

Date: 13.09.2019

To,
The Manager,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai-400001
Fax: 022-2272 3121/22721278

**Sub: Investor Update
Scrip 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**


Managing Director

**Rohit Gupta
Managing Director**

Encl: a/a



CSL Finance
Limited

BSE: 530067 | ISIN: INE718F01018 | CIN: L74899DL1992PLC051462 | WWW.CSLFINANCE.IN



FY20 Q1 - Update

June 2019

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Company Snapshot



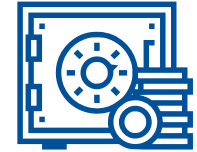
**Listed on Bombay
Stock Exchange**



**Delhi based NBFC with
AUM of Rs 317 Cr as on 30th
Jun-19**



**Wholesale housing book of
INR 253 Cr & SME Retail
book of INR 64 Cr.**



**98% of loan
book is secured**



**19 Branches spread
across North and West
India**



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

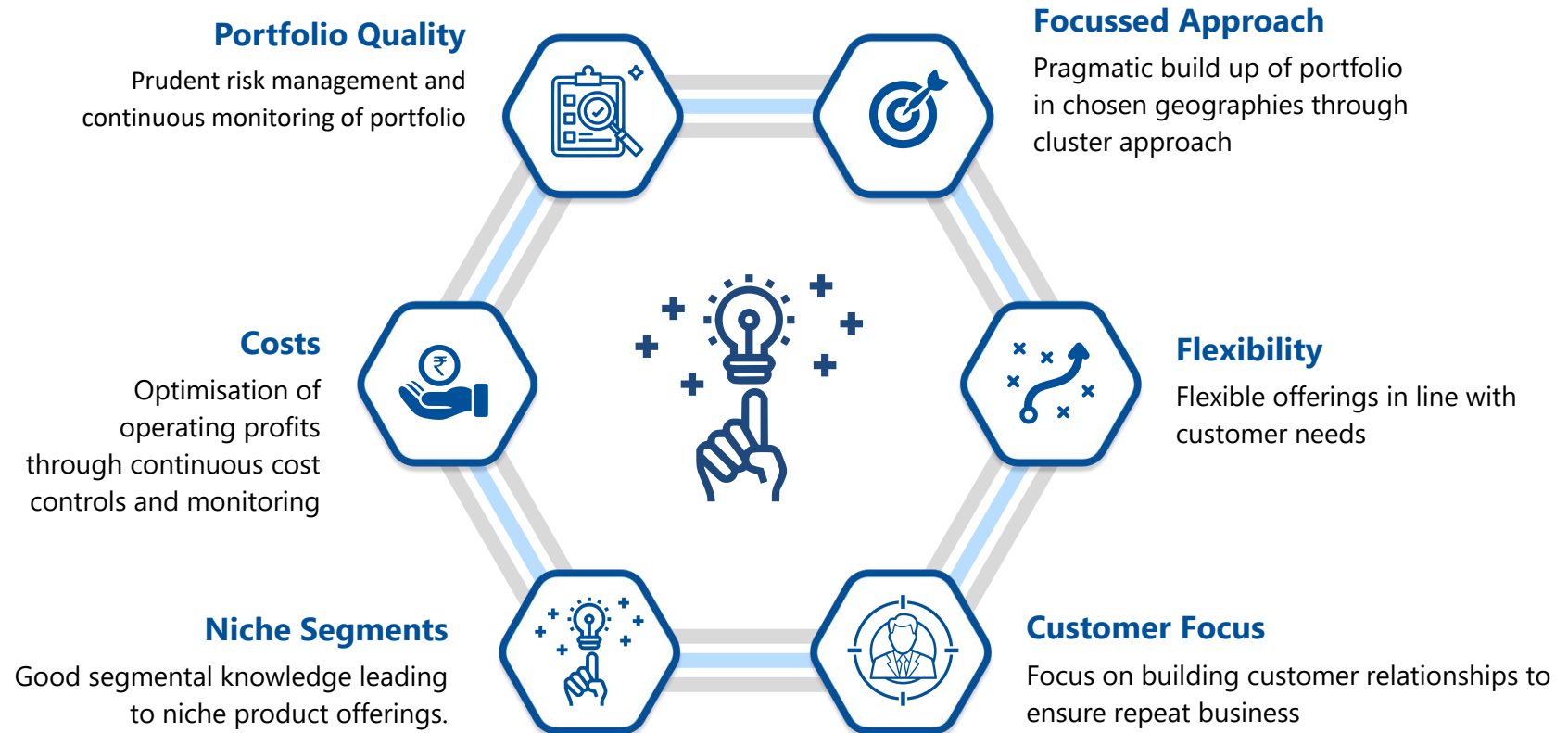


**High CAR
of 70%**



**BBB rating
from CARE**

Business Strategy



Management Team



Rohit Gupta (Managing Director)

Rohit is a CA with over 25 years of diverse experience in the fields of merchant banking, corporate finance, financial restructuring, project finance, capital markets and structured lending.



Arsh Varshney (CFO)

Arsh is a CA with more than 25 years of diverse experience in the field of financial services, corporate strategy, accounting and taxation. Previously he has worked with RR Finance consultants, Centrum Capital & Icon.



Akash Gupta (CS & Legal Head)

Akash is a CS and a member of ICSI with over 9 years of extensive experience in corporate law, regulatory compliance and legal documentation.



Chandan Kumar (Wholesale Credit Head)

Chandan is a MBA and CAIIB with over 10+ years of experience in various fields of banking and financial services. Previously he has worked with NB housing HDFC, SIB,.



Ankit Jain (SME Credit Head)

Ankit is a CA and CS having vast credit underwriting experience of 8 years in LAP, HL, BL and CF. Previously he has worked with ICICI bank, HDFC bank, AU Small Finance Bank and IMGIC.



Purnima Banka (Treasury Head)

Purnima is a MBA Finance with over 10+ years of experience in the field of banking & finance, Treasury Management, syndication. Previously she has worked with Technica Finance, Mizuho Corporation and CRISIL.

Management Team



Akshay Kapoor (ZBH SME North India)

Akshay has over 14 years of rich experience in developing and managing various channels for SME and retail loans. Previously he has worked with Magma, Indiabulls, Satin Creditcare and Religare



Anish Kumar (SME Collections)

Anish has over 7 years of extensive experience in the collections fields of SME and MSME segments. Previously he has worked with Shubham Housing Development Finance Company and HDB Financial services Limited

Hariom Kumar (Human Resources)

Hariom is MBA with over 15 years of vast experience in the Human resources field. Previously he has worked with Ujjivan Small Finance Bank, Varun Integrated Logistic Pvt. Ltd. and Amritsar Transport Pvt. Ltd.



Anshin Shah (State Head SME Gujarat)

Anshin has 16 years of extensive experience of launching and managing retail finance products. Previously he has worked with Equitas Small Finance bank, Fullerton India and Max life.



Ishwari Singh (State Head SME Rajasthan)

Ishwari is law graduate and MBA with over 15 years of experience in SME, MSME, BL and PL. Previously he has previously worked with Kotak Mahindra Bank, Ujjivan small finance bank, Tata Capital and Fullerton India.



Anjanjeet Jha (State Head SME Delhi)

Anjanjeet has over 8 years of rich experience in managing various channels in retail lending products. He has previously worked with Ujjivan, Religare and Shubham Housing Finance.

Our Presence

States Present	
Delhi	
Haryana	
Punjab	
Uttrakhand	
Rajasthan	
Gujarat	



Map not to scale, for representation purposes only

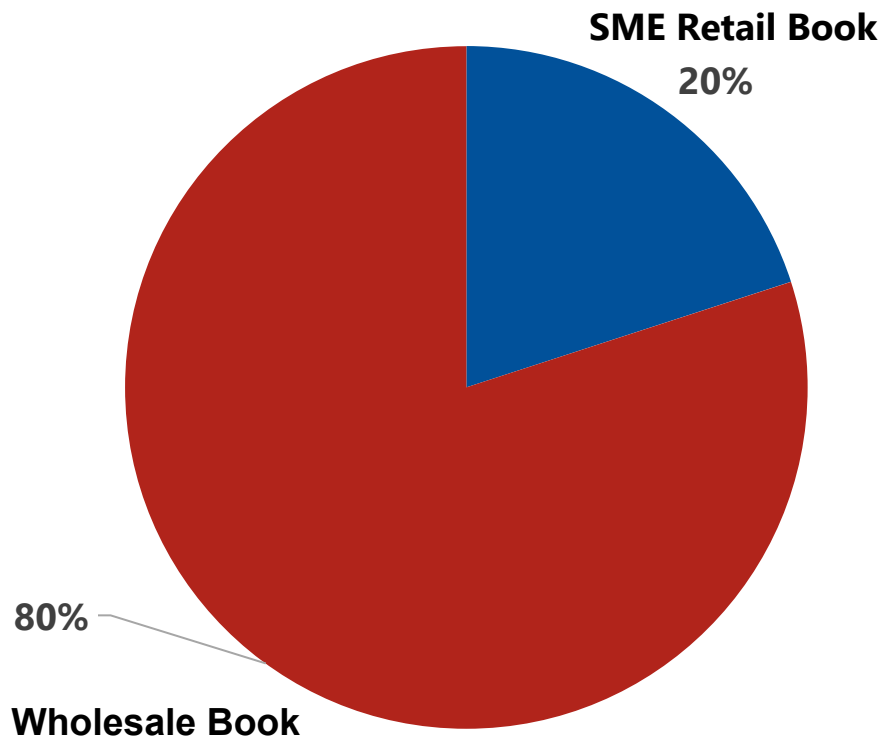
PRODUCT PORTFOLIO

Product Category	Book Size (Rs Cr) Q1 FY20	Customer Segment
Wholesale Lending		
Wholesale Large	152.32	Standard and Structured loans given to corporates into Group housing projects
Wholesale Small	84.77	Loans given to Small Builders, engaged in development of Single Plotted Projects in Delhi NCR
Wholesale LAP	15.55	Loans given to Corporate Houses/Business Group engaged in multiple business activities
Total Wholesale Book	252.64	Loans given to MSME's having small business size.
Retail Lending		
SME - Secured	58.33	Loan extended to Kirana stores, Traders, Schools and other boutique small shops and merchants backed by owned property as collateral
SME – Unsecured	5.91	Small ticket loans mainly to K-12 schools in Tier 2 and Tier 3 cities
Total SME Retail Book	64.24	
Total AUM	316.88	

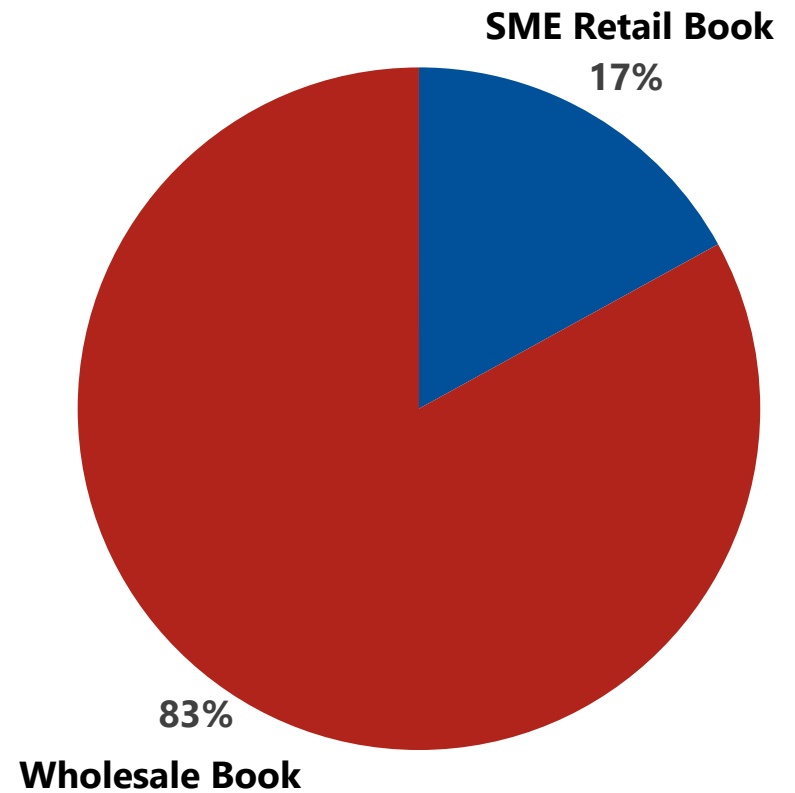
***Figures for FY20 Q1 is as per IND AS whereas all the previous quarter figures are as per IGAAP**

AUM Composition

Q1 FY20



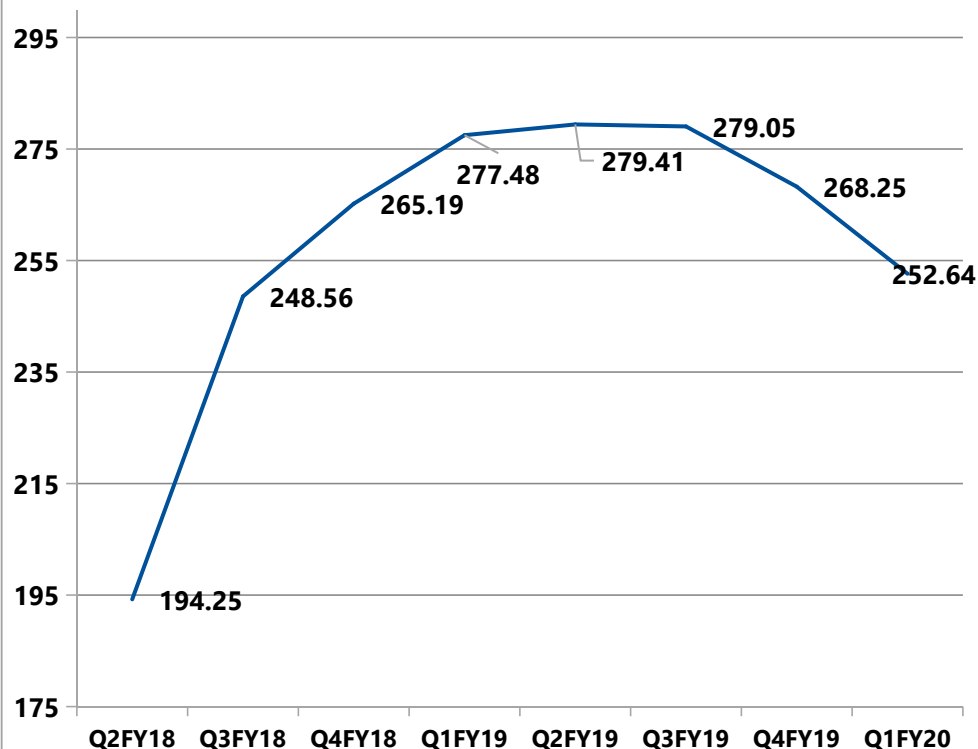
FY 19



Wholesale Lending Book

Assets Under Management (AUM)

Figures in INR Crores



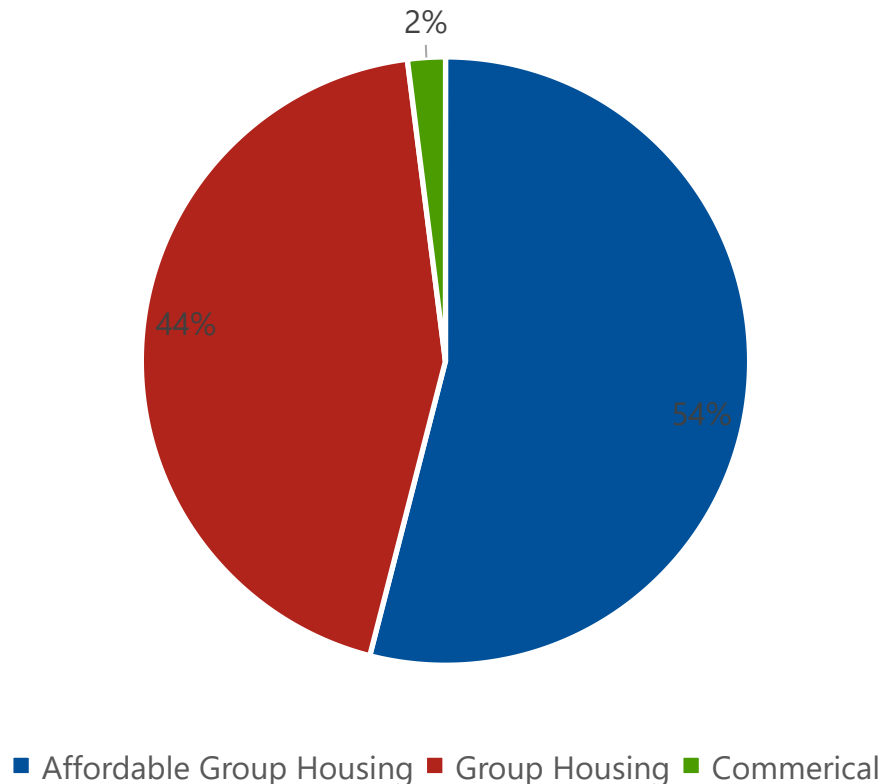
Business Approach

- ✓ Vintage presence in selected geographies results in better domain knowledge than peers.
- ✓ Market Penetration with conscious selection of customers.
- ✓ Flexible deal structuring
- ✓ Collateral cover is maintained at 2X times during the tenure of the loan.
- ✓ Risk Mitigation through last mile financing
- ✓ Collections through escrow mechanisms ensuring consistent cash flows.
- ✓ Continuous monitoring through monthly site visits and project reviews. Detect early warning signals and take corrective steps.

**** We are giving the breakup of our loan book in detail for the benefit of our investors and to allay any apprehensions about our loan exposures***

Wholesale Large Book (WS Large)

Wholesale Large Portfolio



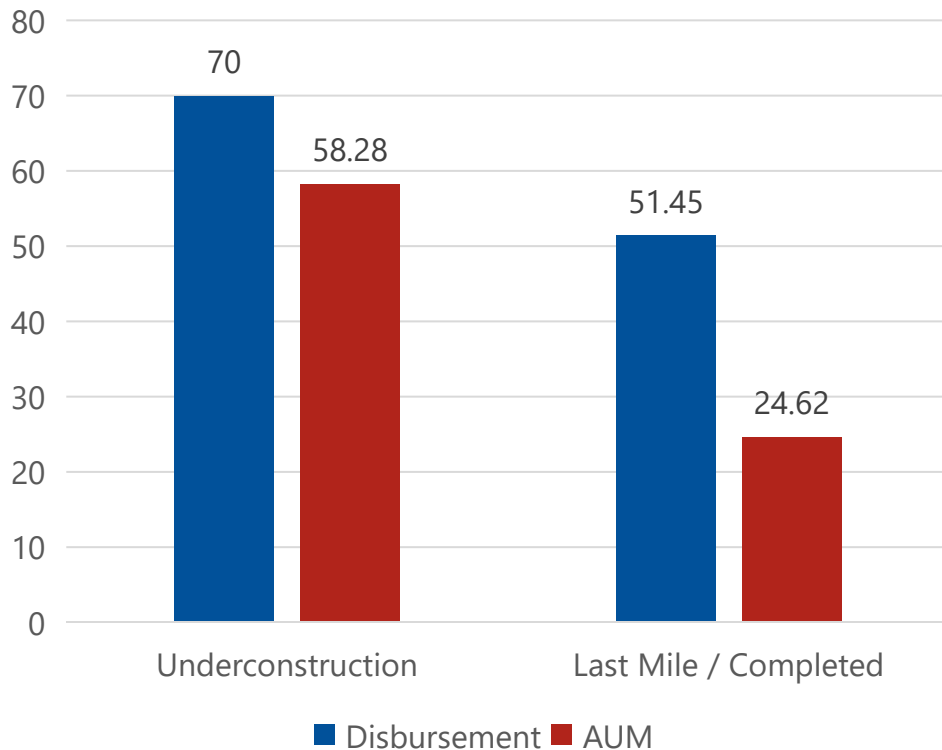
Segment Update

- ✓ WS Large book mainly consists of Group housing and Affordable group housing in Northern Region of India
- ✓ Total AUM of WS large book is INR 152.32 Cr as on 30th June 2019. There are 22 loan accounts with 17 reputed developers in WS large portfolio spread across Delhi NCR
- ✓ Out of the total 22 loan accounts in WS large book, 44% are in group housing segment , 54% is affordable group housing segment and a very small portion of 2% belongs to commercial projects

WS Large –Affordable Group Housing

Affordable Group Housing

Figures in INR Crores



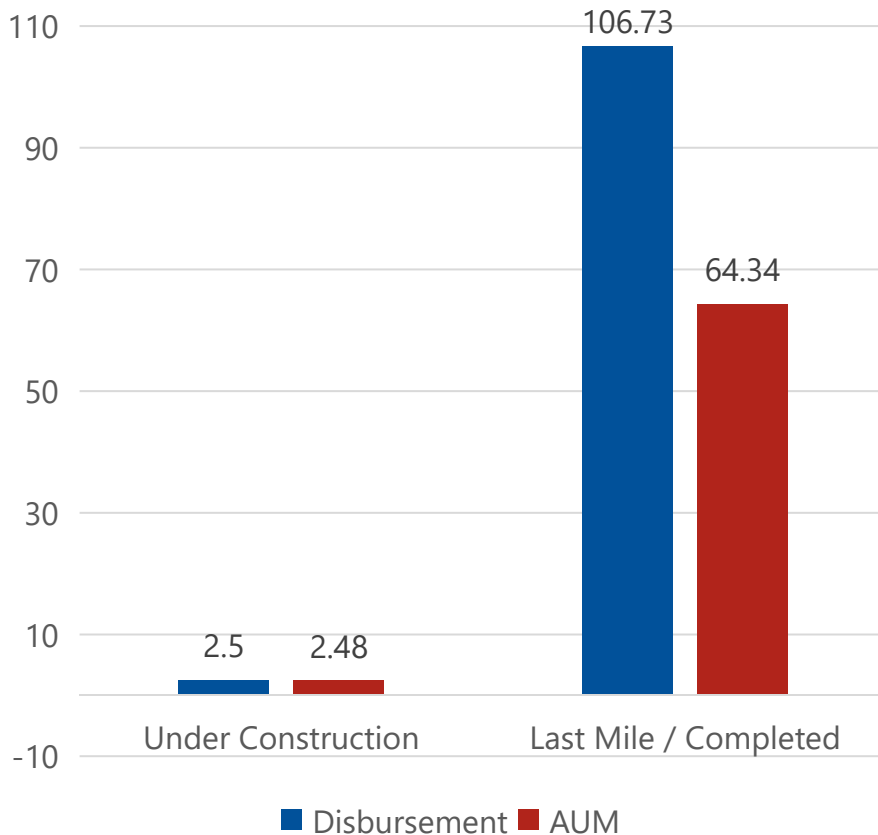
Segment Update

- ✓ Affordable group housing projects comprises of housing units which are comparatively lower Ticket Size units of less than INR 25 lacs each, hence having high saleability amongst larger target audience
- ✓ It constitutes of 32.81% (AUM of INR 82.89 Cr) of total AUM of Wholesale book
- ✓ Until now 8 Affordable Group Housing Projects have been funded out of which 2 projects are 90-95% complete. Rest are newly launched projects
- ✓ Land portion is fully paid at the time of launch. These newly launched projects are strategically located in habitable area and hence at the launch of these project 75-90% units are already sold. Therefore, our cash flows for the project are already booked at the time we fund them
- ✓ This results in no Cash Flow mismatches and these affordable projects have good collection efficiency of 80%-90% of the demand raised
- ✓ Affordable housing projects are selling well because of government support, interest subvention schemes and easy availability of housing loans

WS Large –Residential Group Housing

Residential Group Housing

Figures in INR Crores



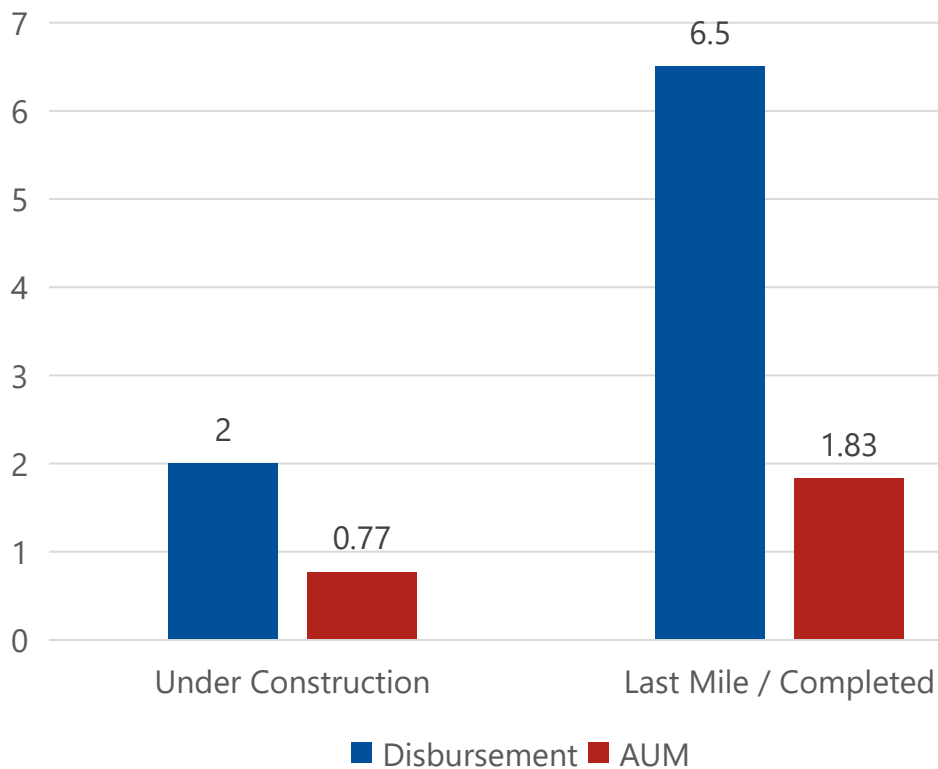
Segment Update

- ✓ Residential group housing projects comprises of housing units which are comparatively lower Ticket Size units of less than INR 50 lacs each where end consumer demand is still there if the projects are complete or nearing completion
- ✓ It constitutes of 26.45% (AUM of 66.82 Cr) of total wholesale book
- ✓ CSL has funded 8 Projects under Residential Group Housing Projects with total exposure of INR 66.82 Cr
- ✓ Out of 8 Projects, 7 Projects are Last Mile Funding or Inventory Funding with 90%-100% complete
- ✓ Only 1 Project is funded by CSL which is under construction and having construction stage of more than 60%
- ✓ Sales Velocity are reasonably good between 5-10 flats per month as it meets the end consumer demand
- ✓ No challenge is being witnessed in any account

WS Large –Commercial Projects

Commercial Projects

Figures in INR Crores



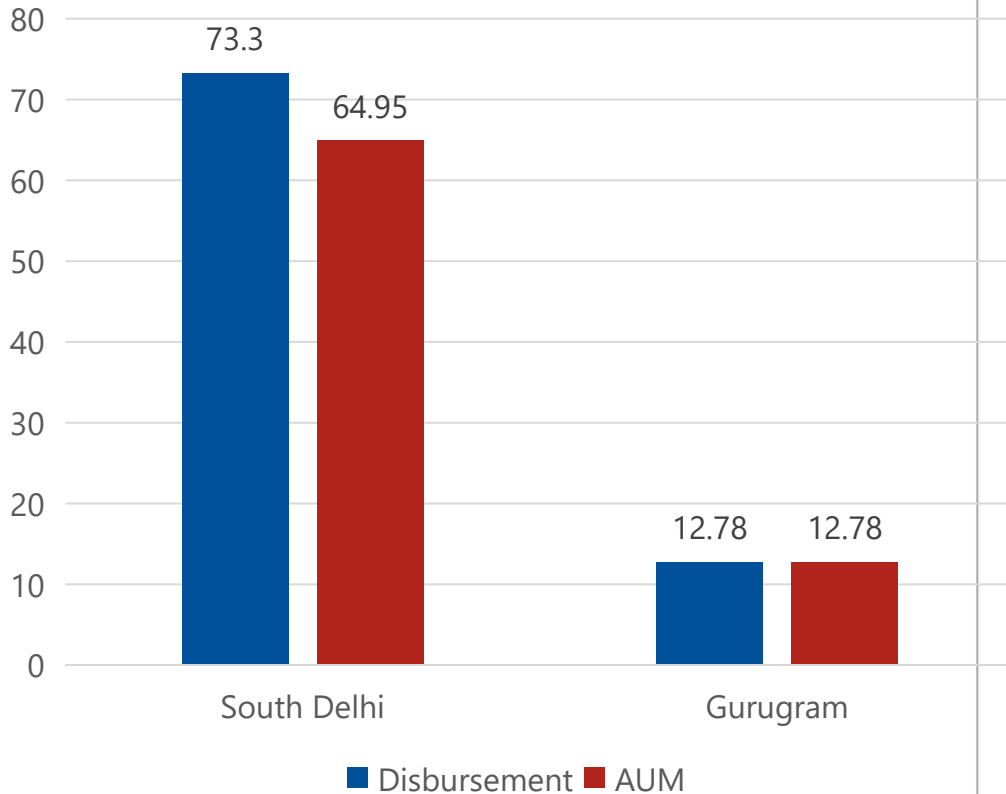
Segment Update

- ✓ It has been observed that since the last few quarters, demand for Commercial Inventory is picking up
- ✓ Commercial Projects constitutes only 1.03% (AUM of 2.60 Cr) of total AUM of Wholesale book
- ✓ 2 projects have been funded with a total exposure of INR 2.60 Cr as on June'19
- ✓ These projects are developed by reputed developers of Delhi NCR
- ✓ Out of the above 2 Projects, 1 Project funded at Last Mile with construction stage of 90-100% achieved. Whereas, another project has external development work pending while the inventory has been fully sold
- ✓ Cash flows are good and no challenge is being witnessed in any of the accounts

WS Small – Small Builder Loans

Small Builder loans

Figures in INR Crores

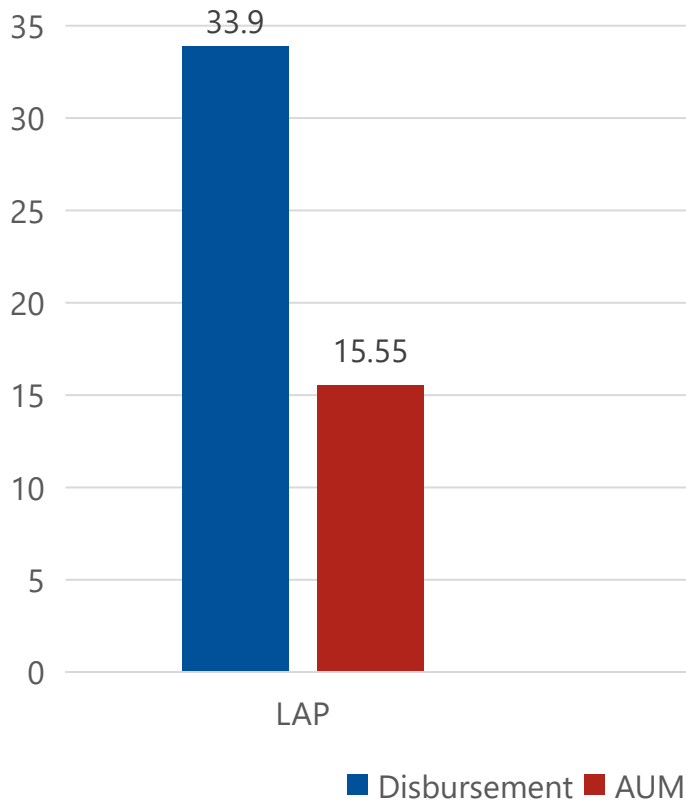


Segment Update

- ✓ Delhi NCR is a big market having a potential of 10K crore for small builders, whose borrowing requirements are not serviced by the standard products offered by Financial Institutions/ Banks
- ✓ Geographically, Builder floor projects funded by us are concentrated in South Delhi with 78% share, 15% in Gurgaon and 7% in West Delhi
- ✓ Total AUM of the WS Small book is INR 84.77 Cr. There are 35 accounts which are spread across 20 reputed developers of South Delhi & Gurgaon
- ✓ In these builder floor projects the construction cost is a small part of the project cost, the average project tenure is 15-18 months.
- ✓ The feedback loop is fast and demand supply corrects quickly, adjusting to the dynamics of the market
- ✓ The short term demand slump may delay sales of Units, but given that the projects are located at bespoke locations of NCR, they ultimately do get sold
- ✓ Risk of non completion of project is minimal. Also, there are minimal regulatory compliances as these projects do not fall under RERA

WS – LAP/ MSME

LAP / MSME
Figures in INR Crores



Segment Update

- ✓ WS LAP/MSME comprises of business or working capital loans provided to MSME/ business entities for various business activities
- ✓ Total AUM of the WS LAP book is INR 15.55 Cr which is just 6% of the total AUM consisting of a total of 11 accounts with diversified business activities
- ✓ Our experience in this product is that cash flow mismatches occur and that can impact the repayment schedules of our loans
- ✓ Going forward we are reducing our focus on such loans, which will results in the gradual unwinding of this book
- ✓ The exposure has reduced from INR 41 Cr in March 31st, 2019 to INR 15 Cr on June 30th, 2019 during FY20 Q1

Wholesale Lending Book – Risk Management Framework

1 Presence in select markets

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

2 Excellent screening, credit appraisal

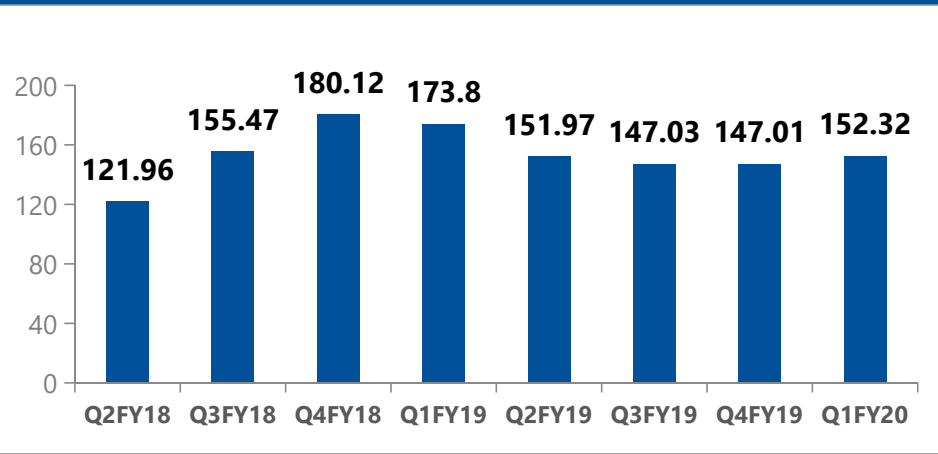
- Robust due diligence
- Extensive credibility check includes both project and market related risks and market supply demand positions.
- Each deal is structured uniquely based on project requirements
- Charge on multiple assets with average security cover of 2X

3 Constant monitoring/review

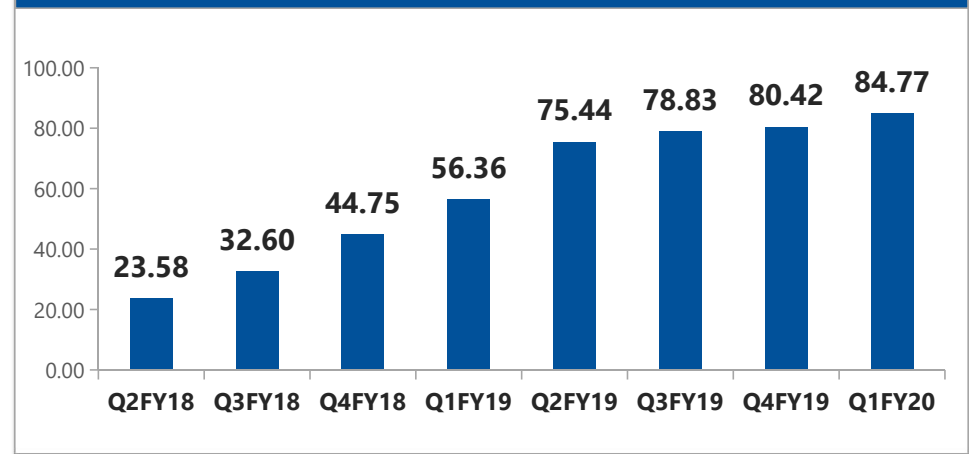
- Dedicated resources for asset monitoring
- Bi-monthly site visits to review/assess project progress
- Review of sales, inventory, market price, costs
- Detect early warning signals; initiate required steps, increase engagement
- Wherever required Initiate early legal actions for faster recovery

Wholesale Book – Product Breakup

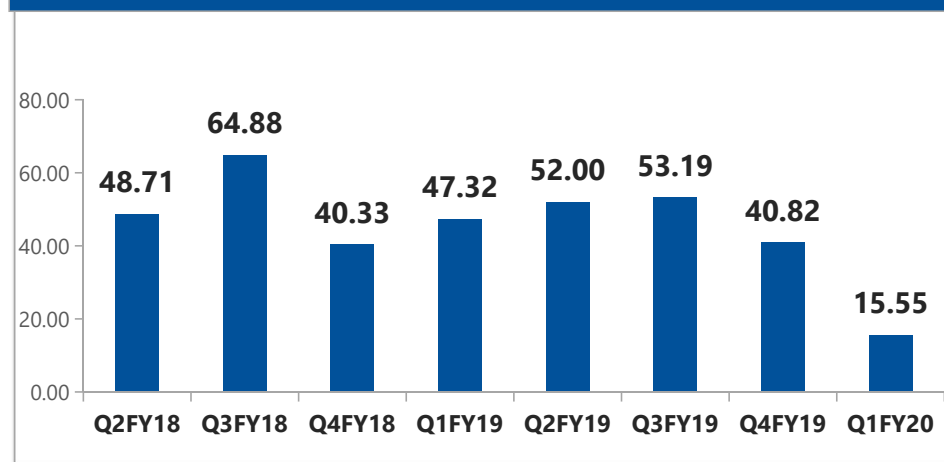
Wholesale Book - Large (Rs Cr)



Wholesale Book - Small (Rs Cr)



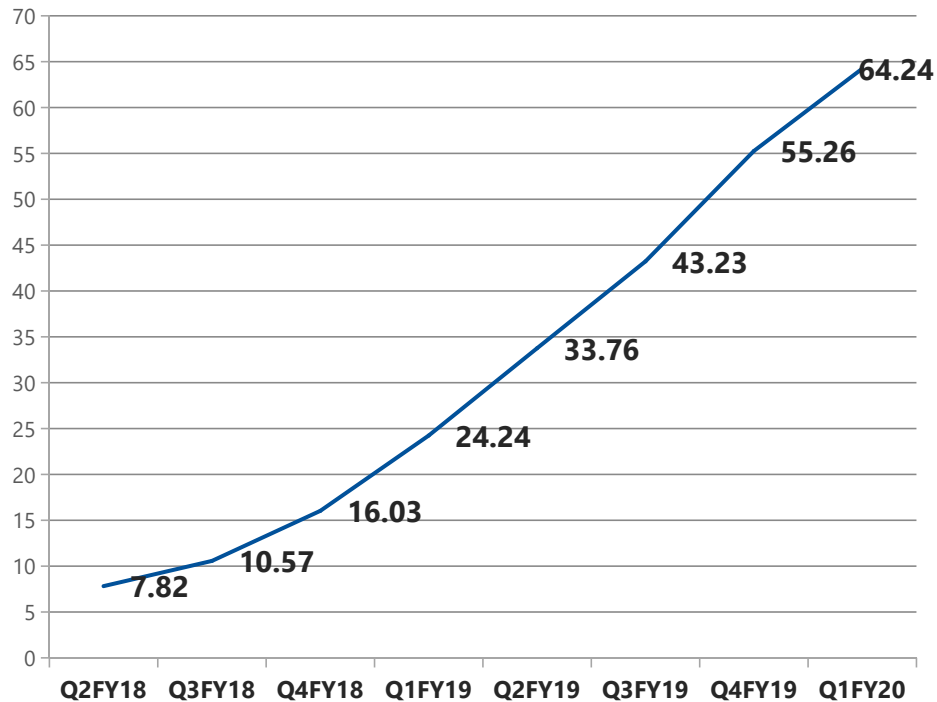
Wholesale Book – LAP/ MSME (Rs Cr)



SME Retail Lending Book

Assets Under Management (AUM)

Figures in INR Crores



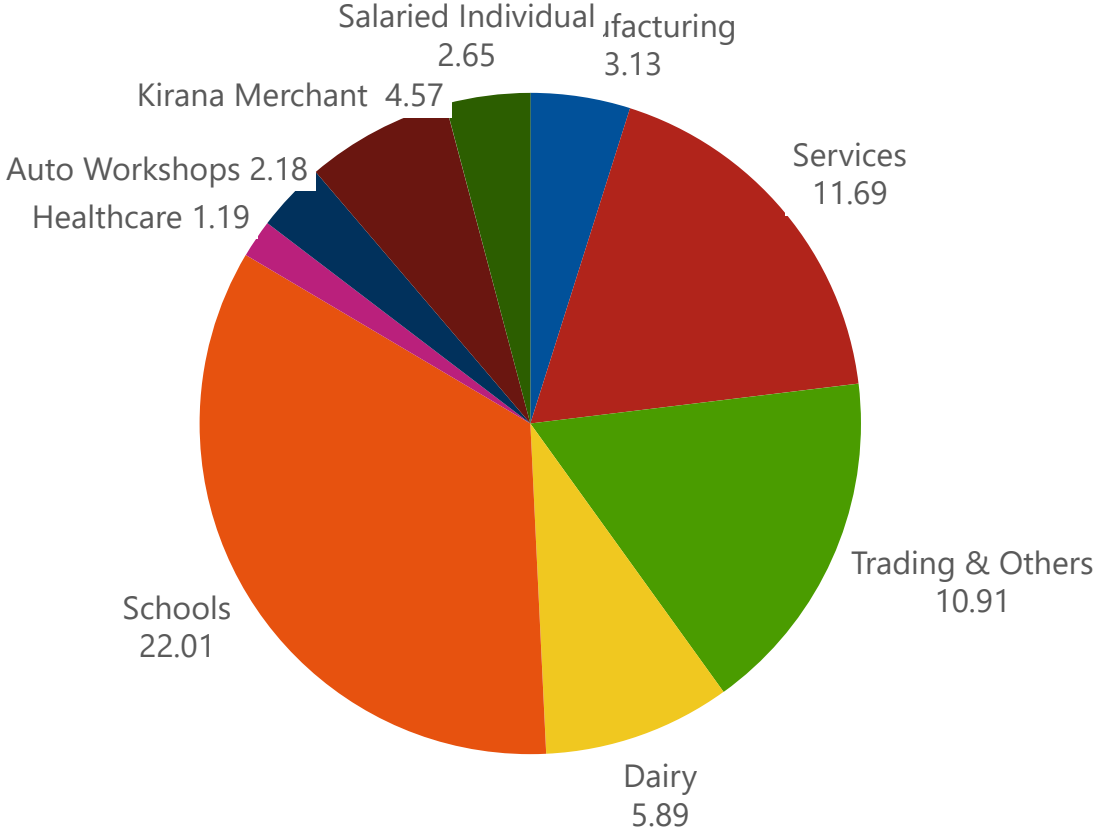
Business Approach

- ✓ Focus on increasing market presence in current geographies of north and west India.
- ✓ To increase market presence with hub and spoke model within existing 19 branches
- ✓ Continuous focus on minimalizing operational costs.
- ✓ Tailored product offerings to target customers in less penetrated and profitable geographies.
- ✓ 91% of the SME book is secured.
- ✓ Exposure in unsecured loans are largely in K-12 schools in Tier 2 and Tier 3 cities.
- ✓ These unsecured loans are capped to a ticket size of INR 5 Lacs

SME Retail Book- Industry Composition

Industry wise Composition

(INR Cr)



SME Retail Book – Operational Update

- AUM for SME Retail book in Q1 FY20 is INR 64 Cr & Net NPA is maintained at 0.33% during Q1 FY20 in the SME book
- AUM increased by 16% during Q1 FY20 vis-à-vis Q4 FY19
- During the first quarter of FY20, we have opened one branch in Bhilwara, Rajasthan making a total of 19 branches servicing our SME business.
- We aim to increase our market penetration by increasing our spoke locations through these 19 branches in tier 3 and tier 4 cities
- Increased business focus on up-scaling SME operations by improving branch throughput, salesperson productivity, standardize our processes with an aim to improve profitability at a branch level
- Focus is to grow SME loans to less riskier segments like schools and educational institutions
- Given vulnerable market situations, we have adopted stringent monitoring methods. Our loan accounts are being monitored at regular intervals through Cheque Bouncing Ratio, Delinquency Patterns and cash flow consistency of each loan account

Financial Snapshot

INR Cr

Metrics	FY20 Q1	FY19 Q1	FY19
Revenue	15.39	13.67	59.69
NII	12.07	10.25	42.91
PAT	6.54	6.17	25.15
Net worth	221.38	193.85	214.76
AUM	316.88	301.72	323.51
CAR	70%	64%	66%

Financial Update

- CSL Finance recorded an increase of 13% in revenues in Q1 FY20 vis-à-vis Q1 FY19
- Operating profit increased by 6% in Q1 FY20 vis-à-vis Q1 FY19
- Net interest income has increased by 18% Q1 FY20 vis-à-vis Q1 FY19
- AUM declined by 2% in Q1FY20 vis-à-vis Q4FY19. The main reason behind this decline is decrease in the wholesale portfolio from INR 268 Cr to INR 253 Cr in June'19 as the company is strategically aims to change the business mix by shifting the business focus Retail book from wholesale book. This is evident in the business composition as shown earlier
- Cash flows of wholesale segment are strong and can be used to fund the growth of the SME retail segment
- Company's low leverage is maintained with capital adequacy at 70% providing a lot of scope for additional fund raising
- Considering volatile industry environment we would maintain 5-7% of our cash reserves to mitigate contingent risks

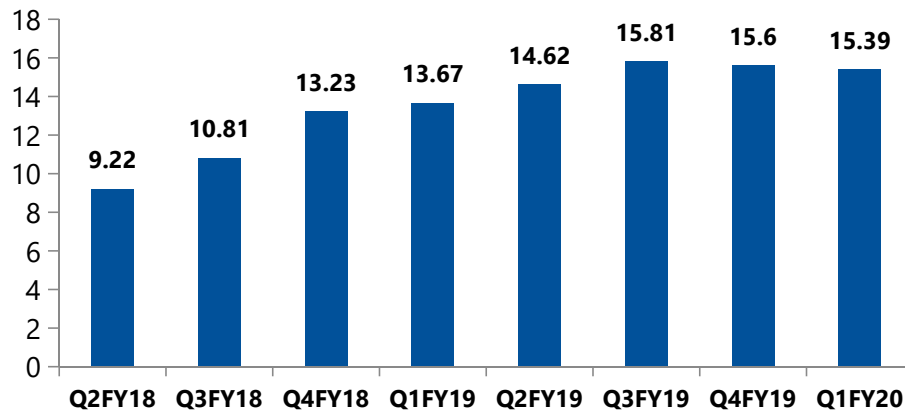
Ind AS vs IGAAP Comparative Results – Q1 FY20

Particulars	<i>INR CR</i>		
	Regrouped IGAAP	Adjustments	Ind AS
Revenue from operations			
Interest Income	15.75	(0.48)	15.27
Fees and commission Income	-	-	-
Recoveries of financial assets written off	0.06	-	0.06
(I) Total Revenue from operations	15.81	(0.48)	15.33
(II) Other Income	0.06	-	0.06
(III) Total Income (I+II)	15.87	(0.48)	15.39
Expenses			
Finance Costs	3.10	0.10	3.20
Fees and commission expense	-	-	-
Impairment on financial instruments	-	0.017	0.017
Employees Benefit Expenses	2.01	-	2.01
Depreciation, amortization and impairment	0.08	0.11	0.19
Other Expenses	0.90	(0.13)	0.76
(IV) Total Expenses	6.08	0.10	6.18
(V) Profit/(loss) before tax (III-IV)	9.78	(0.57)	9.21
Tax Expense:			
Current Tax	2.85	-	2.85
Deferred Tax	-	(0.17)	(0.17)
Previous year taxes	0.00	-	0.00
(VI) Income Tax Expense	2.85	(0.17)	2.67
(VII) Profit/(loss) after tax (V-VI)	6.94	(0.40)	6.53
Other Comprehensive Income			
Items that will not be reclassified to profit & loss			
(i) Remeasurement of the gain/(loss) of defined benefit plan	-	-	-
(ii) Tax on above	-	-	-
(VIII) Other Comprehensive Income	-	-	-
(IX) Total Comprehensive Income for the period (VII+VIII)	6.94	(0.40)	6.53

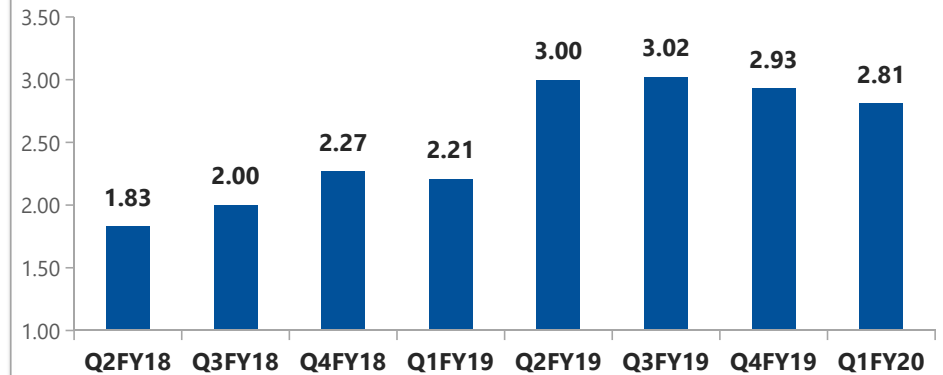
Financial Metrics

1

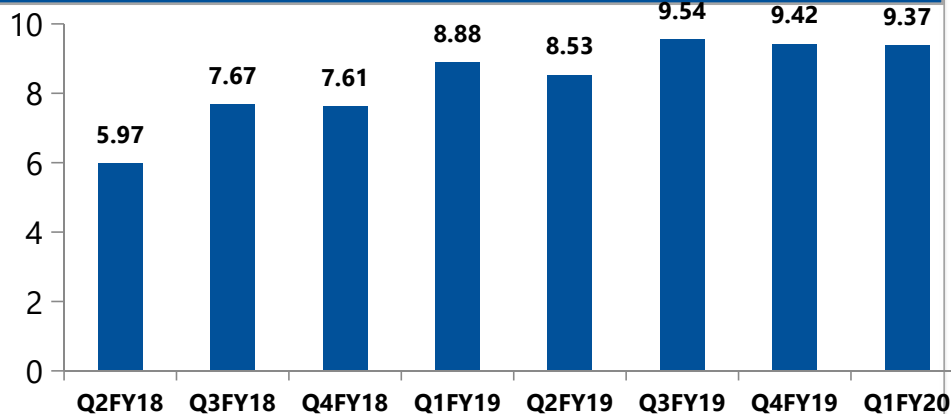
Total Income



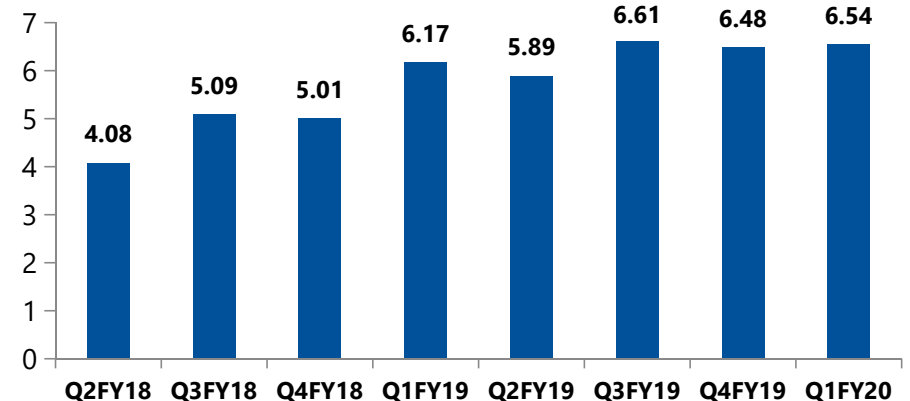
Operating Expenses (Rs Cr)



Pre Provisioning Profit Before Tax (Rs Cr)



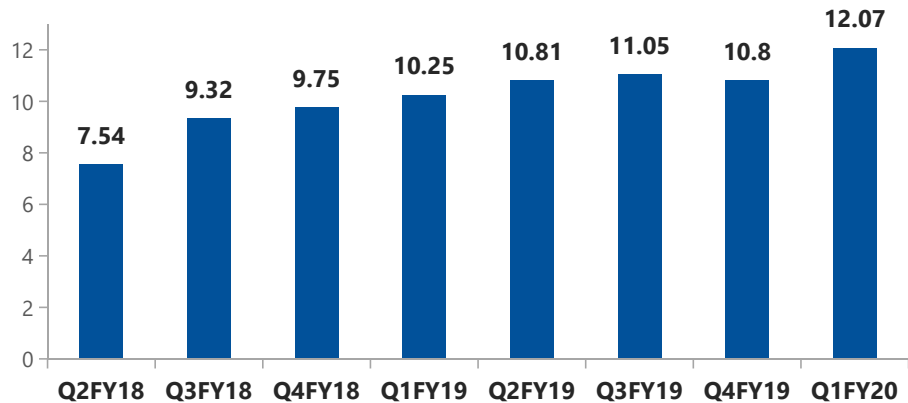
Net Profit (Rs Cr)



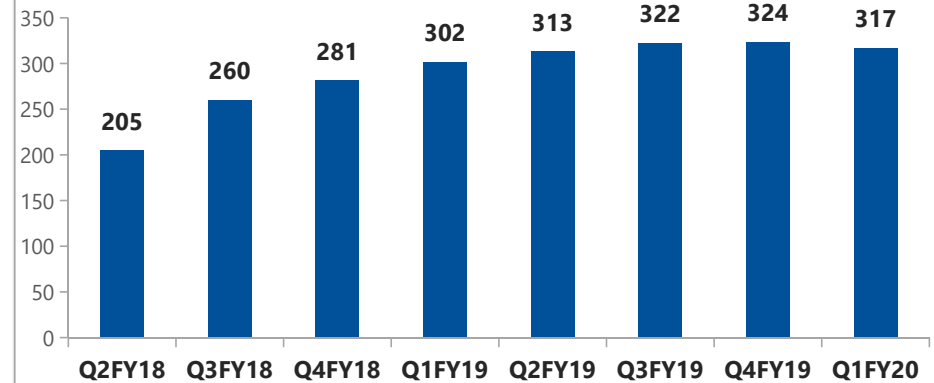
Financial Metrics (contd..)

2

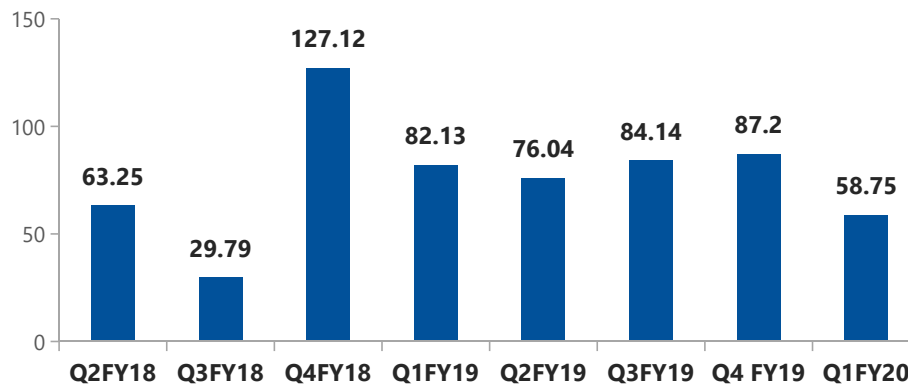
Net Interest Income (Rs.Cr)



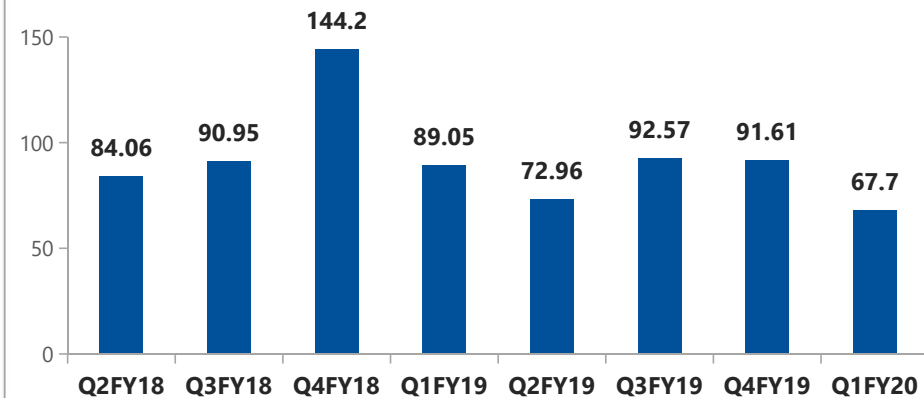
AUM – End of Quarter (Rs Cr)



Collections (Rs Cr)



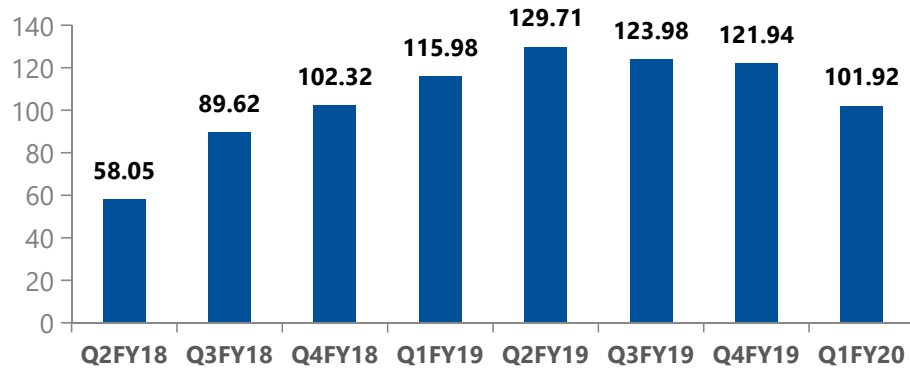
Disbursements (Rs Cr)



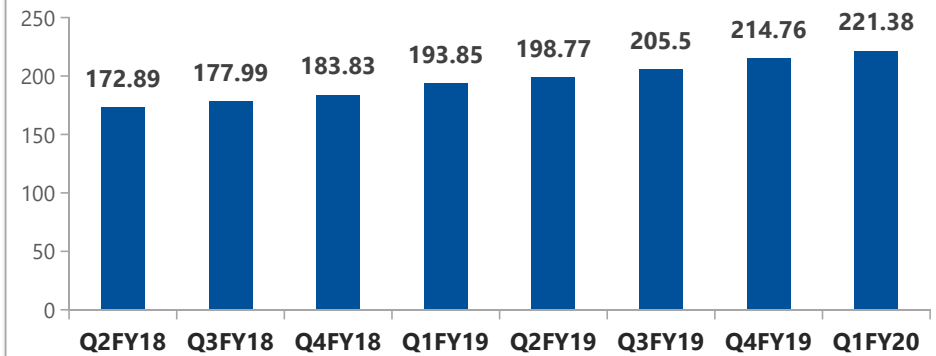
Financial Metrics (contd..)

3

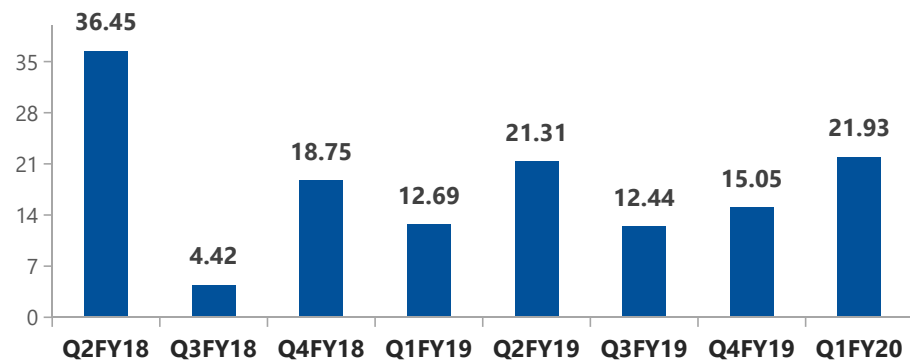
Borrowings (Rs Cr)



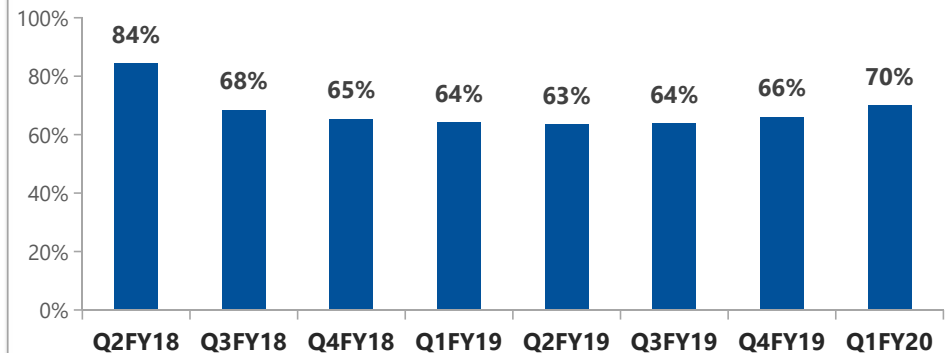
Net worth (Rs Cr)



Cash & Cash Equivalents (including undrawn CC limits) (Rs Cr)

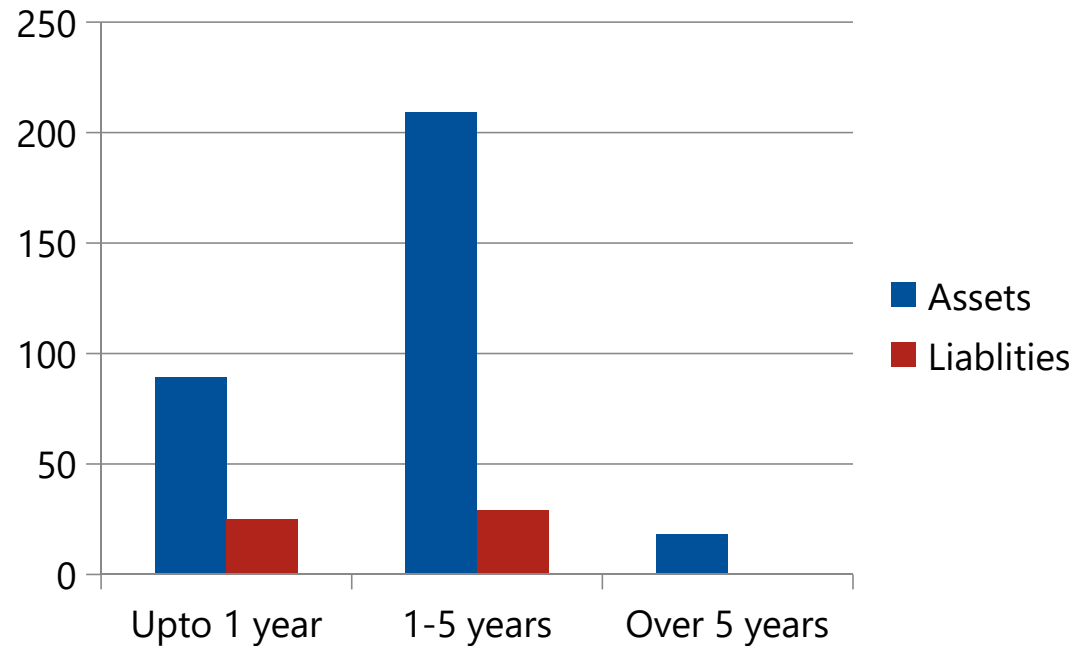


Capital Adequacy Ratio (%)



ALM Breakup

Maturity Pattern of Assets & Liabilities as on 30th June,2019
(INR Cr)



Note:

- **First bucket of upto 1 year includes CC limit and WCDL of INR 67 Cr which are renewable every year**
- **Last bucket of over 5 years includes Net worth of INR 221.38 Cr**

Debt Profile as on 30th June, 2019

Lender's Name	Facility Type	Sanction Period	O/st Loan Amount (in INR CR)
Tourism Finance Corporation of India Ltd	Term Loan	Nov'17	20
TATA Capital	Term Loan	May'18	4
AU Small Finance Bank	Term Loan	Aug'18	15.56
AU Small Finance Bank	Term Loan	June'17	3.61
State Bank of India	Term Loan	Sep'17	11
State Bank of India	Cash Credit	Sep'17	12.13
AU Small Finance Bank	Revolving Credit	Mar'17	-2.63
State Bank of India	Working capital	Sep'17	37
Grand Total			100.67

Operational Update

- Continuous and rigorous review of all loan accounts considering vulnerable market conditions
- Considering the adverse market condition, we are focusing on the improving the quality of our book and are more selective in our disbursements
- FinnOne LOS and LMS systems are now being actively used for generating reports. This has enabled us to have better data management & analytics, improved process controls helping improve our strategic decision making
- Zero Delinquency maintained in wholesale book while there was minimal NPA of 0.33% on SME book
- Following a Cluster based branch approach to increase the penetration of the SME Retail business
- Loans through direct sourcing have considerably increased in Q1 FY20
- Increasing exposure to K-12 schools in the SME segment, as we consider it a low risk segment
- As on 30th June 2019 , the total employee strength is 153
- Given the challenges faced in debt raising for NBFCs, we do not plan any significant branch expansion in the coming year
- The performance of all our wholesale loan accounts have been consistent and its quality is highlighted by the fact that we have been able to maintain zero delinquency in FY19 and Q1 FY20 in spite of the challenges faced by the real estate sector

Thank You



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- 110005

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