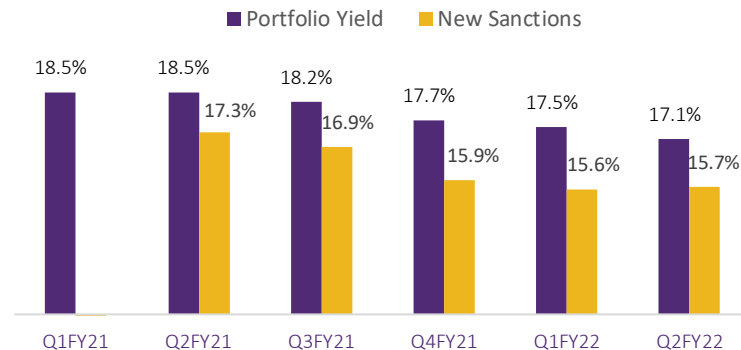


Key Ratios : Segmental Yields Showing Softening Trend

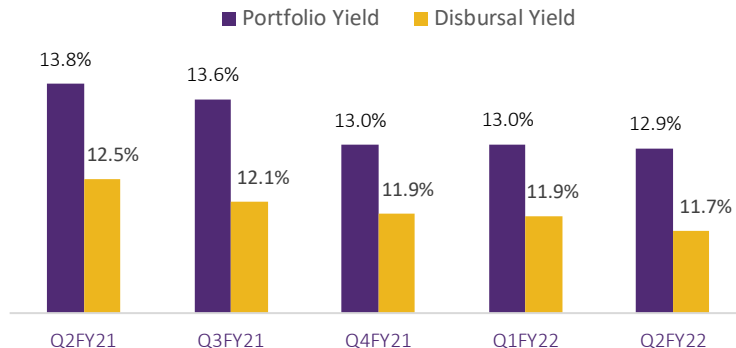
MSME



Construction Finance

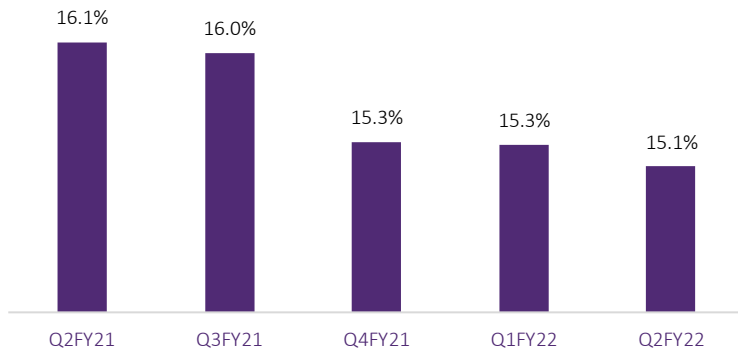


Housing Finance

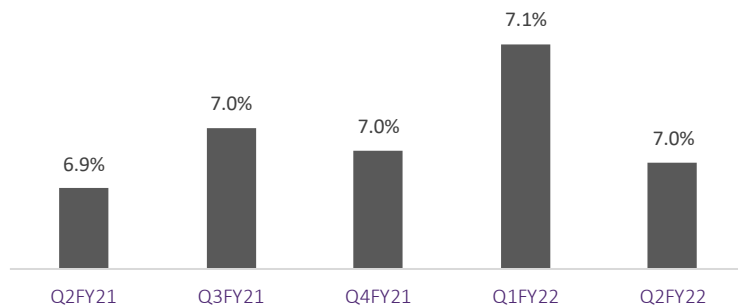


Key Ratios : Spreads Stable

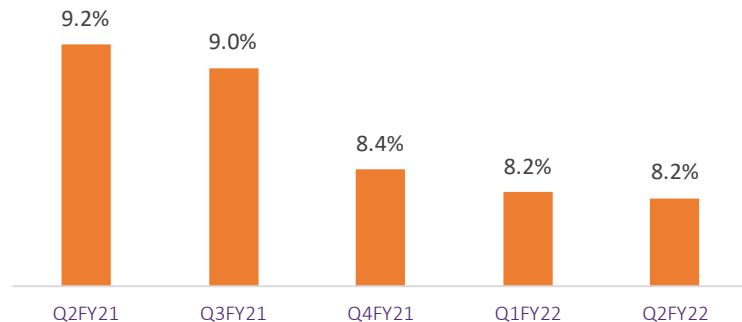
Yield on Advances (%)



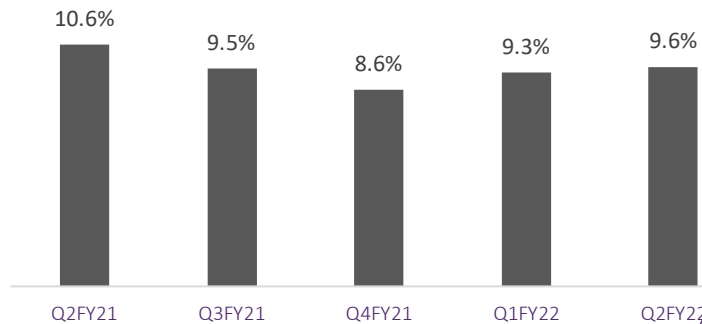
Spreads (%)



Cost of Funds (%)



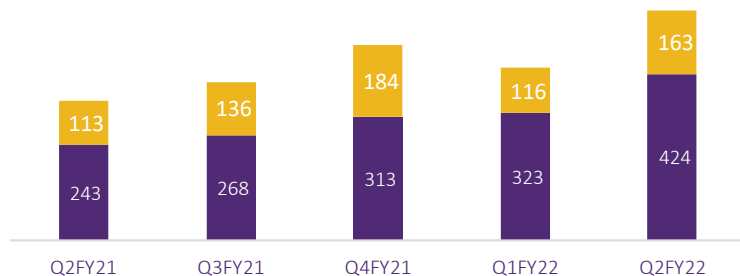
Net Interest Margin (%)



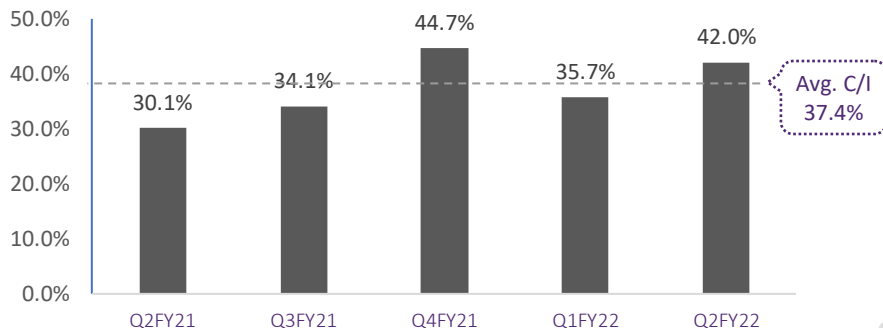
Operating Expenses : Stable Cost Ratios

Operating Expenses (INR Mn)

■ Employee Cost ■ Other Opex

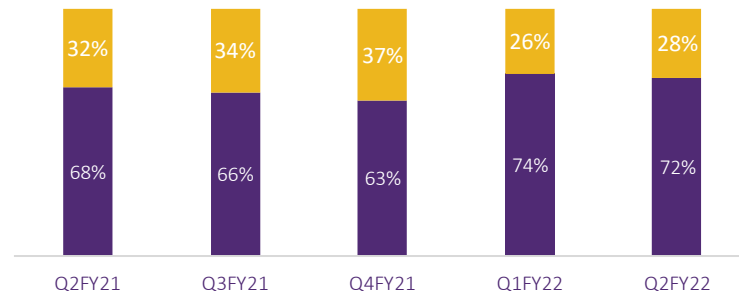


Cost-Income (%)

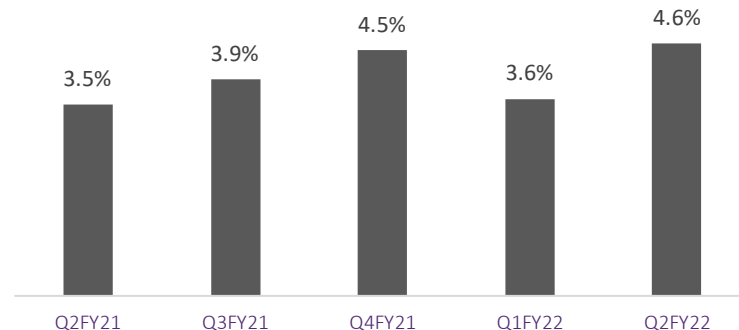


Operating Expenses Composition (%)

■ Employee Cost ■ Other Opex

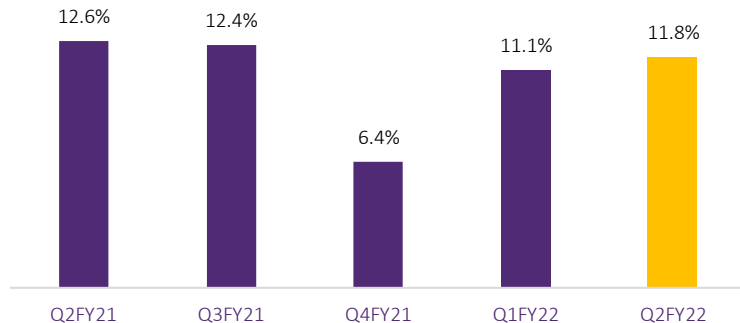


Cost / AAUM (%) (annualized)

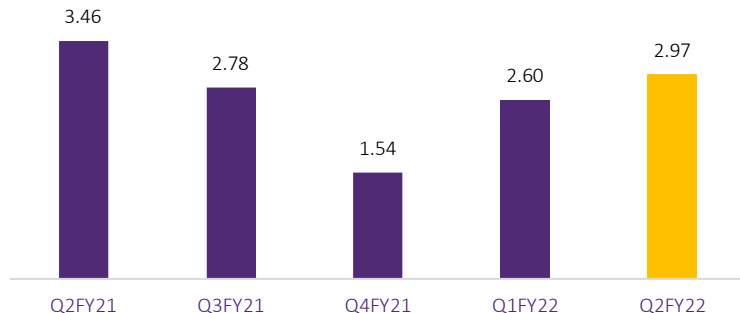


Key Ratios : Profitable Growth

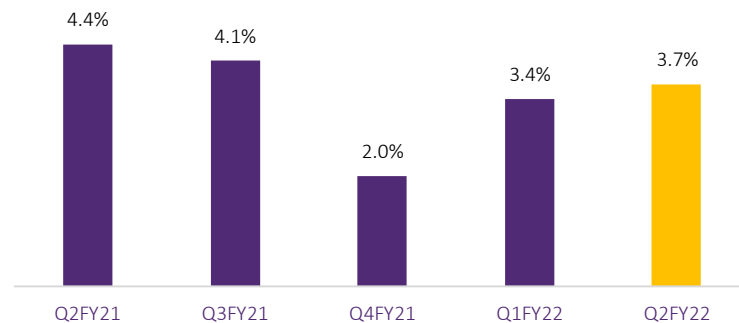
Annualized Return on Equity (%)



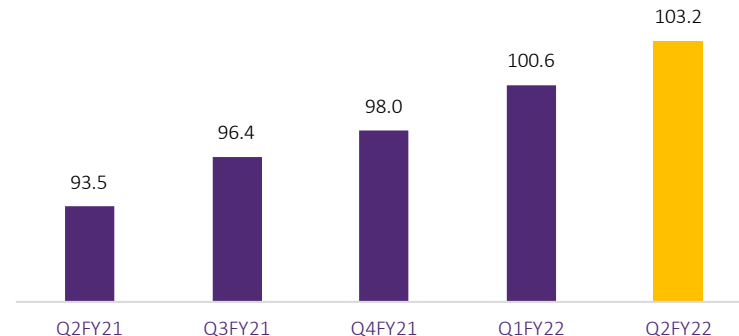
EPS (Diluted) (INR)



Annualized Return on Assets (%)



Book Value Per Share (INR)

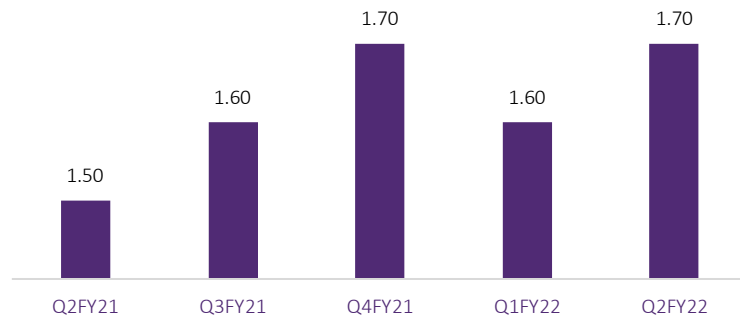




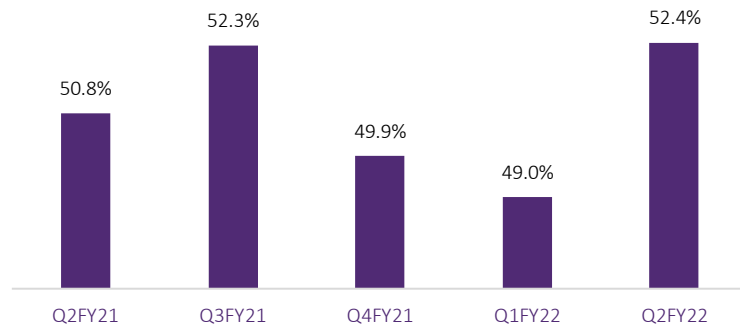
Business Vertical & Liquidity Update

MSME Business Update

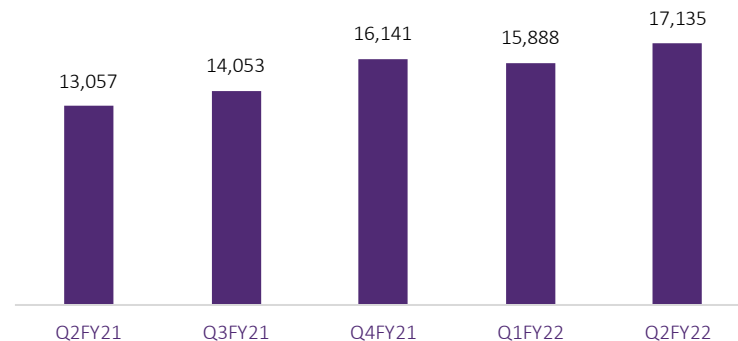
Average Ticket Size (INR Mn)



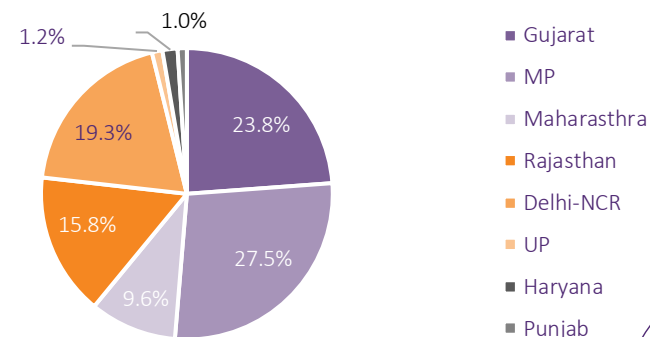
Loan to Value (%) (Incremental Disbursals)



Live Accounts

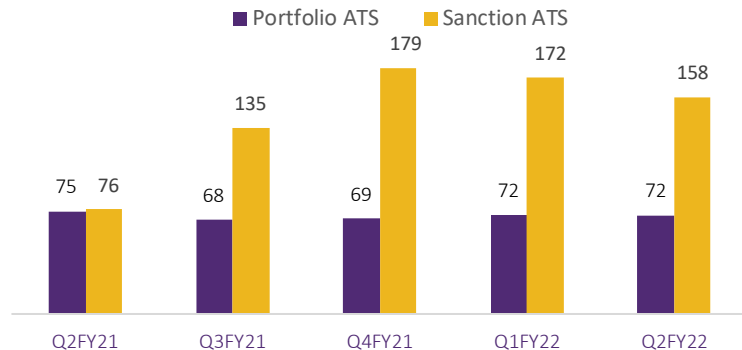


Geographical Distribution (Value-Wise)

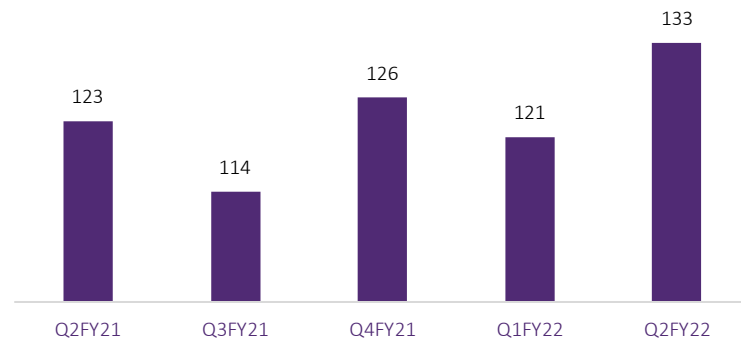


Construction Finance Business Update

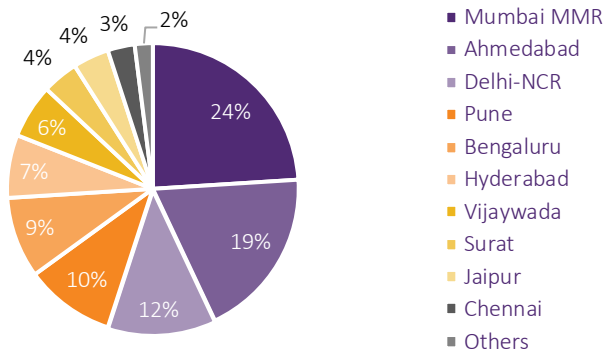
Average Ticket Size (INR Mn)



No. of Projects

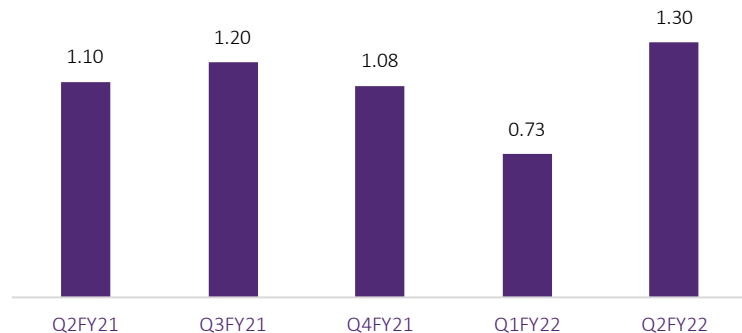


Geographical Distribution (Value-Wise)

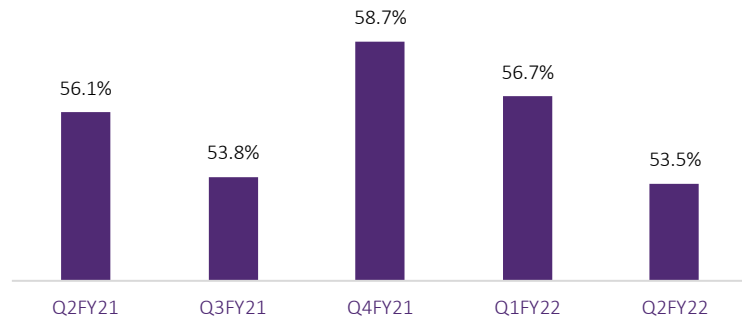


Housing Finance Business Update

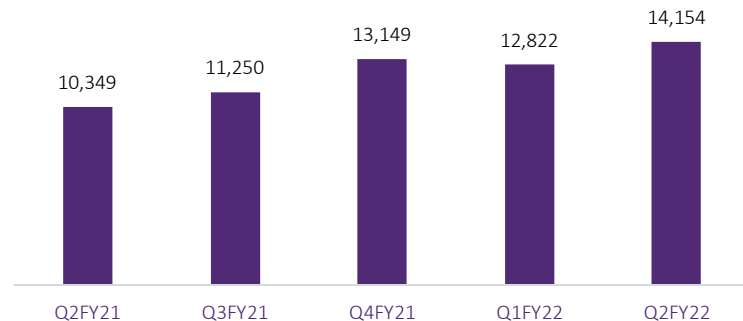
Average Ticket Size (INR Mn) (Incremental Disbursals)



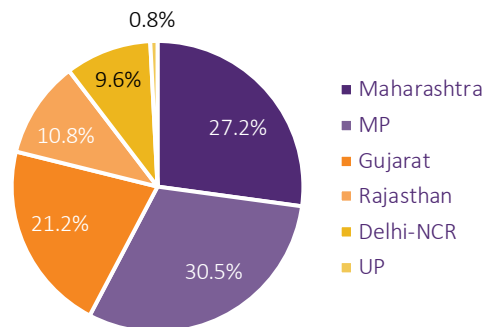
Loan to Value (%) (Incremental Disbursals)



Live Accounts



Geographical Distribution (Value-Wise)



- Maharashtra
- MP
- Gujarat
- Rajasthan
- Delhi-NCR
- UP

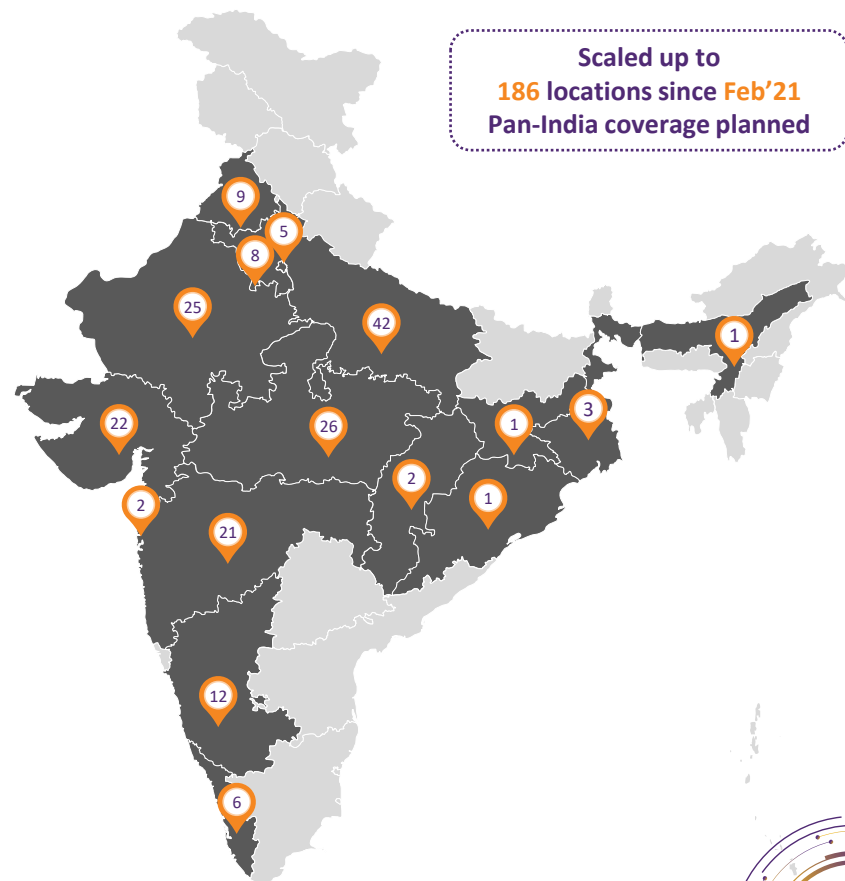
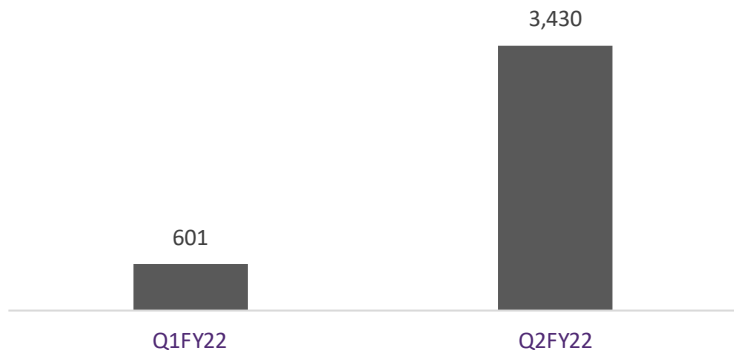
Salaried	45%
Self-employed	55%

Car Loan Distribution: Robust Fee Potential

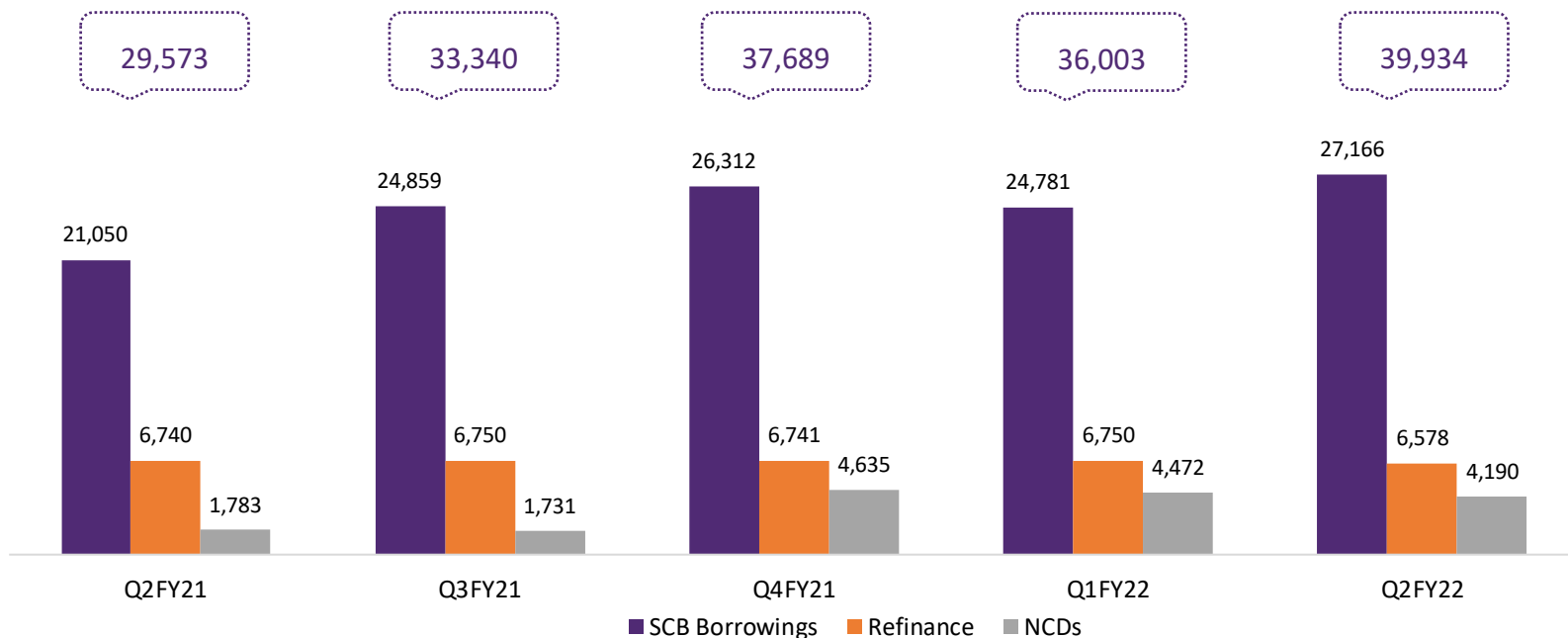
Team Expansion To Continue

- Tie-ups with commercial banks to distribute their new car loan products for a fee consideration. Current tie-ups with IOB, YES, and UNIONBANK. More tie-ups in offing.
- Balance sheet light model.
- Team size of 300+ as of Q2FY22.

Robust Distribution Volume (INR Mn)



Liability Mix : Steady Diversification In Borrowings



- Nil exposure to short-term money market instruments.
- CGCL's prudence in having higher share of long-term borrowings resulted in positive ALM across buckets on cumulative basis

Liquidity Position : Continue to Maintain Adequate Buffer

Particulars (INR Mn)	CGCL (Standalone)	CGHFL	Consolidated
Limits Sanctioned	34,650	18,650	53,300
Limits Availed	34,156	15,600	49,756
Un-Drawn	494	3,050	3,544
Repaid	7,313	3,690	11,003
Outstanding	26,843	11,910	38,753
Total no. of relationship maintained	17	12	
Limits Sanctioned in FY22	1,000	1,000	2,000

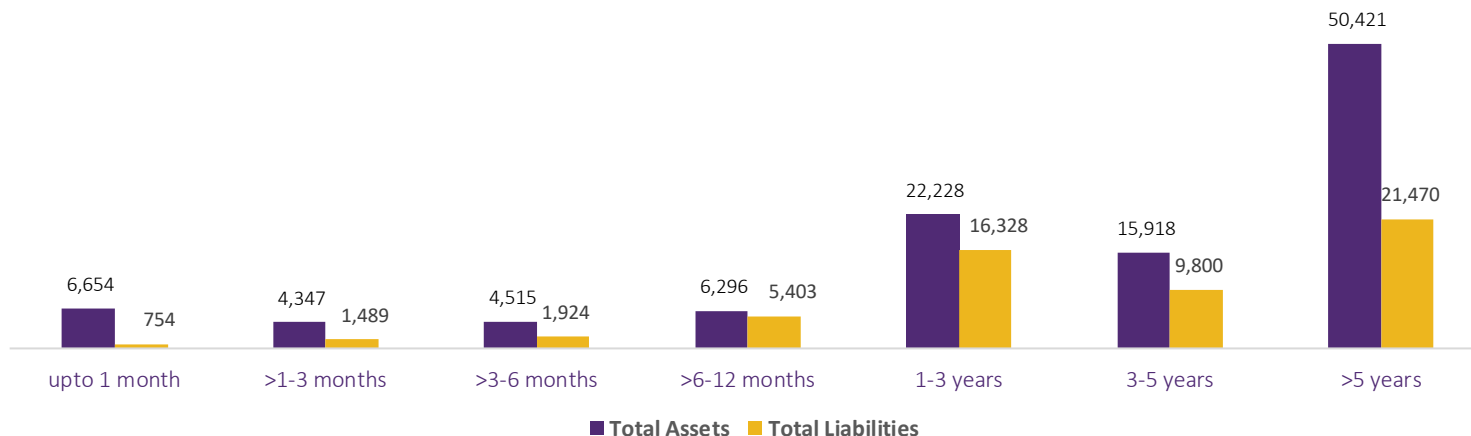
- CGCL has active borrowing relationship with 17 Financial Institutions across PSU, Private Sector Banks, Foreign Banks, Mutual funds, Life Insurance companies and Public sector Financial Institutions.
- The company shall be looking to further diversify its source of funds.

Liquidity Position : Repayment of High-Cost Loans

Particulars (INR Mn)	CGCL (Standalone)	CGHFL	Consolidated
Dues during FY2021-22 (exc. Prepayments made in FY22)*	6,483	2,369	8,852
Payment made as per Schedule (A)	877	221	1,098
Prepayments made for the year (B)	2,768	1,362	4,130
Total repayments/prepayments (A+B)	3,645	1,582	5,228
Balance Payment for FY2021-22	2,838	786	3,624
Additional prepayments beyond FY2021-22 (C)	0	56	56
Total Repayments / Prepayments (A+B+C)	3,645	1,638	5,283

Asset-Liability Split : Maturity Buckets Are Well Balanced*

Asset-Liability Mix (INR Mn) - Ensuring Optimally Matched Balance Sheet



Particulars (INR Mn)	Ending	up to 1 month	>1-3 months	>3-6 months	>6-12 months	1-3 years	3-5 years	>5 years
Cumulative Inflow - Outflow	Mar'21	5,900	8,758	11,349	12,241	18,141	24,259	53,210

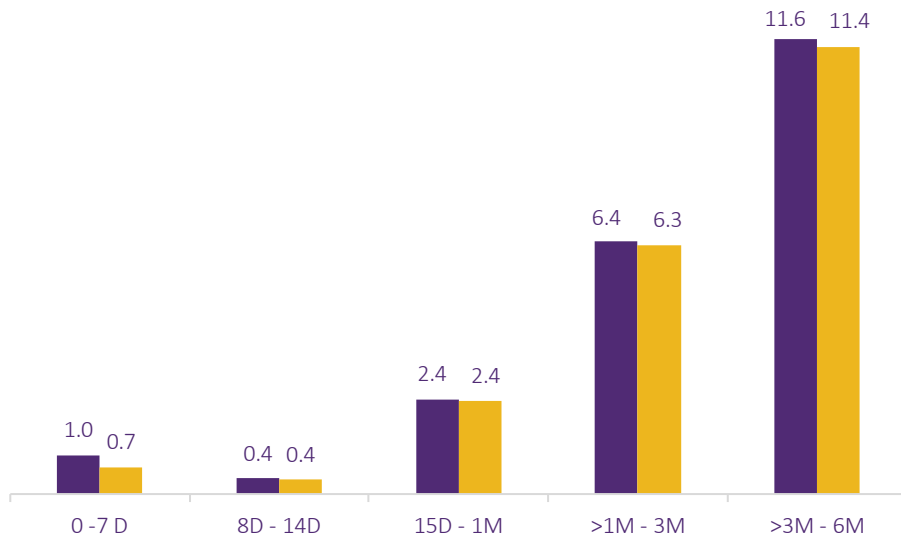
Have consistently remained cautious about short-term asset & liability mismatches by ensuring optimally matched Balance Sheets

* Consolidated; as of FY21

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

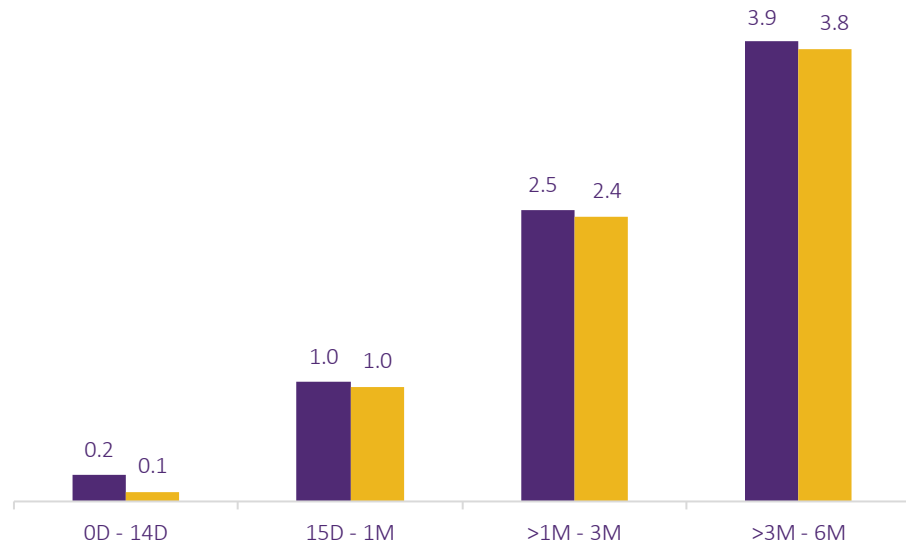
ALM Position : CGCL (Standalone)

■ Inflows ■ Outflows




ALM Position : CGHFL

■ Inflows ■ Outflows



For CGCL, the available Liquid Funds in the start was INR 4,120 Mn while for CGHFL it was INR 1,100 Mn including Bank, MF and short-term deployments

* H2FY22



Asset Quality and Capital Adequacy Update

Asset Quality : Consolidated Stage Analysis As per IND-AS

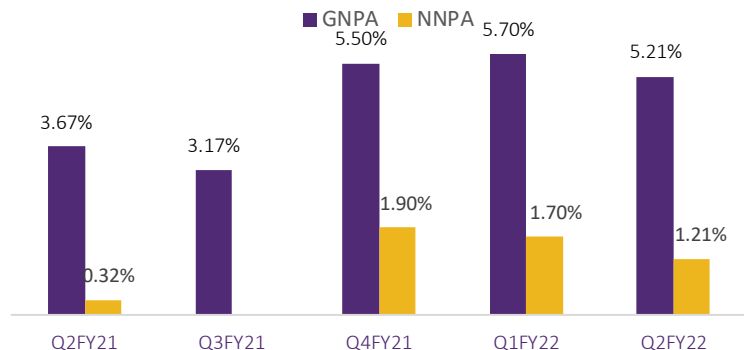
INR Mn except stated

ECL Analysis As Per IndAS	Q2FY22	Q1FY22	Q4FY21	Q3FY21	Q2FY21
Stage 1 & 2 - Gross	51,006	47,693	46,870	39,515	40,711
Stage 1 & 2 - ECL Provisions	918	823	730	603	320
Stage 1 & 2 - Net	50,089	46,870	46,140	38,912	40,391
Stage 1 & 2 - ECL Provisions %	1.80%	1.72%	1.56%	1.53%	0.79%
Stage 3 – Gross	1,715	1,702	1,613	825	902
Stage 3 – ECL Provisions	487	485	450	345	532
Stage 3 – Net	1,228	1,217	1,163	480	370
Stage 3 – ECL Provisions %	28.4%	28.5%	27.8%	41.8%	59.0%
Total ECL Provisions	1,404	1,308	1,180	948	852
Stage 3 % – Gross NPA	3.25%	3.45%	3.32%	2.10%	2.18%
Stage 3 % – Net NPA	0.61%	0.81%	0.91%	Negative	0.12%
Provision Coverage Ratio %	81.9%	76.4%	73.1%	114.9%	94.5%
Restructured Assets	2,312	2,038	1,843	1,100	0
Restructured Assets (%)	4.4%	4.1%	3.8%	2.7%	0.0%
Prov. on Restr. Assets	295	252	230	110	0
Prov. on Restr. Assets (%)	12.8%	12.3%	12.5%	10.0%	-

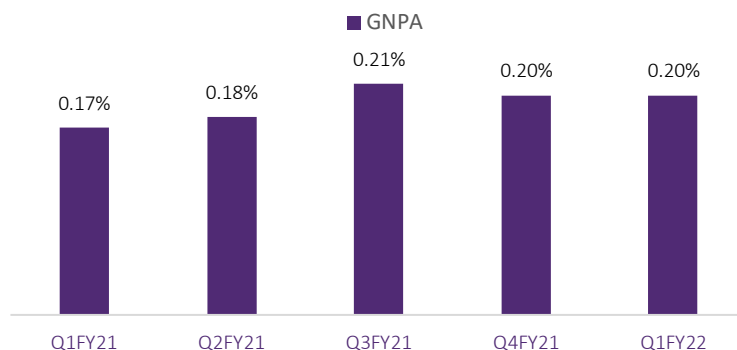
- Std. restructured assets: MSME Rs 2,115mn (8.1% of MSME AUM), Housing Rs 136mn (1% of Housing AUM), CF & IRL – NIL
- Overall restructured assets 4.4% of AUM in Q2FY22.

Segmental NPAs : CF and Housing Finance Stable

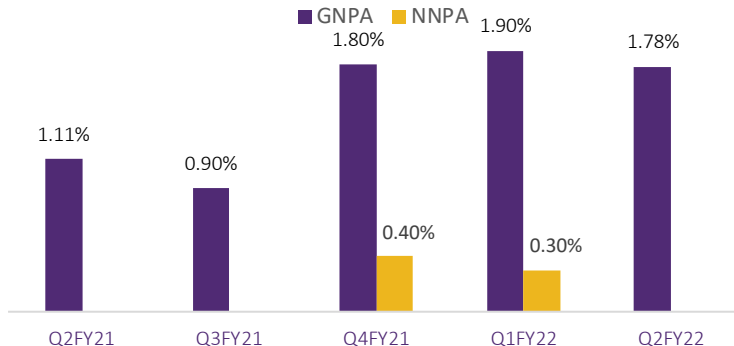
MSME (Net NPA negative in Q3FY21)



Construction Finance (Net NPAs negative)

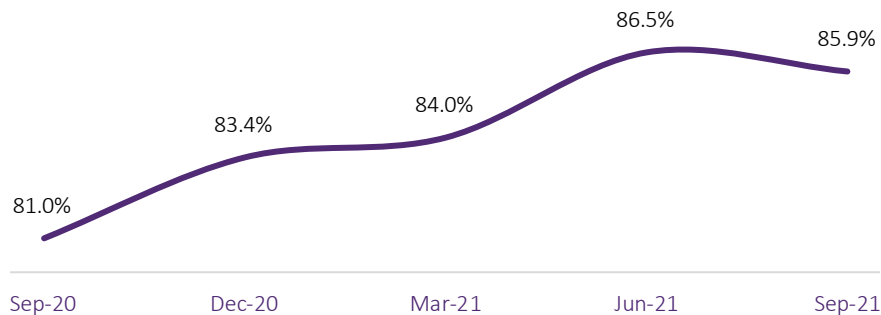


Housing Finance (Net NPAs negative in 9MFY21 & Q2FY22)



Collection Efficiency : Performance in EMI Servicing Continues

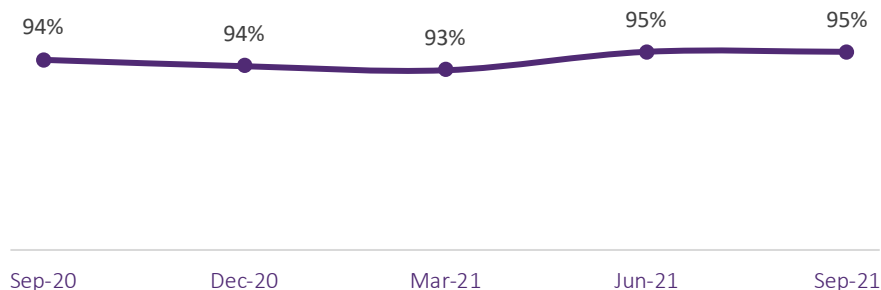
MSME Collection Efficiency (by POS)



MSME: Slow Reversion to Normalcy

- MSME portfolio consistently showed a slight dip over Q1FY22 collection efficiency.
- There are short term challenges in getting back to normalcy in collections.

Housing Finance Collection Efficiency (by POS)

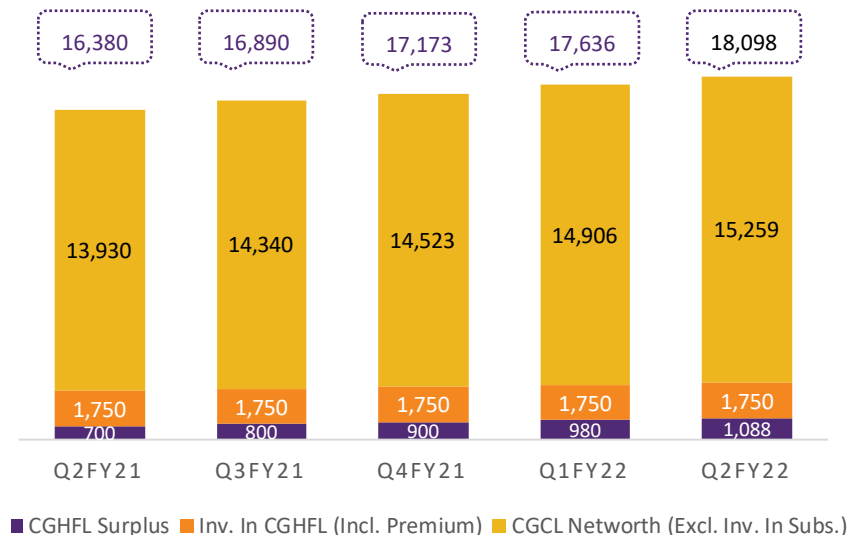


Housing Finance: Steady Improvement

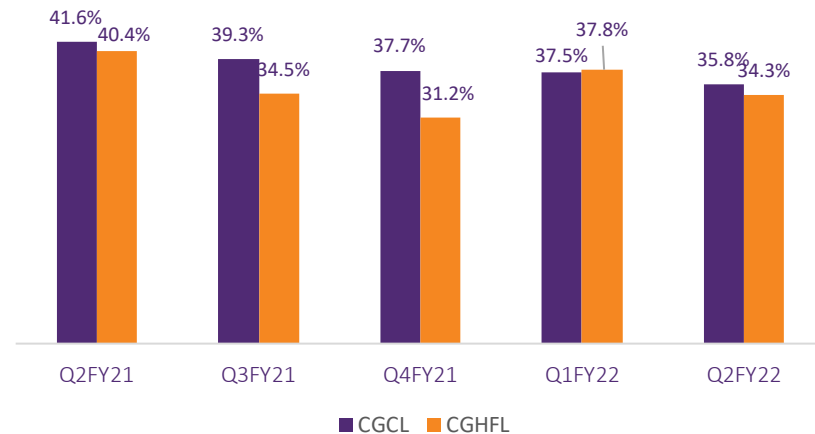
- Collection efficiency in Affordable Housing was stable in Q2FY22.

Well Capitalized Balance Sheet: Aid to Expansion

Consolidated Network (INR Mn)



Capital Adequacy (%)



Adequate cash position on balance sheet



Strong capital adequacy to support future growth



Undrawn credit lines of INR 6.91 Bn including the unutilized CC limit



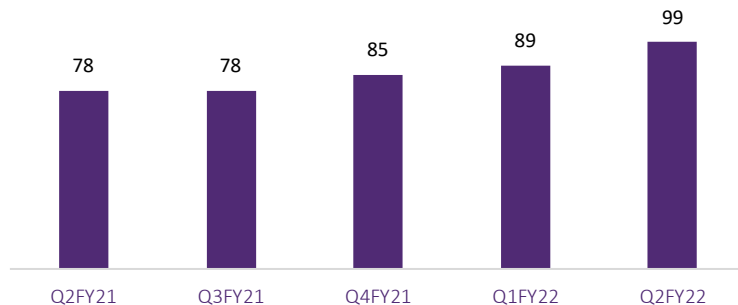
Comfortable liquidity position to protect against liquidity crunch & support future growth



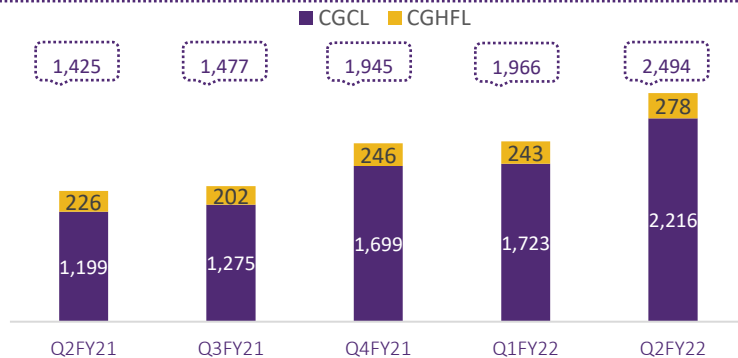
Network and Financials

Network: Presence In Major Growth Centres

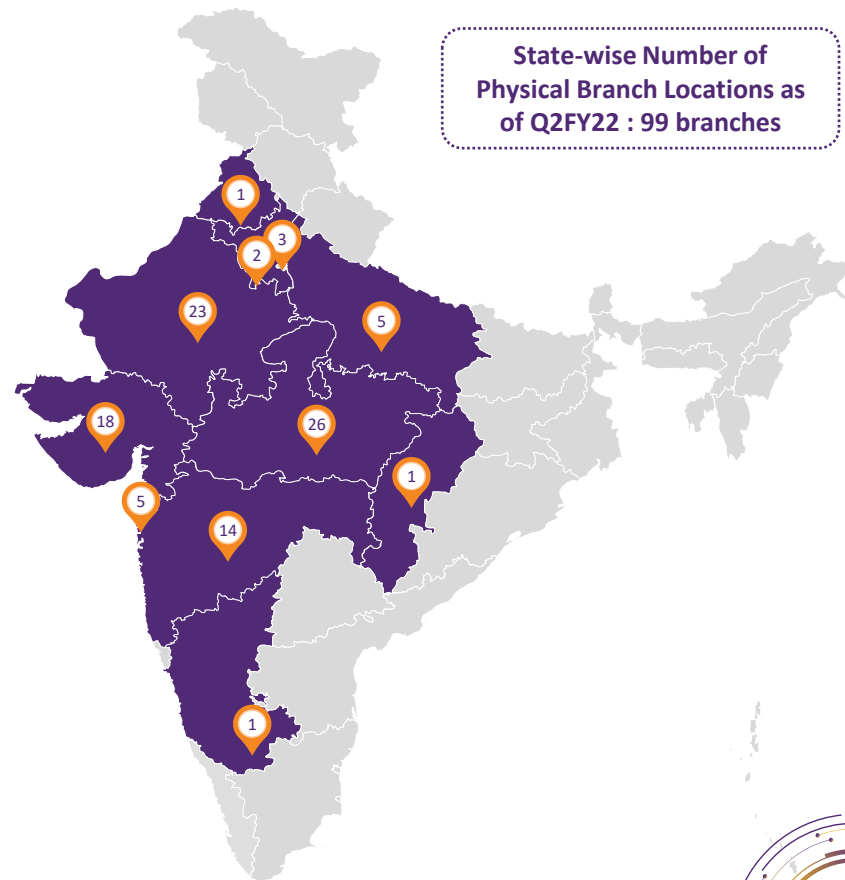
Branch Expansion Continues



Headcount Addition To Support Branch Expansion



State-wise Number of
Physical Branch Locations as
of Q2FY22 : 99 branches



CGCL Cons. Inc. Statement : Quarterly Comparison

Particulars (INR Mn)	Q2FY22	Q2FY21	Y-o-Y (%)	Q1FY22	Q-o-Q (%)
Interest earned	1,980	1,743	13.6%	1,875	5.6%
Interest expended	799	688	16.1%	771	3.6%
Net interest income	1,180	1,054	12.0%	1,104	7.0%
Non-interest income	217	126	72.4%	124	76.0%
Core operating income	159	81	96.6%	92	72.7%
Less: Net loss on fair value changes	0	0		0	
Other income	58	45		32	
Total income	1,398	1,180	18.4%	1,227	13.9%
Operating expenses	587	356	64.9%	439	33.8%
Employee cost	424	243	74.5%	323	31.1%
Other operating expenses	163	113	44.3%	116	41.2%
Operating profit	811	825	-1.7%	789	2.8%
Total provisions	107	5		182	
ECL provisions	92	3		131	
Write-offs	15	2		51	
Profit before tax	704	820	-14.1%	606	16.2%
Tax	180	210		147	
Implied tax rate	25.5%	25.6%		24.2%	
Profit after tax	525	610	-14.0%	459	14.2%

CGCL Consolidated Balance Sheet : Quarterly Comparison*

Particulars (INR Mn)	Q2FY22	Q2FY21	Y-o-Y (%)	Q1FY22	Q-o-Q (%)
Paid-up equity	351	350	0.1%	351	0.0%
Reserves and surplus	17,747	16,033	10.7%	17,286	2.7%
Networth	18,098	16,383	10.5%	17,637	2.6%
Bank borrowings and refinance	31,356	22,833	37.3%	29,253	7.2%
NCDs	6,578	6,740	-2.4%	6,750	-2.5%
Other liabilities and provisions	2,840	890	219.2%	1,718	65.4%
Total shareholders' equity and liabilities	58,873	46,847	25.7%	55,357	6.4%
Cash and bank balances	1,367	716	90.9%	1,094	24.9%
Investments	5,702	4,799	18.8%	5,668	0.6%
Assets under financing activities	50,735	40,469	25.4%	47,674	6.4%
Other assets	1,069	863	23.9%	921	16.1%
Total assets	58,873	46,847	25.7%	55,357	6.4%

* Q1FY22 balance sheet was not subject to audit review.

CGHFL Income Statement : Quarterly Comparison

Particulars (INR Mn)	Q2FY22	Q2FY21	Y-o-Y (%)	Q1FY22	Q-o-Q (%)
Interest earned	437	345	26.5%	395	10.5%
Interest expended	228	201	13.6%	212	7.7%
Net interest income	209	145	44.4%	184	13.8%
Non-interest income	64	61	4.2%	41	55.8%
Core operating income	21	11	99.3%	6	272.8%
Other income	43	51	-15.8%	35	20.7%
Total income	273	206	32.4%	225	21.4%
Operating expenses	93	83	12.2%	73	26.4%
Employee cost	53	46	14.6%	44	19.5%
Other operating expenses	40	37	9.2%	29	36.5%
Operating profit	180	123	46.0%	151	19.0%
Total provisions	42	2		52	
ECL provisions	42	2		52	
Write-offs	0	0		0	
Profit before tax	138	121	13.6%	100	38.3%
Tax	28	31		19	
Implied tax rate	20.2%	25.2%		19.2%	
Profit after tax	110	91	21.1%	81	36.4%
EPS (diluted) (Rs.)	1.81	1.50		1.33	

CGHFL Balance Sheet : Quarterly Comparison*


Particulars (INR Mn)	Q2FY22	Q2FY21	Y-o-Y (%)	Q1FY22	Q-o-Q (%)
Paid-up equity	607	607	0.0%	607	0.0%
Reserves and surplus	2,231	1,753	27.3%	2,123	5.1%
Networth	2,838	2,360	20.3%	2,730	4.0%
Borrowings	12,202	8,955	36.3%	10,650	14.6%
Other liabilities and provisions	216	135	60.1%	354	-38.9%
Total shareholders' equity and liabilities	15,257	11,450	33.2%	13,734	11.1%
Cash and bank balances	353	1,422	-75.1%	324	9.2%
Investments	1,931	982	96.6%	1,489	29.7%
Assets under financing activities	12,768	8,924	43.1%	11,780	8.4%
Other financial assets	25	31	-18.3%	15	68.0%
Other non-financial assets	179	91	96.8%	126	41.8%
Total assets	15,257	11,450	33.2%	13,734	11.1%


* Q1FY22 balance sheet was not subject to audit review.





Way Forward In FY22...

Way Forward : FY22E and Beyond

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AUM growth has picked up momentum and we expect it to sustain in H2FY22, expect full year growth at +20% YoY. CGCL well poised to deliver a 22-27% CAGR FY22E-FY27E in AUM growth.
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Although asset quality warrants caution due to restructured portfolio, we expect risks to be temporary due to secured portfolio and subsequently recede.
- 

While credit costs have trended lower at 119bps (annualized) in H1FY22, our P&L is well positioned to absorb higher level if need be. Maintain Q4FY22 exit credit cost guidance of 120bps.
- 

Shall continue to expand physical presence and employee base, in-line with growth requirements, target of doubling the branch network in next five years.





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



Beni Prasad Rauka, Independent Director
Group CFO- Advanced Enzyme Technologies; over 2.5+ decades of experience, CA & CS



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



Desh Raj Dogra, Independent Director
EX- CEO and MD of CARE ratings with over 4 decades of experience



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

MSME/Housing Finance



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: 3.5 years



Prasanna Kumar Singh (Group Collections Head) More than two decades of experience with various BFSI institutions; LLB, MBA
Vintage with CGCL: 6 months



Bhavesh Prajapati (Head – Credit, Risk & Policy) Ex-Aadhar Housing Finance, IDFC Ltd, DHFL with over 20 years of experience; MBA- ICFAI
Vintage with CGCL: 3 years



Hemant Dave (Head - Operations) Ex - Kotak Mahindra Bank, A. F. Ferguson with over 23 years of experience, CA;
Vintage with CGCL: 8.5 years



Bhupinder Singh (Head – Legal Litigation) More than a decade experience with various NBFCs in providing legal advice
Vintage with CGCL: 2 years

Construction Finance



Surender Kumar Sangar (Head – CF) Ex-MD – Tourism Finance Corporation of India and GM Union Bank of India with over 40 years of experience, BCom, CAIIB
Vintage with CGCL: 5.5 years



Bhaskarla Kesav Kumar (Associate Director – Monitoring) Ex AGM and Unit Head of Corporate Relationships with SBI
Vintage with CGCL: 6.5 years



Vijay Kumar Gattani (Senior Vice President – Credit) Ex-ICICI Bank, Head of Credit & Policy- ICICI HFC with over 15 years of experience, CA
Vintage with CGCL: 6 years.

Technology



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

Corporate Functions



Raj Ahuja (ED & Group CFO) More than three decades of experience and associated with organizations like Yes bank, Reliance Jio, Paytm, Amex etc;
Vintage with CGCL: 11 months



Ashok Agarwal (Associate Director – Accounts, Legal & Compliance) Previously practicing CA with over 26 years of experience, CA and CS
Vintage with CGCL: 13.5 years



Harish Kumar Agarwal (Senior VP – Company Secretary) Previously working as an advocate with more than two decades of experience;
Vintage with CGCL: 10 years



Suresh Gattani (Associate Director Finance) Ex-Aditya Birla, two decades plus experience in accounts, finance, taxation and corporate planning
Vintage with CGCL 15.5 years



Vinay Surana (Head – Treasury) Ex-Founding Member, Axis Bank debt syndication with over 15 years of experience, CA
Vintage with CGCL: 13 years.



Thank you

For further information, please get in touch with:

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