

**November 23, 2023**

<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051  <b>NSE Symbol: CSLFINANCE</b>	<b>BSE Limited</b> Corporate Relationship Department Phiroze, Jeejeebhoy Towers Dalal Street, Mumbai-400001  <b>BSE Scrip Code: 530067</b>
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Dear Sir/Ma'am,

**Sub: Clarification on RBI Circular dated November 16, 2023 w.r.t regulatory measures towards consumer credit and bank credit to NBFCs**

We have been receiving multiple queries from investors and lenders of CSL Finance Limited on the impact of Reserve Bank of India circular dated November 16, 2023 w.r.t "Regulatory measures towards consumer credit and bank credit to NBFCs."

Enclosed is the Clarification Letter on the same. Kindly take the above for your records and disseminate to investors at large.

Thanking you,

Yours Faithfully,  
For **CSL Finance Limited**

Rohit Gupta  
(Managing Director)  
DIN: 00045077

Encl: a/a

**Clarification: RBI Circular dated November 16<sup>th</sup>, 2023, Regulatory measures towards consumer credit and bank credit to NBFCs**

This is with reference to the circular dated 16<sup>th</sup> November 2023 issued by the Reserve Bank of India with respect to consumer credit by Banks/NBFCs and bank credit to NBFCs.

We would like to inform you that the debt-equity and the capital adequacy of the Company as of September 30<sup>th</sup>, 2023 were 0.96x and 51.03% respectively. CSL Finance Limited (CSL) is lending to small and mid-sized companies since 2016. The company is operating through its branches across seven states namely Delhi NCR, Gujarat, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, and Punjab.

**Increase of Risk Weight for Consumer & Personal Loans**

CSL operates in three segments i.e. Wholesale Lending, SME Lending, and Supply Chain Financing.

In wholesale lending, CSL is doing collateral-based financing to Small to Medium Enterprises for business purposes. The financing under this segment is Escrow control and collateralized through receivables and properties. Therefore, CSL will not have any additional risk weight on this portfolio and the impact of increased risk weight on capital adequacy will be NIL.

In SME Lending CSL is doing 100% collateral-based financing to Micro and Small Self Employed Entrepreneur against the collateral of Self Occupied Residential Property and in some cases against Self Occupied Commercial Property. These loans are for business expansion and the working capital requirements of the business. In some cases, these loans are being extended for takeover of existing high-cost debt. Most of the cases under this category are backed by Udhyaam Aadhar and eligible for classification as Priority Sector Lending as per extant guidelines. Therefore, CSL will not have any additional risk weight on this portfolio and the impact of increased risk weight on capital adequacy will be NIL.

In Supply Chain Financing CSL in collaboration with APL Apollo Limited is financing its fabricator against confirmed orders from APL Apollo dealers / Distributors. However, the portfolio under this segment is unsecured in nature. We are not confident about the applicability of any additional risk weight on this portfolio and this portfolio is less than 0.5% of the AUM of the company. Therefore, the impact, if any, would be negligible.

**About CSL Finance Limited:**

CSL Finance Limited is a Non-Banking Finance Company registered with the Reserve Bank of India and listed on the NSE and BSE. The Company is a one-stop destination for Small and Medium-Sized Enterprises (SMEs) and real estate and non-real estate corporates to avail a variety of secured loan products. CSL's experienced and dynamic team aims to fulfil every entrepreneur's dreams by bridging the gap between their dreams and their financial needs to grow their business.