

29.05.2018

The Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Fax: 022-22723121/22721278

Sub: Investor Update
Stock Code: 530067

Dear Sir,

Please find enclosed herewith the copy of the Investor Update of the company, highlighting the performance and recent developments of the company.

This is for your information and record.

For CSL Finance Limited
For CSL FINANCE LIMITED



COMPANY SECRETARY

Akash Gupta
Company Secretary

Encl: a/a



Investor Update – Q4 FY17-18

May 2018

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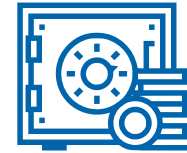
Company Snapshot



**Delhi based NBFC with
AUM of Rs 282 Cr**



**Listed on Bombay
Stock Exchange**



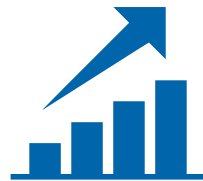
**99% of loan
book is secured**



**BBB rating
from CARE**



**12 Branches spread
across North India**



**High CAR
of 65%**

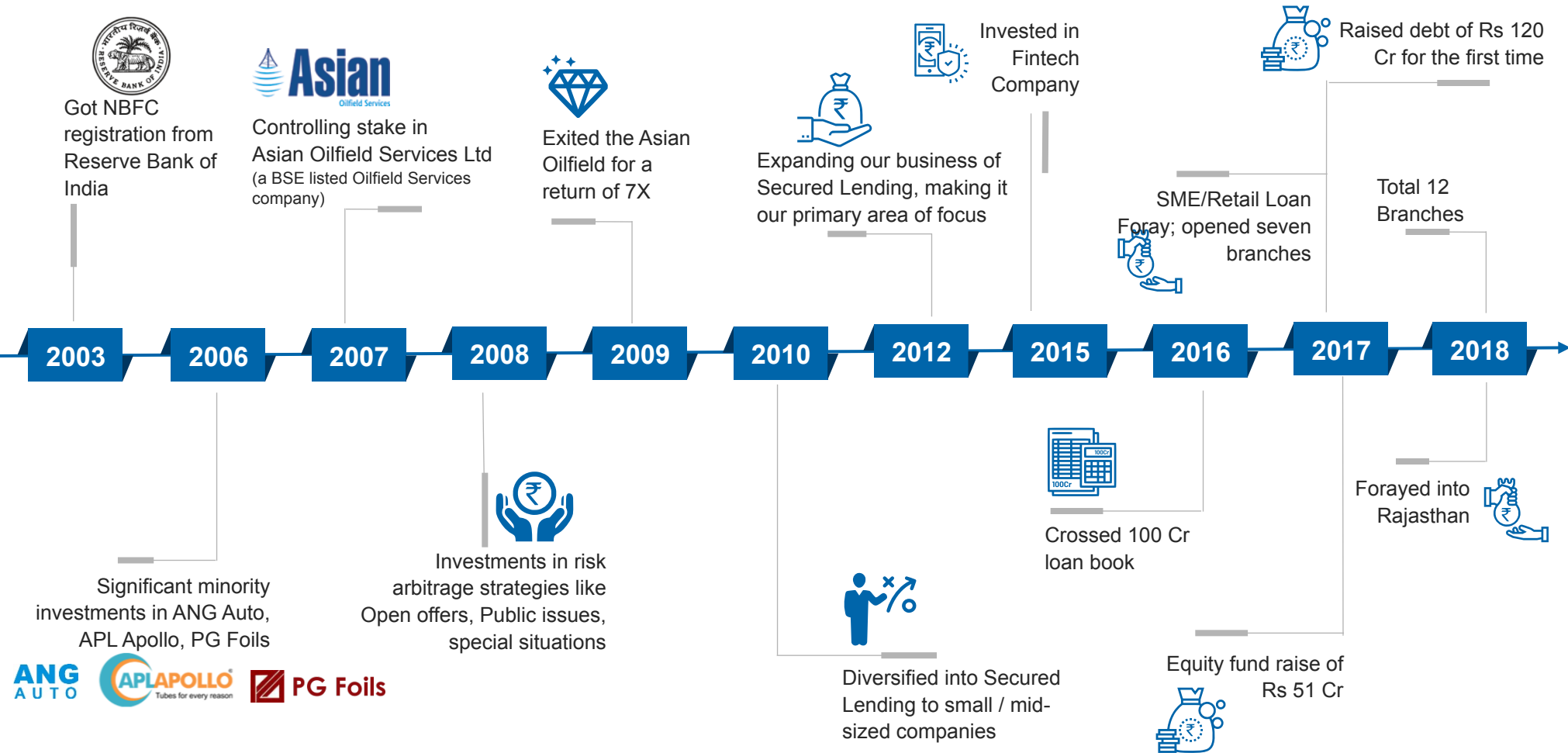


**Low cost of
operations**

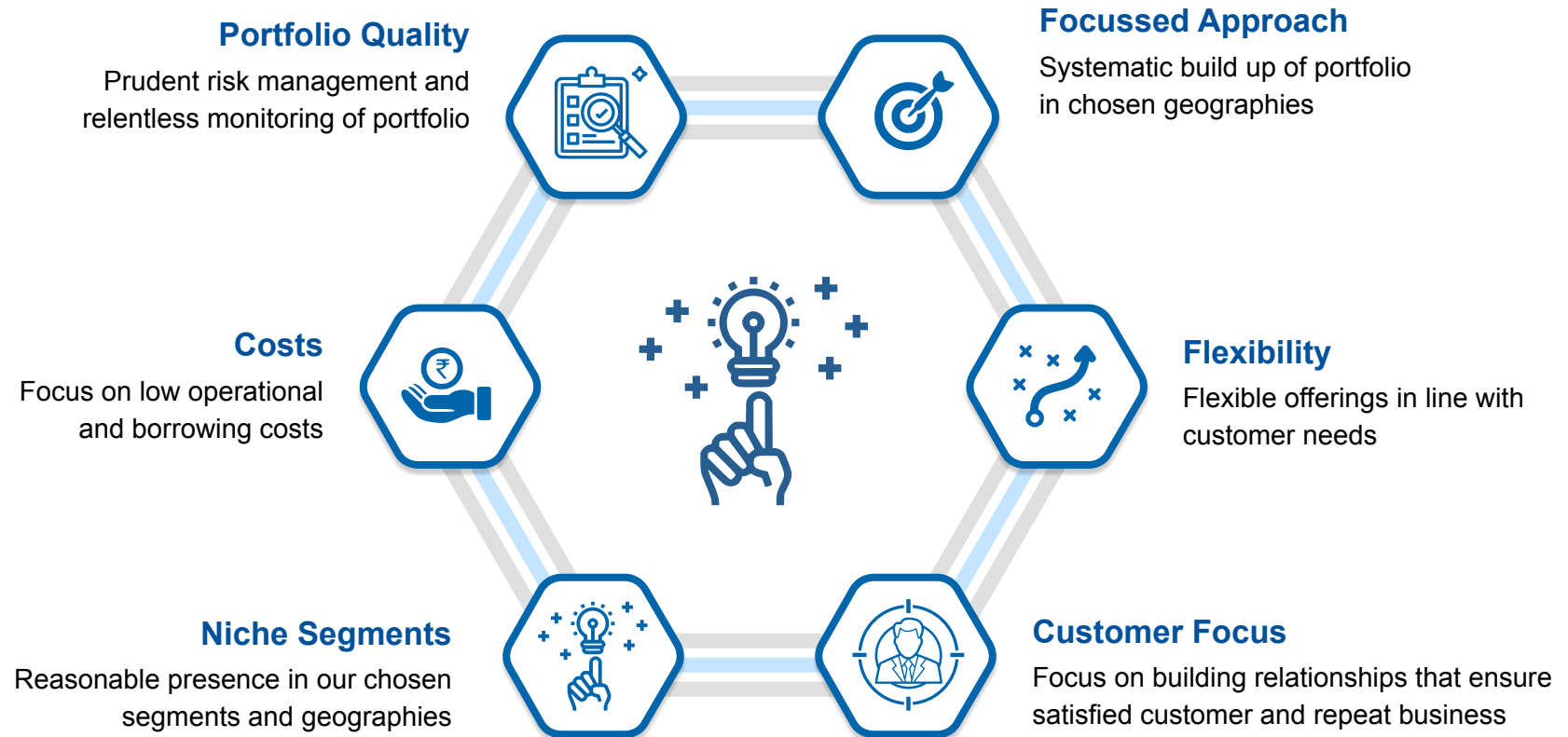


**Raised 51 Cr from Marquee
investors in Sep 2017**

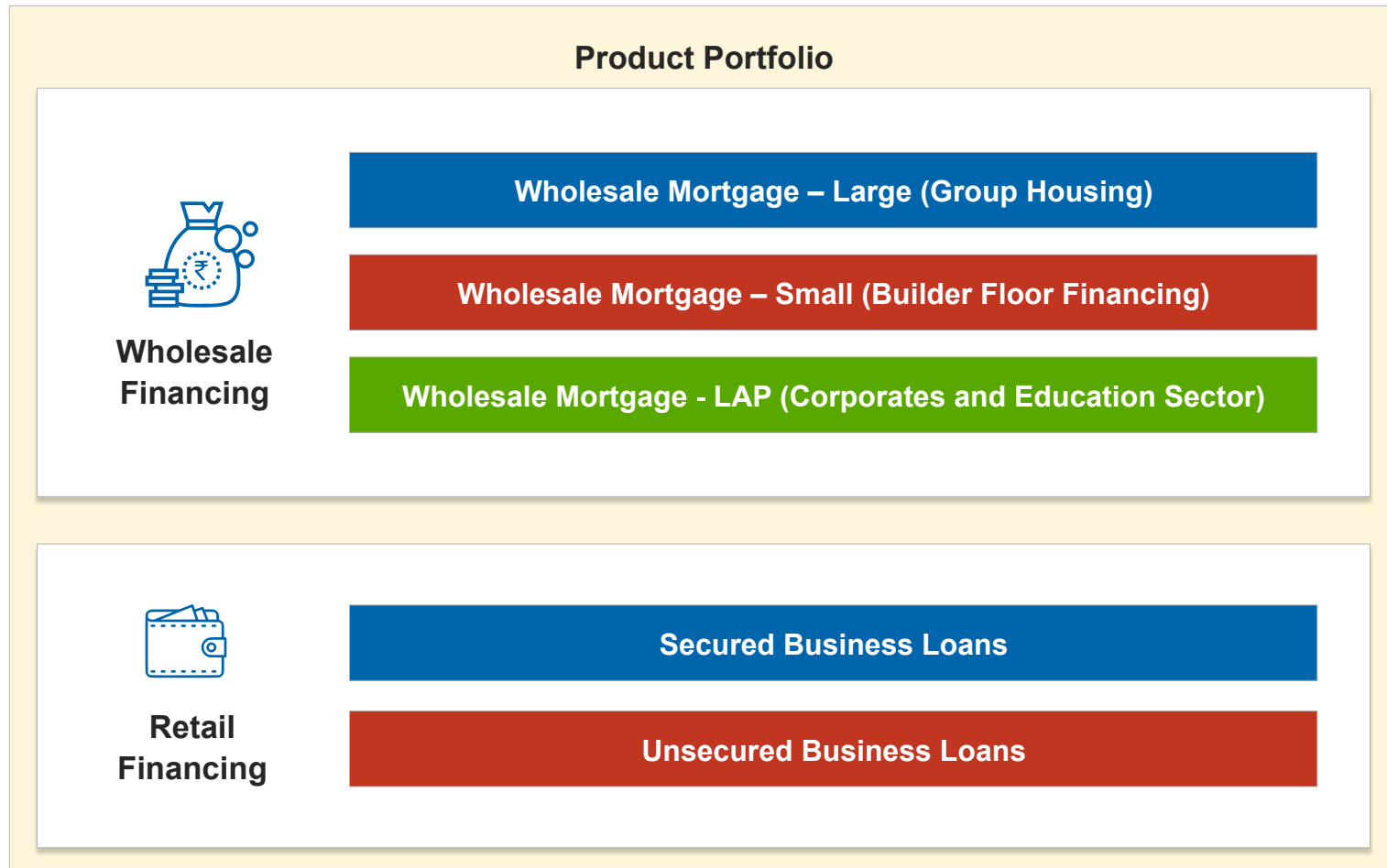
Milestones



Business Strategy



Product Portfolio



A wholesale lending NBFC building a retail franchise

Established Vertical

- Wholesale Credit
- Structured Collateralised Credit

Emerging Vertical

- SME Secured Credit
- SME Unsecured Credit



Multiple Growth Drivers



99% of loan book is Secured



High CAR driving growth



Focused Expansion with a cluster based approach



Low cost of operations



Calibrate Lending As per favourable Market conditions

Branches

 Existing Branches

 Proposed Branches



Map not to scale, for representation purposes only

What do we stand for



Build a low cost profitable business model with a focus on high portfolio quality and customer satisfaction



Focus to become formidable player in our niche target segment



Build a sustainable business with ROE target of 16-18% in the medium term



Service unbanked small businesses with strategy to cross sell



Follow a cluster based approach to build a strong presence in select markets of North and West India

Risk Management Framework

1 Presence in select markets

- Presence in select pockets of NCR
- Excellent understanding of the market dynamics and risks
- Selective focus on market segments with good end-use demand
- Last mile financing – significantly reduces project risk
- Deal with reputed developers with good credibility

2 Excellent screening, credit appraisal

- Robust due diligence with focus on end use demand and other market forces and project associated risks
- Extensive credibility check through formal and informal sources
- Each deal is structured uniquely based on project requirements
- Charge on multiple assets with a portfolio level average of 2X

3 Constant monitoring/review

- Dedicated resources for asset monitoring
- Monthly/quarterly site visits to review/assess project progress
- Review of sales, inventory, market price, costs
- Detect early warning signals; initiate required steps, increase engagement
- Wherever required Initiate early legal actions to build pressure

Operational Update

- ✓ 5 New branches were opened in this quarter. The company now has 12 operational branches in Haryana, Punjab, Rajasthan and Uttaranchal
- ✓ The company has strengthened its sourcing, credit and monitoring function by adding requisite resources in the wholesale lending vertical and partnering with specialized consultants for sourcing quality deals
- ✓ The company has also made additions in the team to strengthen the human resource management, credit function and portfolio monitoring
- ✓ The company added 27 new employees taking the total employee strength increased to 85
- ✓ Operational team is working on standardisation of processes and operational procedures
- ✓ The company successfully funded few affordable housing projects along with its continued focus on last mile funding in NCR region and builder floor projects in South Delhi
- ✓ Launched a new loan product targeting the school segment in Tier 2 & 3 cities
- ✓ The SME Retail AUM ended the year with Rs 16.02 Cr with no delinquencies
- ✓ The company faces a challenging environment to raise debt due to the lending freeze among the PSU banks and rising interest rates

Financial Update

- ✓ Total Revenue increased by 113.39% to Rs 13.23 Cr in Q4 FY2017-18 from Rs 6.20 Cr in Q4 FY2016-17
- ✓ Net Profit increased by 110.51% to Rs 5.01Cr in Q4 FY2017-18 from Rs 2.38 Cr in Q4 FY2016-17
- ✓ AUM increased by 108.43% to Rs 281.31 Cr in Q4 FY2017-18 from Rs 134.96 Cr in Q4 FY2016-17
- ✓ Net Interest Income (NII) increased by 82.01% to Rs 10.72 Cr in Q4 FY2017-18 from Rs 5.89 Cr in Q4 FY2016-17
- ✓ Employee Costs increased by 86.89% to Rs 1.14 Cr in Q4 FY2017-18 from Rs 0.61 Cr in Q4 FY2016-17 (This excludes Rs. 0.84 Cr of compensation cost on account of ESOPs granted to the key employees)
- ✓ The company wrote off Rs 0.12 Cr as the Fintech lending platforms loan book was wound down. There will be no further write-off in this book going forward

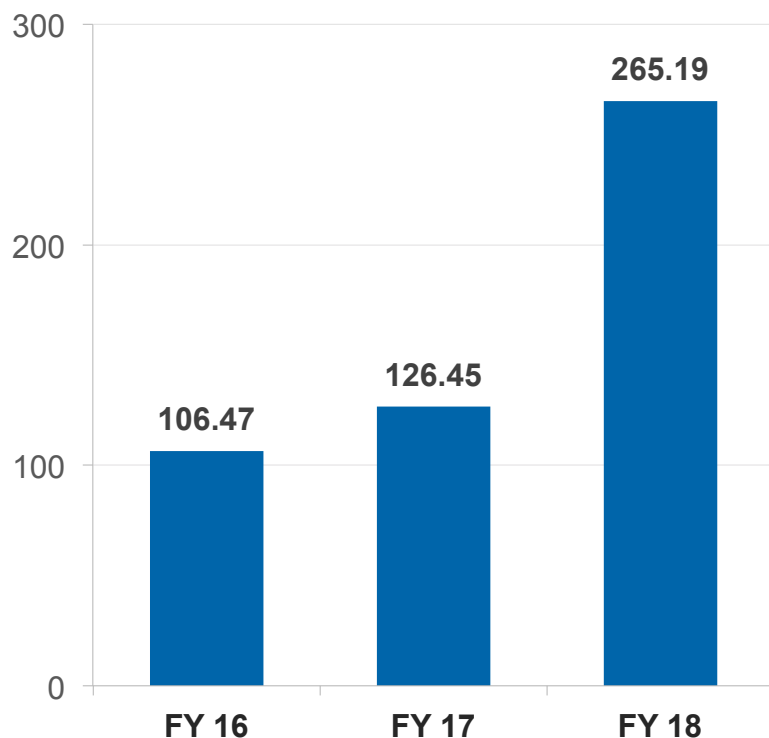
Credit Business Mix

Product Category	Book Size (Rs Cr)	
Corporate Lending		
Wholesale Mortgage – Large	180	Loans to Group Housing Projects consisting both of standard loans and structured collateralised loans
Wholesale Mortgage – Small	50	Builder Floor & Site Redevelopment Loans
Wholesale Mortgage – LAP	35	Mezzanine loans given to Educational institutions and other corporate
Retail Lending		
SME - Secured	14	Kirana Shops, Traders & School with the Shop/ Home as collateral
SME - Unsecured	2	Small ticket loans to traders & fabricators

Wholesale Credit – Leveraging our Relationships

Assets Under Management (AUM)

Figures in INR Crores



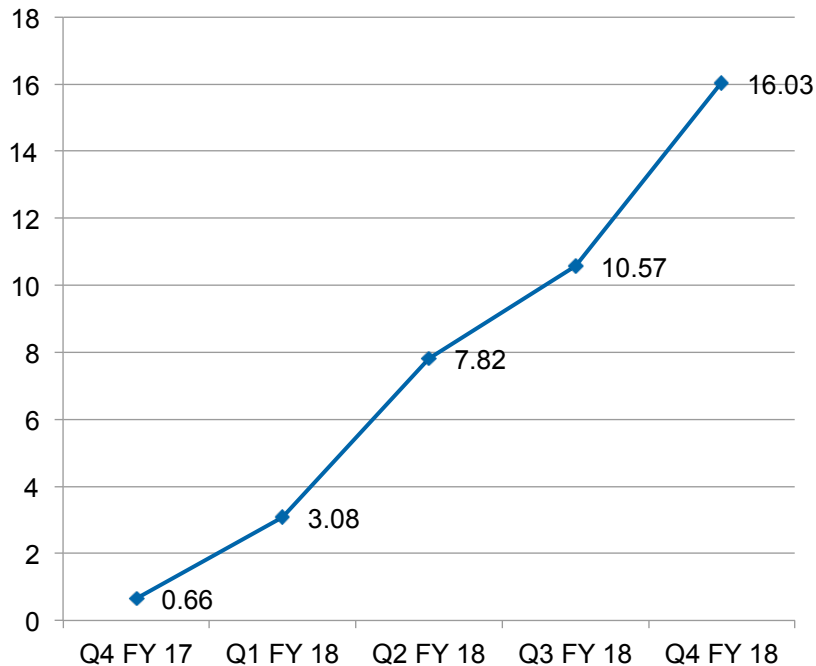
Business Approach

- ✓ Better domain knowledge due to controlled geographical presence
- ✓ Selective focus on market segments with good end-use demand
- ✓ High degree of flexibility in deal structuring and repayment
- ✓ Collateral cover is more than 2.5 times
- ✓ Last mile financing significantly reduces project risk
- ✓ Monthly site visits to review and assess project progress. We aim to detect early warning signals and initiate required steps

Retail Credit Expanding Footprint

Assets Under Management (AUM)

Figures in INR Crores



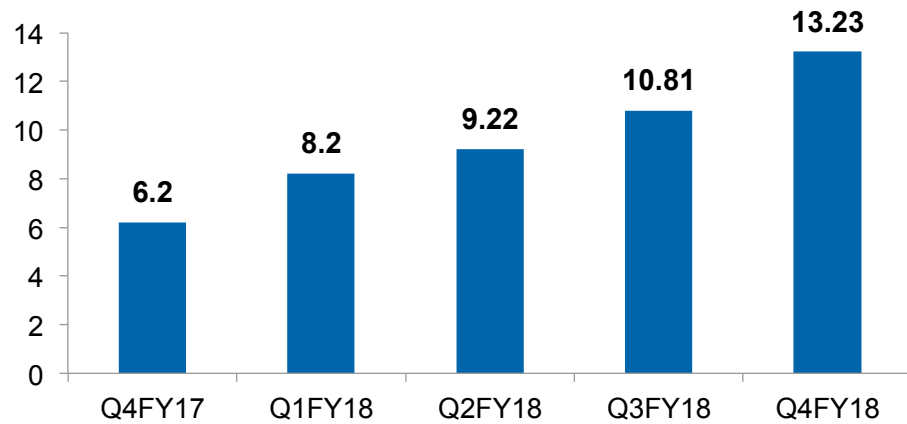
Business Approach

- ✓ Building a focussed retail presence. Started with select markets in NCR, Haryana and Punjab and expanding into Rajasthan and Gujarat
- ✓ Implementing Loan Origination & Management System
- ✓ Currently 12 operational branches
- ✓ Focus on having low operational costs
- ✓ Products are tailored for target segments that are large, underpenetrated and profitable
- ✓ 90% of the lending is secured

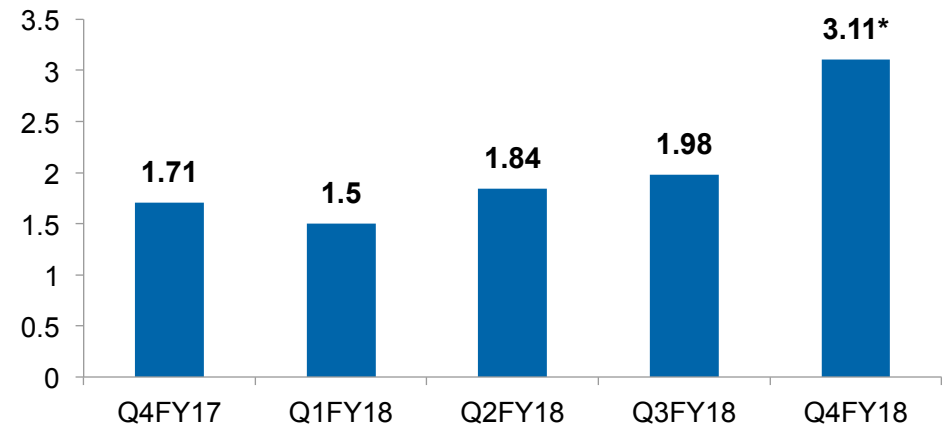
Financial Metrics

1

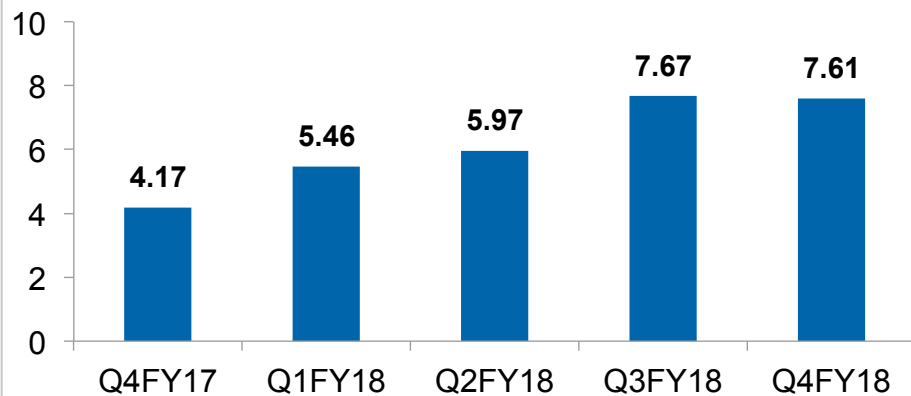
Total Income



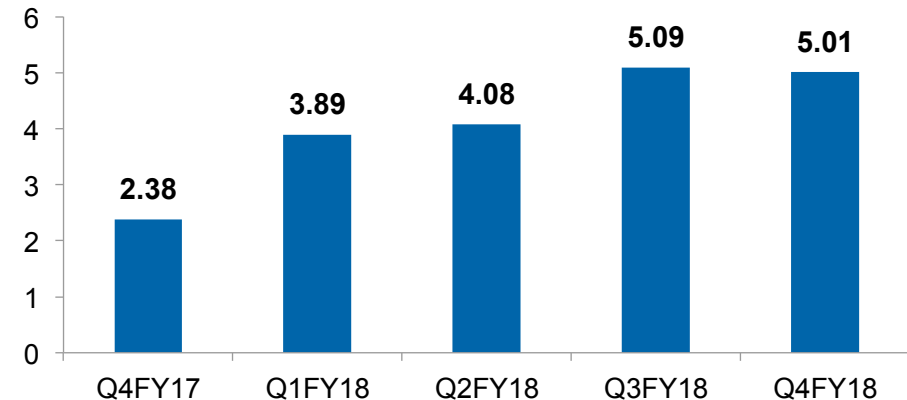
Operating Expenses (Rs Cr)



Pre Provisioning Profit Before Tax (Rs Cr)



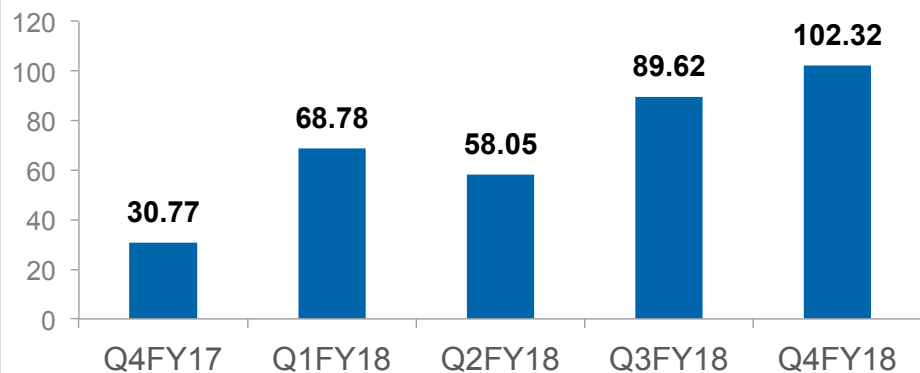
Net Profit (Rs Cr)



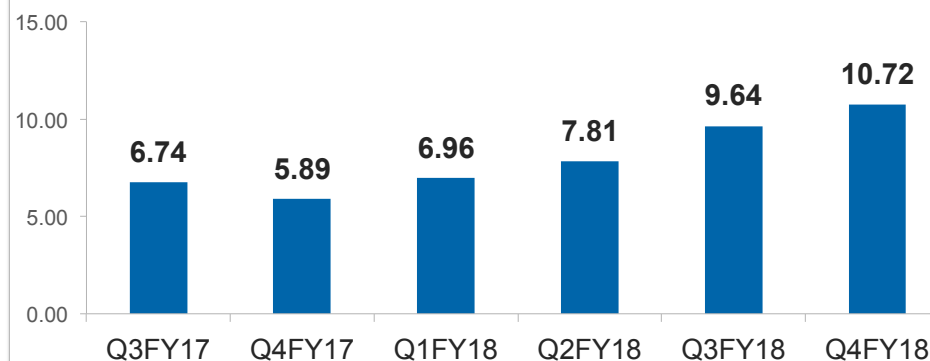
Financial Metrics (contd..)

2

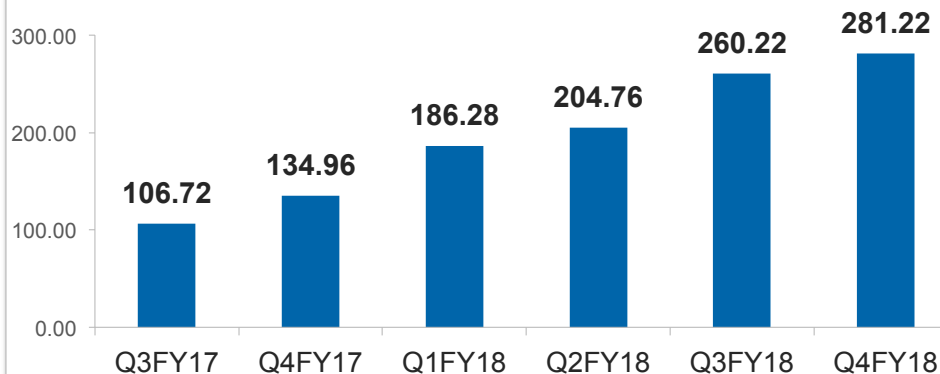
Borrowings (Rs Cr)



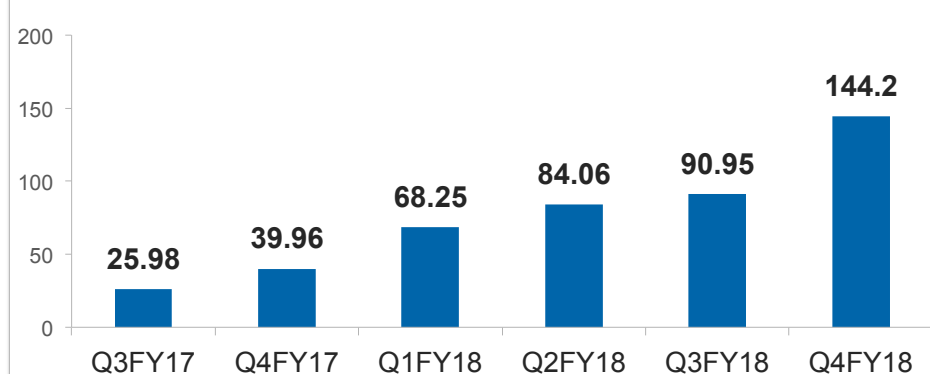
Net Interest Income (Rs Cr)



AUM – End of Quarter (Rs Cr)

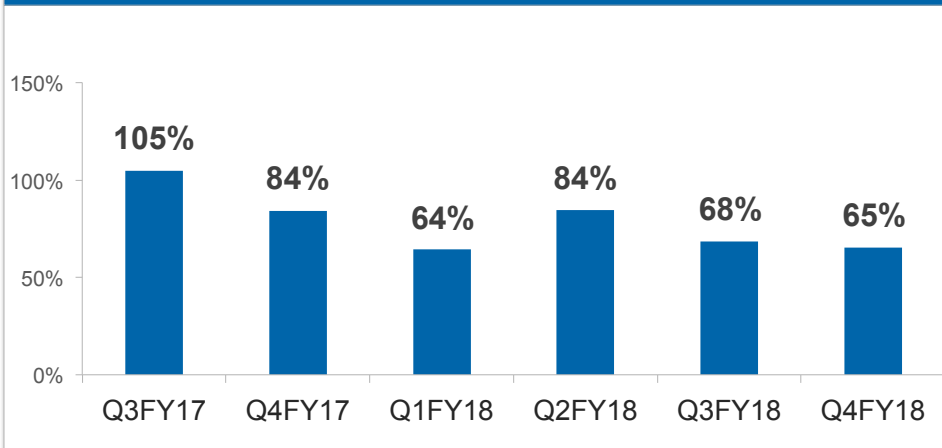


Disbursements (Rs Cr)

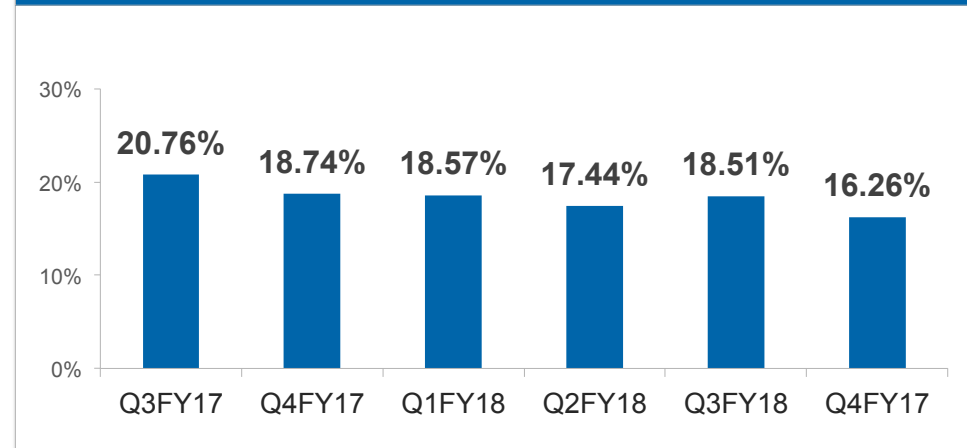


Financial Metrics (contd..)

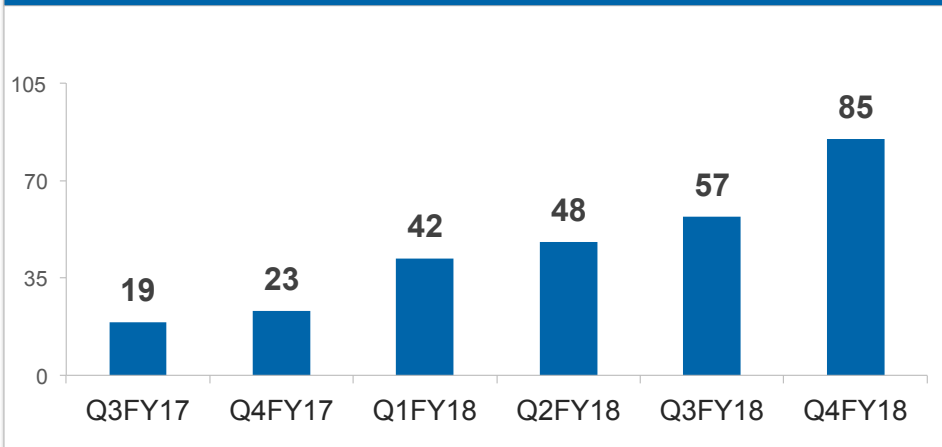
Capital Adequacy Ratio (%)



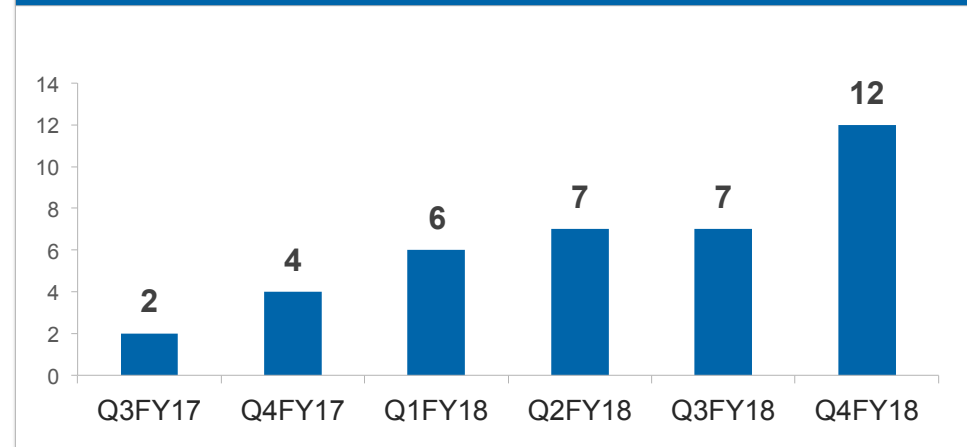
Net Interest Margin (%)



Number of Employees



Number of Branches



Our future growth strategy

Portfolio Mix

- ✓ Consolidate our wholesale lending book and diversify into Retail SME lending
- ✓ Aim to achieve a mix of 60:40 between Wholesale and Retail lending over 3 years



Wholesale Mortgage – Large

- ✓ Broaden our loan target segment with better deterrents, like escrow account linkage
- ✓ Maintain our USP in mezzanine and last mile funding by being flexible and building relationships
- ✓ Focus on doing deals in affordable housing space
- ✓ Focus on doing deals with relatively longer tenures with better quality clients
- ✓ Improved deal-sourcing & pipeline build-up

Wholesale mortgage – LAP

- ✓ Continue to focus on select deals with strong cash flow and marketable security .
- ✓ Structured LAP for funding commercial projects in prime commercial locations.
- ✓ Fund future growth initiatives of established educational institutions with predictable cash-flows

Wholesale Mortgage-Small

- ✓ Expand our focus in Builder floor financing from South Delhi to other potential areas in NCR
- ✓ Building innovative products as per the market requirements
- ✓ Building up a dedicated team to focus on demand of formal financing in this space.
- ✓ With larger scale and competitive cost of funds we aim to build-upon our strength an presence in this space.

SME Lending

- ✓ Expand footprints in select cities in North and West India – (expanding to Gujarat later in the year)
- ✓ Develop deeper penetration in select markets
- ✓ Focus on small businesses, traders and schools with consistent cash flows
- ✓ Aim to have 90% of the loans secured



Thank You



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