



**CSL Finance  
Limited**

CIN: L74899DL1992PLC051462

Date: 13.02.2020

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.

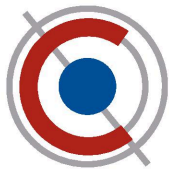
This is for your information and record.

**For CSL Finance Limited**



**Akash Gupta  
Company Secretary**

Encl: a/a



CSL Finance  
Limited

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



# FY20 Q3 - Update

December 2019

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# Company Snapshot



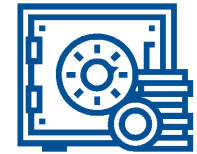
**Listed on Bombay  
Stock Exchange**



**Delhi based NBFC with  
AUM of Rs 318 Cr as on 31<sup>st</sup>  
Dec-19**



**Wholesale housing book of  
INR 248 Cr & SME Retail  
book of INR 70 Cr.**



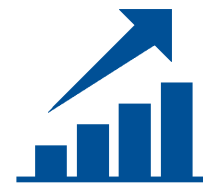
**98% of loan  
book is secured**



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



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

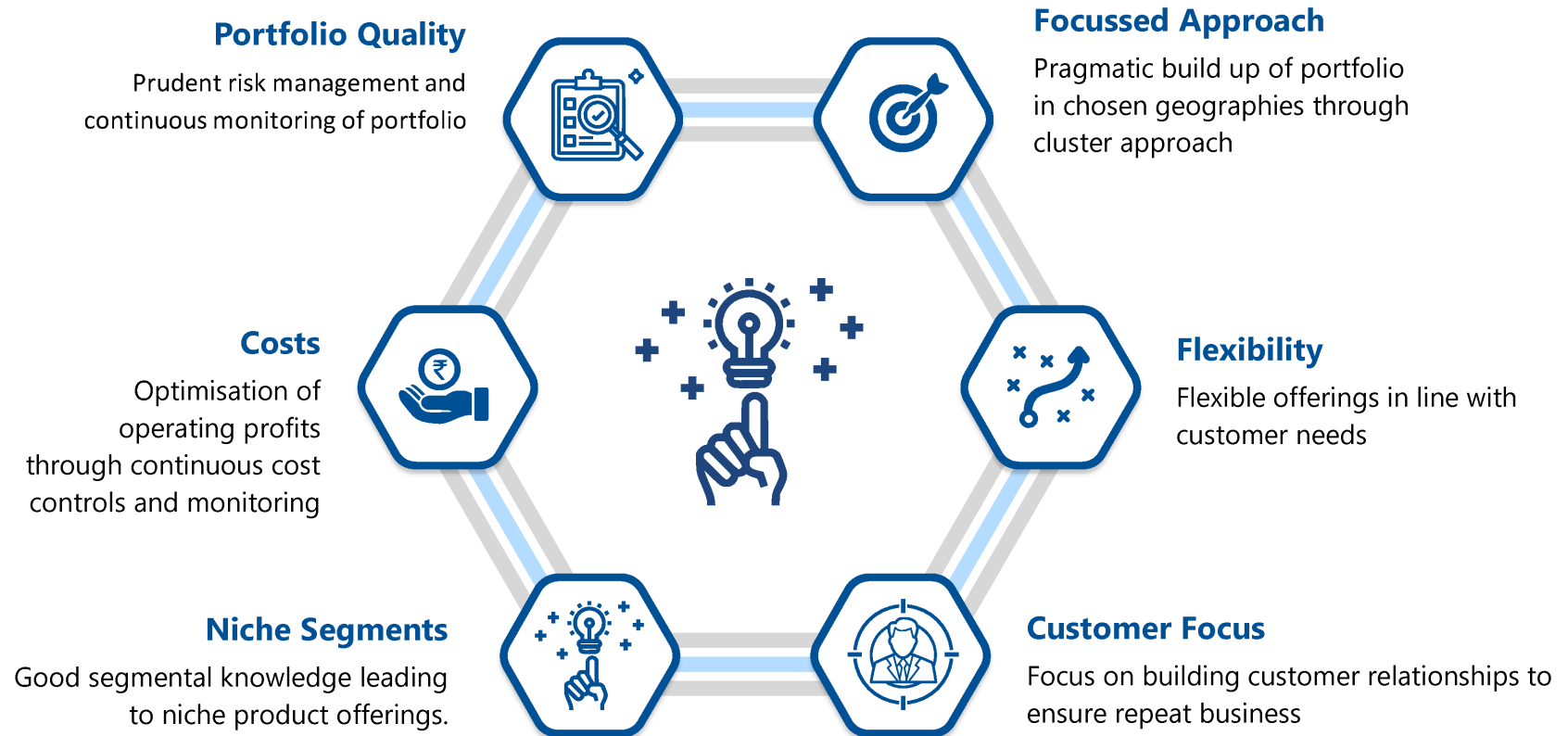


**High CAR  
of 72%**



**BBB rating  
from CARE**

# Business Strategy



# Our Presence

States Present	
Delhi	
Haryana	
Punjab	
Uttrakhand	
Rajasthan	
Gujarat	



Map not to scale, for representation purposes only

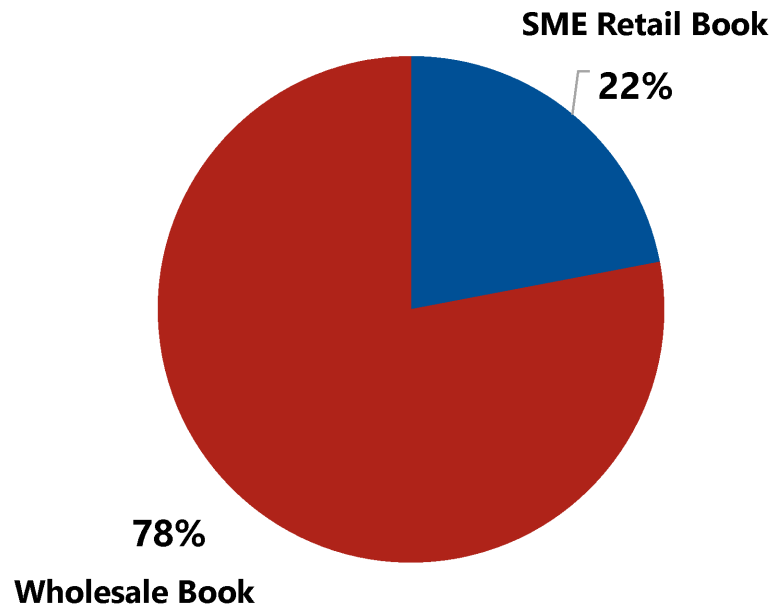
# PRODUCT PORTFOLIO

Product Category	Book Size (Rs Cr) Q3 FY20	Customer Segment
<b>Wholesale Lending</b>		
<b>Wholesale Large</b>	<b>138.21</b>	Structured loans given to corporates into Group housing and affordable group housing projects
<i>Mid Income Group Housing</i>	68.15	<i>Structured loans given to corporates into mid income Group housing</i>
<i>Affordable Group Housing</i>	68.24	<i>Structured loans given to corporates into affordable group housing projects with apartment ticket size of less than INR 25 lacs</i>
<i>Commercial</i>	1.82	<i>Structured loans given to small commercial projects</i>
<b>Wholesale Small</b>	<b>93.27</b>	Loan facility given to Small Builders, engaged in development of Single Plotted Projects/Individual Apartments in Delhi NCR
<b>Wholesale LAP</b>	<b>16.65</b>	Loans granted to Corporate Houses/Business Group engaged in multiple business activities other than real estate
<b>Total Wholesale Book</b>	<b>248.13</b>	
<b>Retail Lending</b>		
<b>SME - Secured</b>	<b>63.01</b>	Loan extended to Kirana stores, Traders, Schools and other boutique small shops and merchants backed by owned property as collateral
<b>SME – Unsecured</b>	<b>7.09</b>	Small ticket loans mainly to K-12 schools in Tier 2 and Tier 3 cities
<b>Total SME Retail Book</b>	<b>70.10</b>	
<b>Total AUM</b>	<b>318.23</b>	

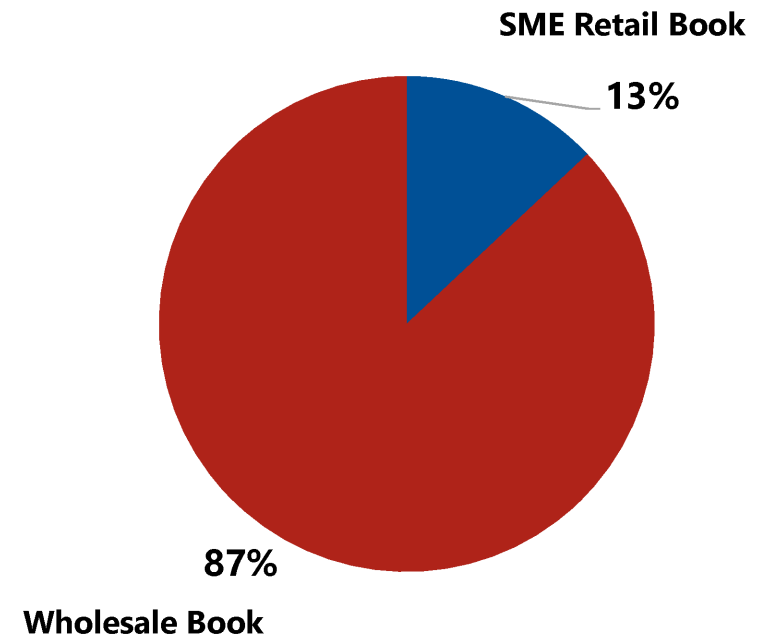
*\*Figures for FY20 Q1,Q2,Q3 is as per IND AS whereas all the previous quarter figures are as per IGAAP. AUM as per IND AS for Q2 & Q3 is INR 315 Cr due to adjustments because of the transition phase*

# AUM Composition

**Q3 FY20**



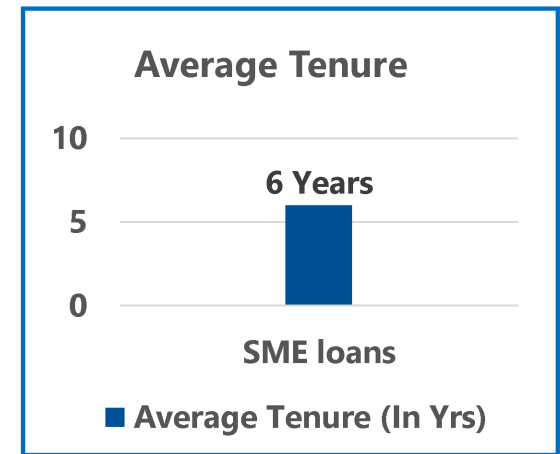
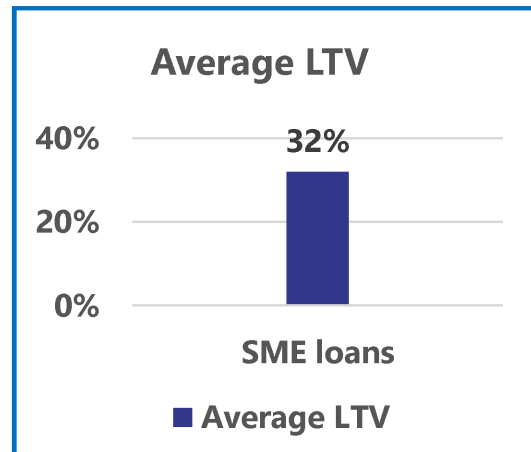
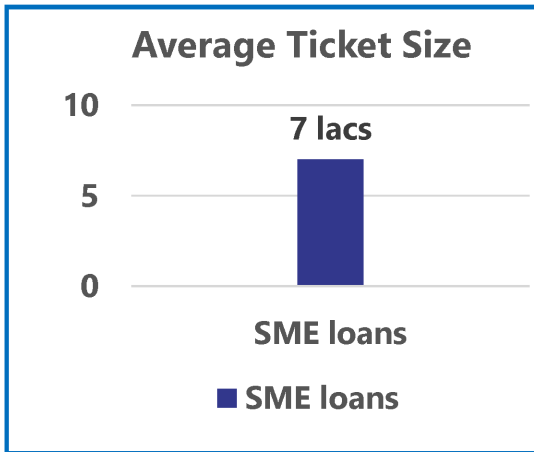
**Q3 FY19**



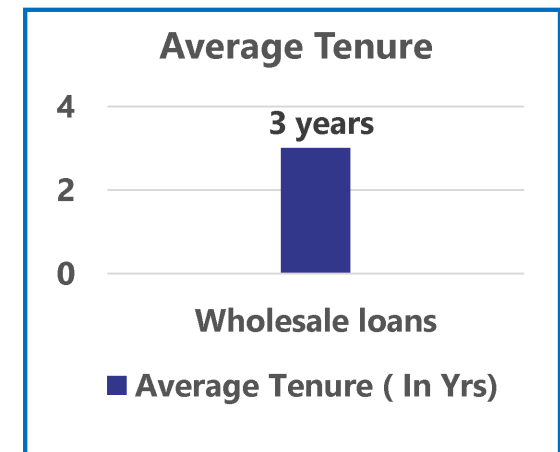
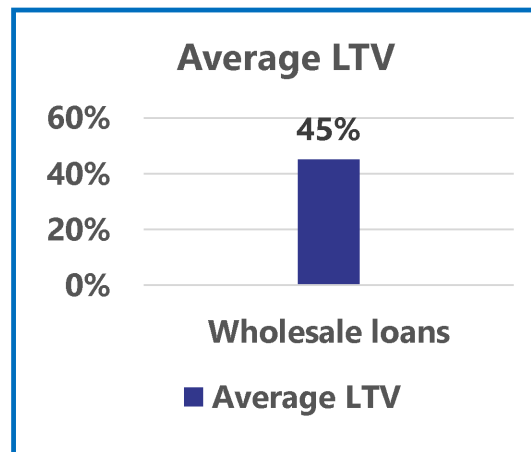
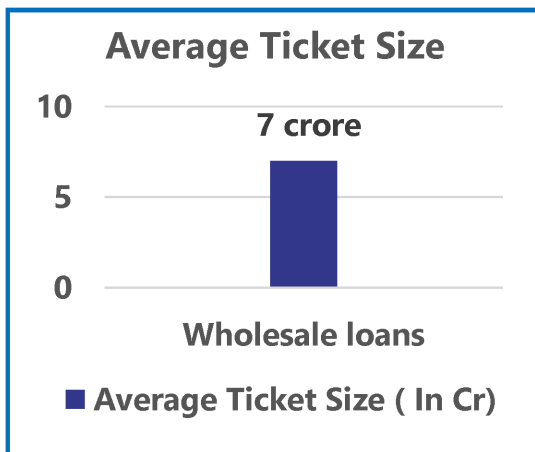


# LOAN MATRIX as on 31<sup>st</sup> Dec 2019

## SME Loan Matrix



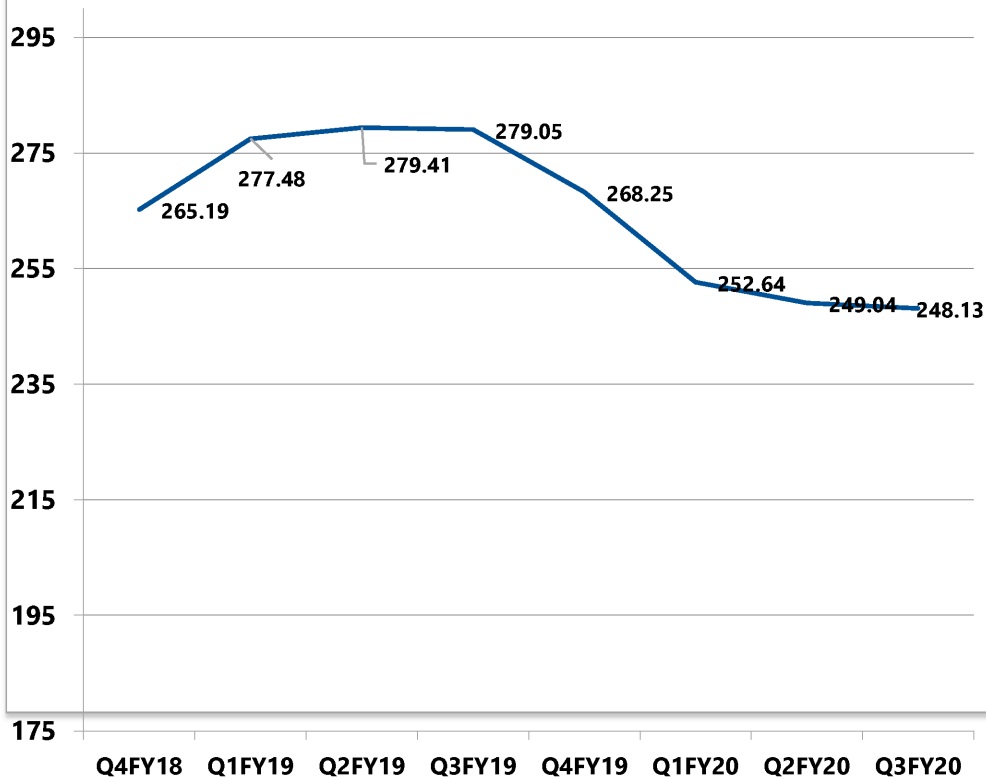
## Wholesale Loan Matrix



# Wholesale Lending Book

## Assets Under Management (AUM)

Figures in INR Crores

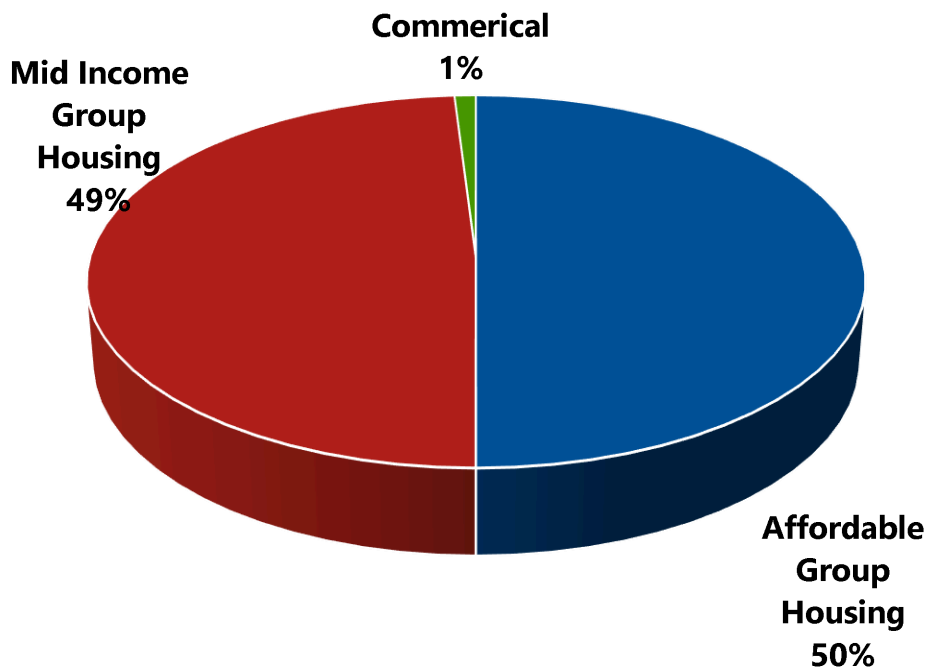


## Business Approach

- ✓ Focused approach with concentration in limited geographies helped to gain better knowledge, control & monitoring
- ✓ Market Penetration with conscious selection of customers
- ✓ Structured deal basis future cash flow & flexible repayment cycle that suits customer requirement
- ✓ Sufficient collateral cover is minimum 2X times maintained through complete life cycle of loan
- ✓ Risk Mitigation through last mile financing & identifying projects with high proportion of committed receivables
- ✓ Collections through escrow mechanisms ensuring consistent cash flows.
- ✓ Continuous monitoring through monthly site visits and project reviews.
- ✓ Suitable early warning mechanism to identify any negative signals & take corrective step

# Wholesale Large Book ( WS Large)

## Wholesale Large Portfolio



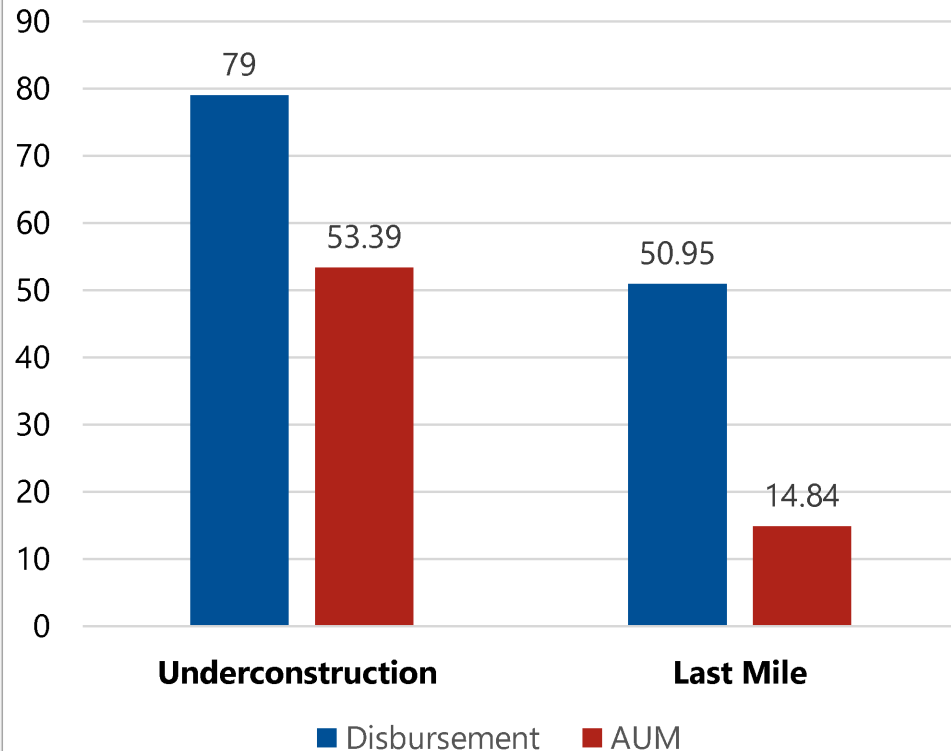
## Segment Update

- ✓ WS Large book mainly consists of Group housing projects of mid income & affordable segment concentrated in Northern Region of India
- ✓ Total AUM of WS large book is INR 138.21 Cr as on 31<sup>st</sup> Dec 2019. There are 19 loan accounts with 14 reputed developers in WS large portfolio spread across Delhi NCR
- ✓ Out of the total 19 loan accounts in WS large book, 49% are in mid income group housing segment , 50% is affordable group housing segment and a small portion of 1% belongs to commercial projects

# WS Large –Affordable Housing

## Affordable Group Housing

Figures in INR Crores



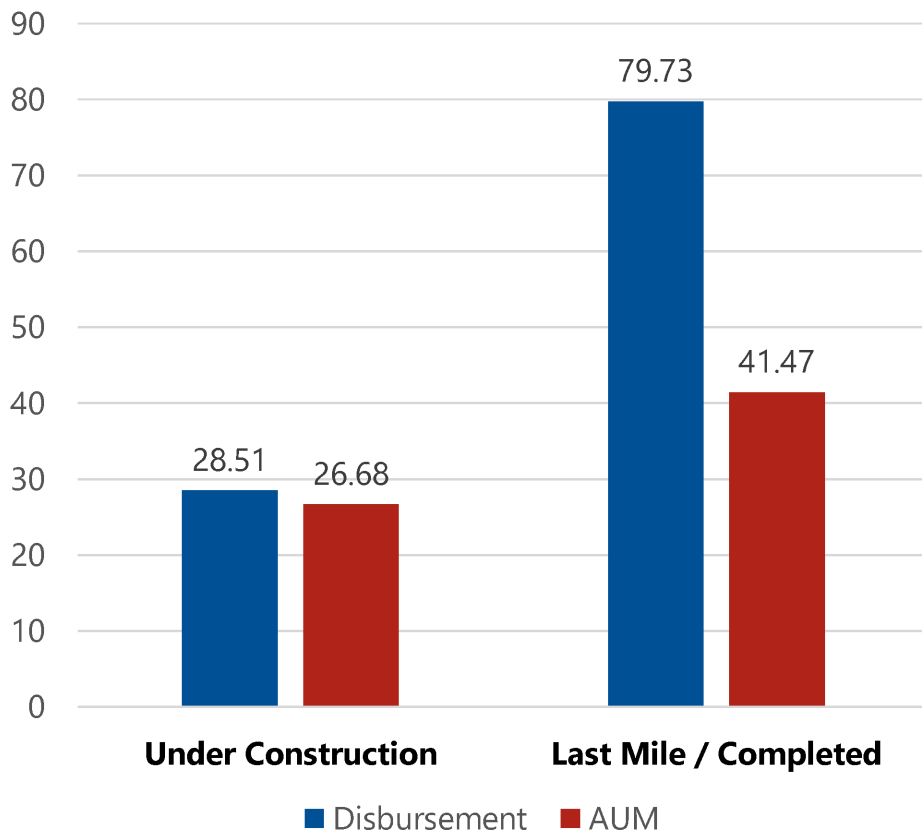
## Segment Update

- ✓ Projects with average unit cost less than 25 lacs, high saleability and large customer reach due to higher affordability
- ✓ It constitutes of 27% (INR 68.24 Cr) of total Wholesale book (AUM)
- ✓ Until now 7 Affordable Housing Projects have been funded out of which 1 projects is completed & delivered. Rest are under construction
- ✓ Comfort of fully paid land with 75- 90% inventory sold at the time launch. These newly launched projects are strategically located in habitable area & hence at the launch of these project 75-90% units are already sold. Therefore, cash flows from the project are ascertained at the launch stage, which help us to get the timely repayment of loan facilities
- ✓ Least chance of cash flows mismatch as these projects have inherent feature of time linked payment plan, governed under govt. policy and good collection efficiency of 80%-90%
- ✓ Affordable housing projects are selling well because of government support, interest subsidy schemes and easy availability of housing loans
- ✓ We are not witnessing any challenge in any account

# WS Large – Group Housing

## Residential Mid Income Group Housing

Figures in INR Crores



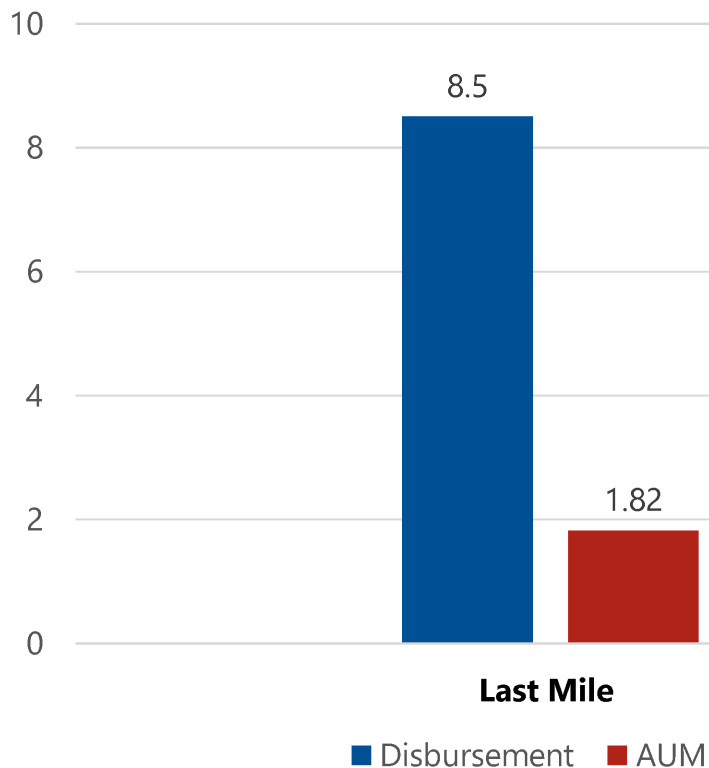
## Segment Update

- ✓ Projects with average ticket size of INR 30- 50 lacs majorly focusing on mid segment income group
- ✓ Consistent demand due to easy affordability and ready to move inventory
- ✓ It constitutes of 49% (INR 68.15 Cr) of total wholesale book (AUM)
- ✓ CSL has funded 12 Projects under Group Housing Projects with total exposure of INR 68.15 Cr and all projects have completion stage of 80-100%
- ✓ Reasonable Sales Velocity in all projects in between 5-10 flats per month
- ✓ Sound Cash flow with no challenge being witnessed in any account

# WS Large –Commercial Projects

## Commercial Projects

Figures in INR Crores



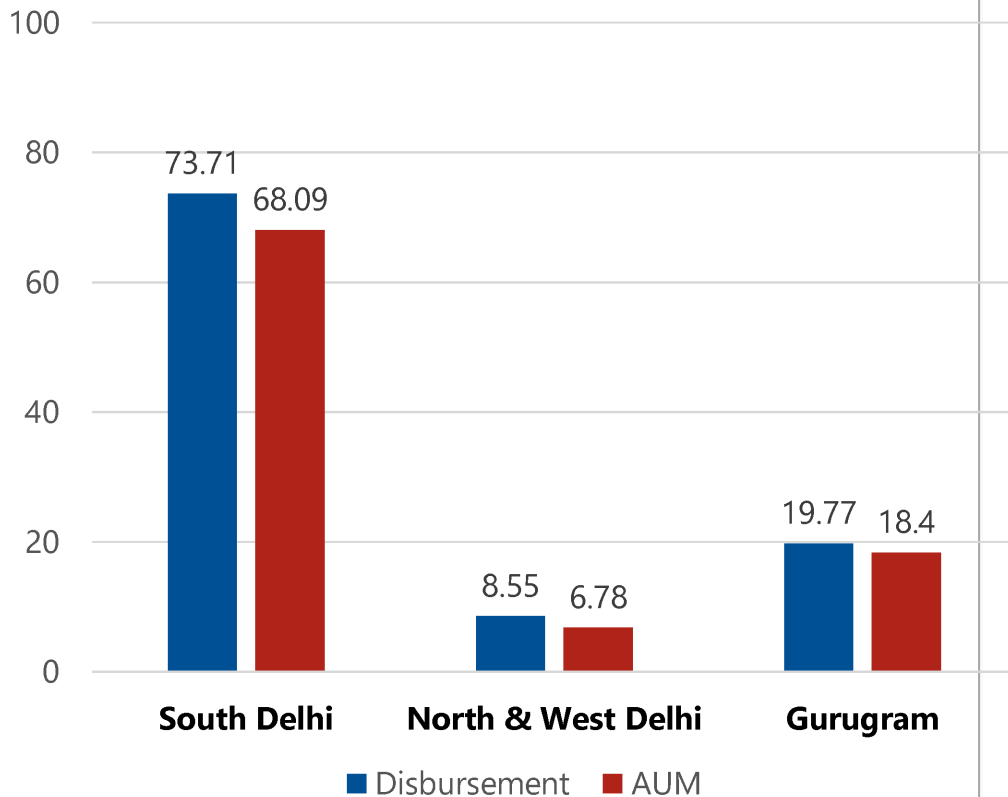
## Segment Update

- ✓ This segment consists of small commercial Projects with retail shops cum office spaces
- ✓ It constitutes only 2 projects i.e. approx. 1% (INR 1.82 Cr) of total Wholesale book (AUM)
- ✓ Both the projects are completed and fully sold, and possession has been offered to customers
- ✓ These projects are developed by reputed developers of Delhi NCR and strategically located at habitable places
- ✓ Both the loans are paid in advance in comparison to their schedule and no challenge with balance exposure being backed by committed receivables

# WS Small – Small Builder Loans

## Small Builder loans

Figures in INR Crores



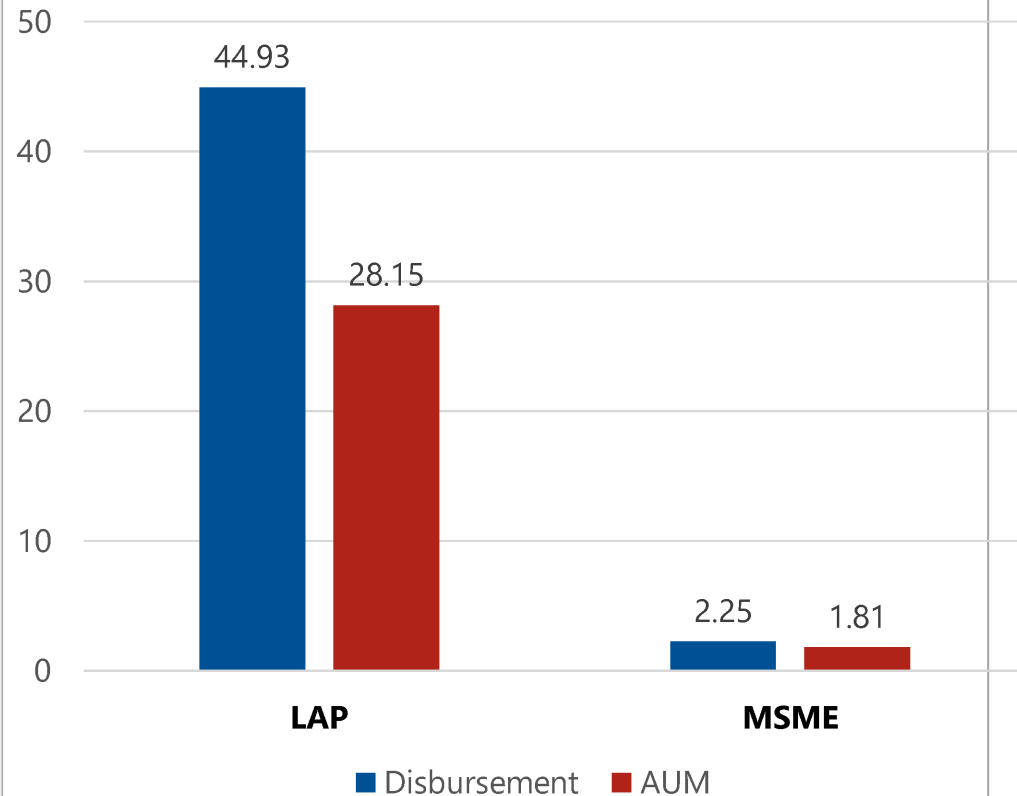
## Segment Update

- ✓ 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 73% share, 20% in Gurgaon and just 7% in North & West Delhi
- ✓ Total AUM of the WS Small book is INR 93.27 Cr. There are 34 accounts which are spread across 22 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
- ✓ The Repayments in Builder Floor Loans are lumpy and tend to get repaid within a 12-24-month period in form of bullet payments
- ✓ Risk of non completion of project is minimal. Also, there are minimal regulatory compliances as these projects rarely 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 16.65 Cr which is just 7% of the total wholesale book (AUM)
- ✓ It has 8 different borrowers having diversified business activities
- ✓ Our experience in this product is that cash flow mismatches occur and can impact the repayment schedules of our loans
- ✓ Funding will be done based on the opportunity, but it is not a focus segment



# Wholesale Lending Book – Risk Management Framework

## 1 Presence in select markets

- Presence in selected pockets of Delhi 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

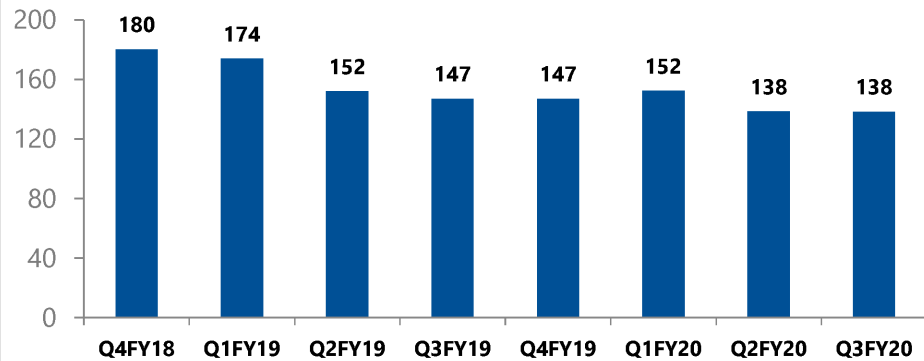
- Robust due diligence
- Extensive credibility check includes profile, project and market screening and assessment of market supply demand trends.
- Each deal is structured uniquely based on project requirements
- Charge on multiple assets with minimum security cover of 2X

## 3 Constant monitoring/review

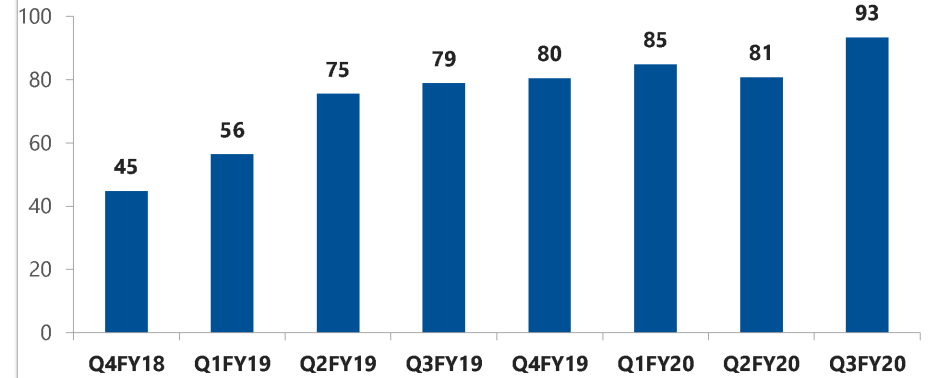
- Dedicated resources for asset monitoring
- Bi-monthly site visits to review/assess project progress
- Review of sales, inventory, market price, costs
- Detect early warning signals; initiate required steps, increase engagement
- Wherever required Initiate early legal actions for faster repayments

# Wholesale Book – Product Breakup

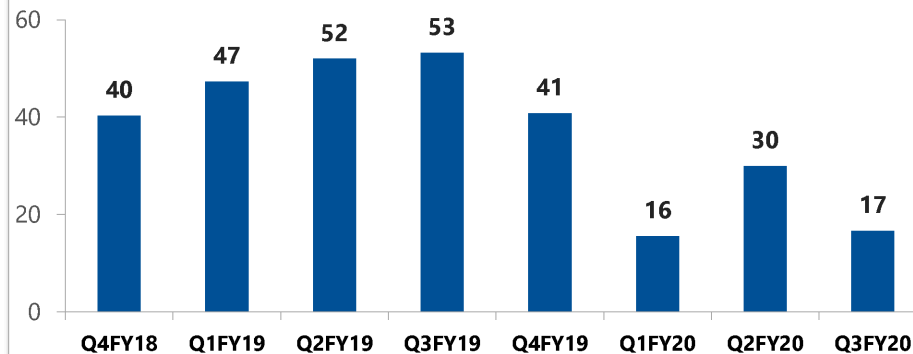
## Wholesale Book - Large (Rs Cr)



## Wholesale Book - Small (Rs Cr)



## Wholesale Book – LAP/ MSME (Rs Cr)



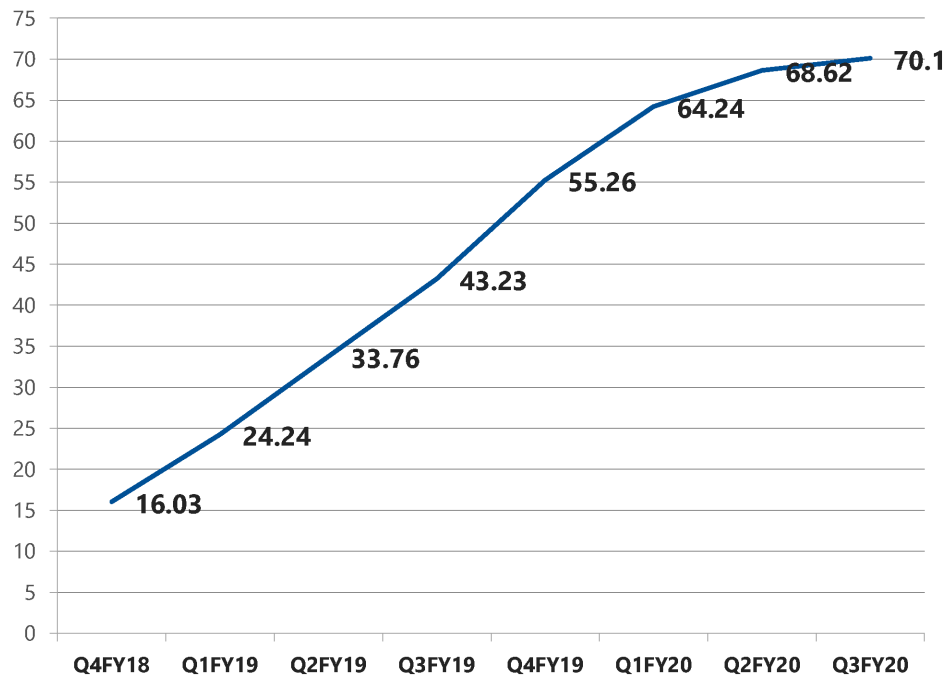
# Wholesale Lending Book – Operational Update

- AUM of Wholesale Lending Book in Q3 FY20 is INR 248 Cr. The Wholesale book is performing well and no specific loan is facing any challenge in terms of delinquency or NPA
- We have aimed to do conservative structuring of loans, to align the repayments with the Cash flows to ensure that repayment is done in a timely manner.
- The AUM of the wholesale book has decreased by 11% during Q3 FY20 vis-à-vis Q3 FY19, as part of our strategy to change our product portfolio mix
- With our wholesale lending book doing extremely well we are still facing challenges in terms of perception of credit rating agencies and lenders who have turned cautious on the wholesale lending segment over the last one year. Given the challenges we are not aiming to grow the Wholesale Book, but are selectively disbursing high-quality loans to maintain our presence in the market
- The Wholesale Loan book is generating sound cash flows, which help us to fund the growth of our SME Retail Lending book and we are not forced to raise additional debt at higher costs
- Our wholesale lending model has been validated in the tough environment. A large part of this performance is driven by our strategy of focus on smaller ticket size, last mile funding given to developers with limited no of projects. We further aimed to make our portfolios safe by focusing on affordable housing projects (Unit ticket sizes of INR 15-25 lakh)
- Our funding to builders engaged in development of Single Plotted Projects/Individual Apartments with lower LTV, has also performed well. We have further expanded this product offering to Gurugram from South Delhi

# SME Retail Lending Book

## Assets Under Management (AUM)

Figures in INR Crores

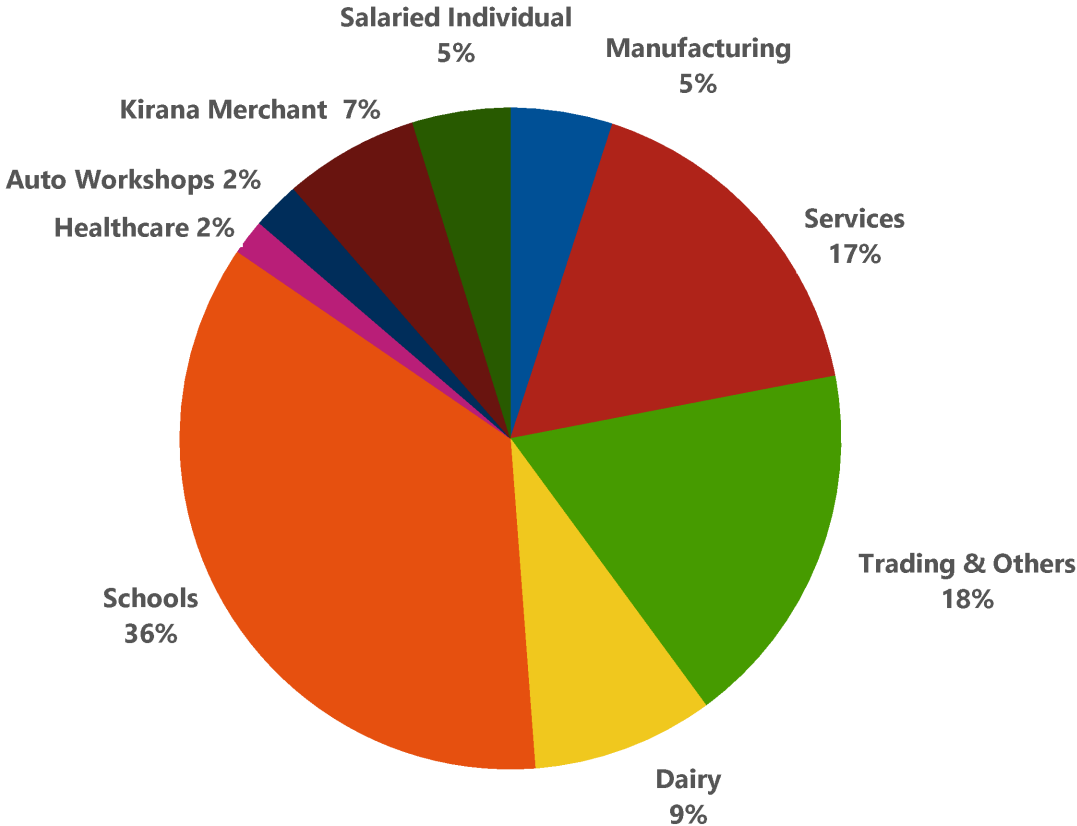


## Business Approach

- ✓ 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.
- ✓ 90% 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



# SME Retail Book – Operational Update

- AUM for SME Retail book in Q3 FY20 is INR 70 Cr & Net NPA is maintained at 2.13% during Q3 FY20 in the SME book
- AUM for SME Retail book has almost doubled during Q3 FY20 vis-à-vis Q3 FY19
- The net disbursements have been less in this quarter, as we had seen abnormally high premature foreclosures in our SME segment due to balance transfers
- We have documented our policies and procedures are being derived in order to standardize our processes and we people are being trained to follow these policies and procedures
- We are in the phase of implementing M-Collect and we expect this will improve our collection process and reduce costs over time
- We aim to have a Cluster based branch approach to increase the penetration of SME Retail business
- As on 31<sup>st</sup> Dec 2019 , the total employee strength is 175

# Financial Snapshot

*INR Cr*

<b>Metrics</b>	<b>FY20 Q3</b>	<b>FY19 Q3</b>	<b>FY19</b>
<b>Revenue</b>	15.53	15.81	59.69
<b>NII</b>	11.98	11.05	42.91
<b>PAT</b>	6.87	6.61	25.15
<b>Net worth</b>	230.74	205.50	214.76
<b>AUM</b>	318	322	324
<b>CAR</b>	72%	64%	66%

# Financial Update

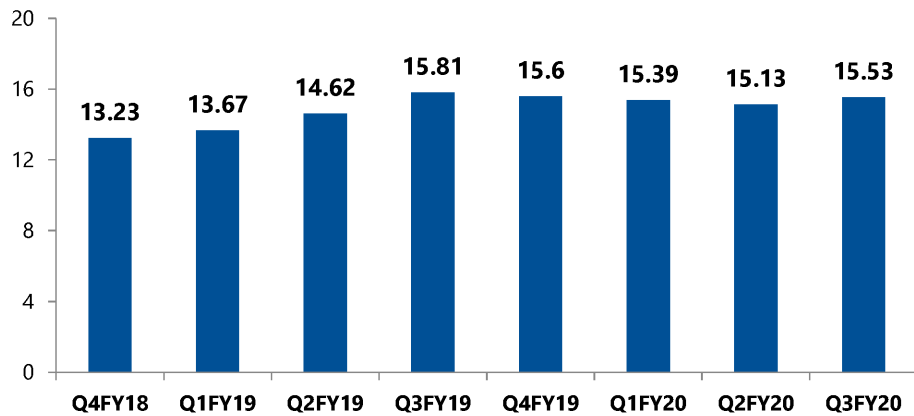
- CSL Finance recorded a decrease of 2% in revenues in Q3 FY20 vis-à-vis Q3 FY19
- Operating profit increased by 4% in Q3 FY20 vis-à-vis Q3 FY19
- Net interest income has increased by 8% Q3 FY20 vis-à-vis Q3 FY19
- AUM decreased by 1% in Q3FY20 vis-à-vis Q3FY19.
- Cash flows of wholesale segment are strong and can be used to fund the growth of the SME retail segment
- Company's low leverage is maintained with capital adequacy at 72% 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



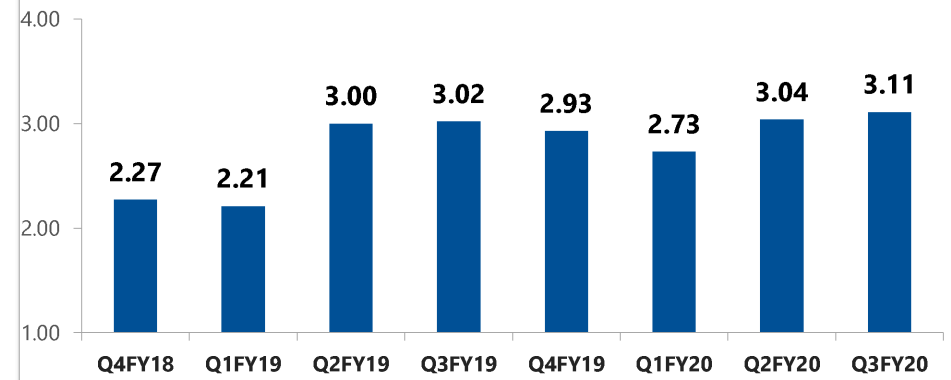
# Financial Metrics

1

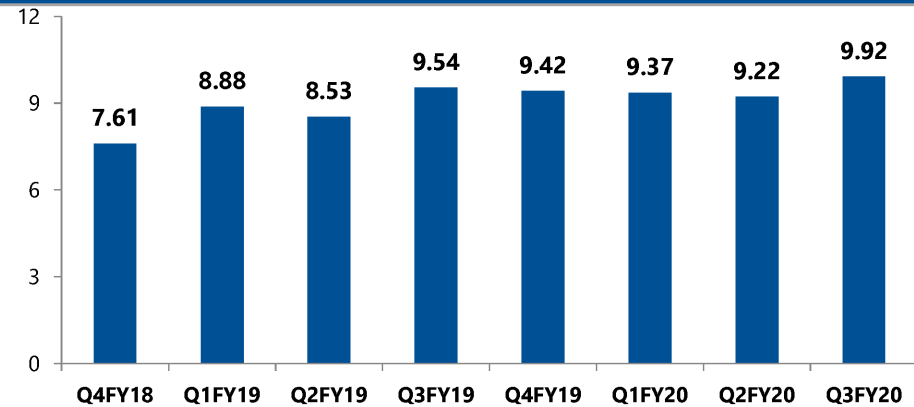
### Total Income (Rs Cr)



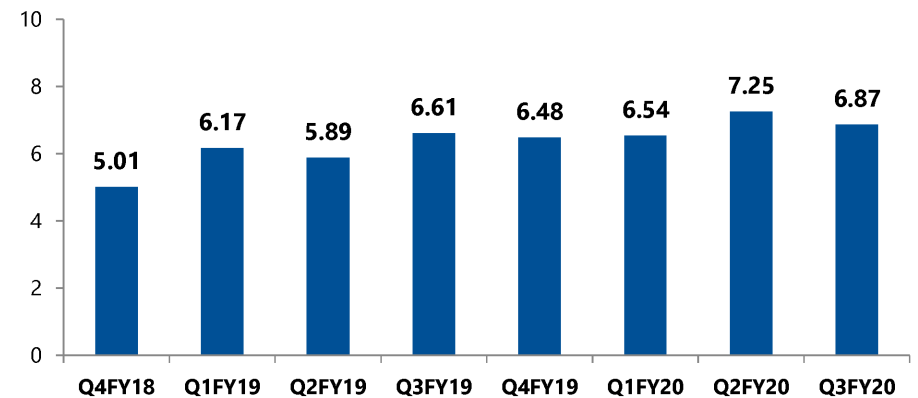
### Operating Expenses (Rs Cr)



### Pre-Provisioning Profit Before Tax (Rs Cr)



### Net Profit (Rs Cr)

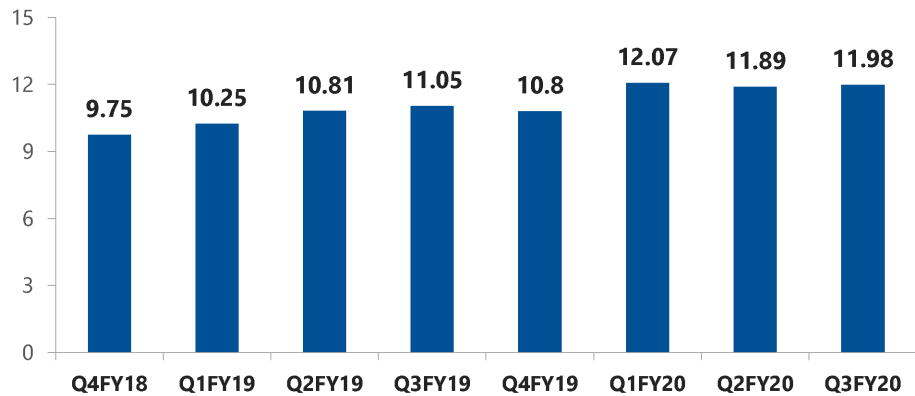


\* Q4 FY18 , Q1, Q3, Q3 , Q4 of FY19 and Q1, Q3 FY20 costs does not include INR 0.83 Cr, INR 0.12 Cr, INR 0.12 Cr, INR 0.12 Cr, INR 0.15 Cr, INR 0.08 Cr, NR 0.08 Cr as employee compensation on account of ESOP respectively

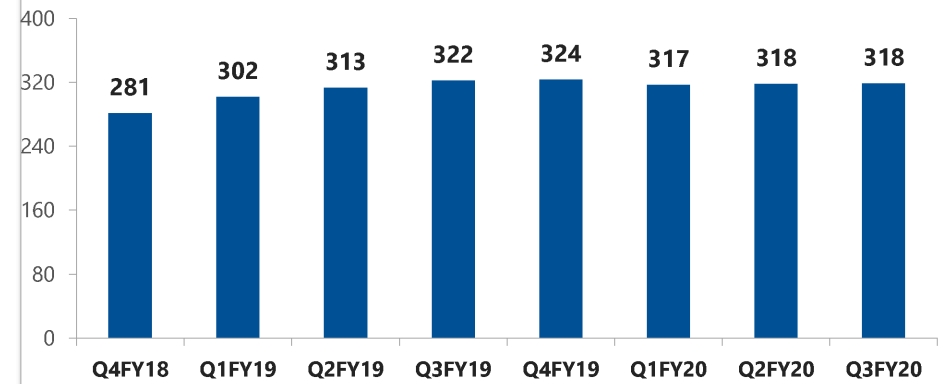
# Financial Metrics (contd..)

2

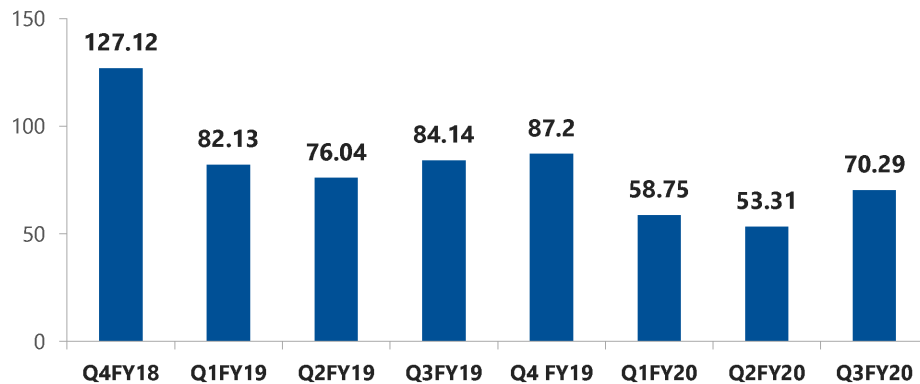
### Net Interest Income (Rs Cr)



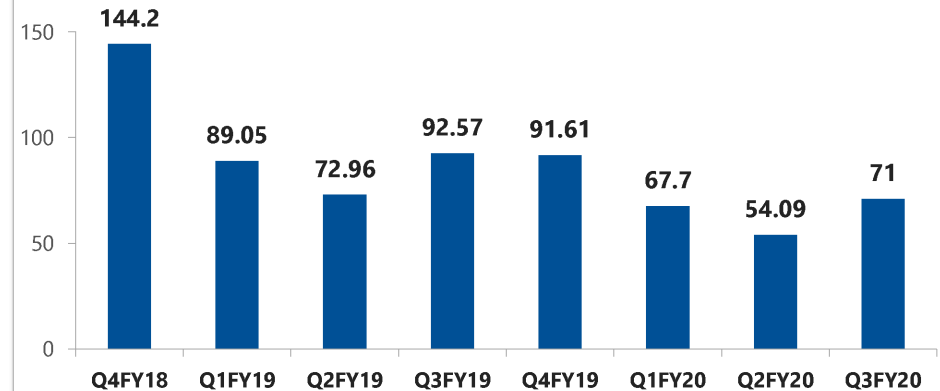
### AUM – End of Quarter (Rs Cr)



### Collections (Rs Cr)



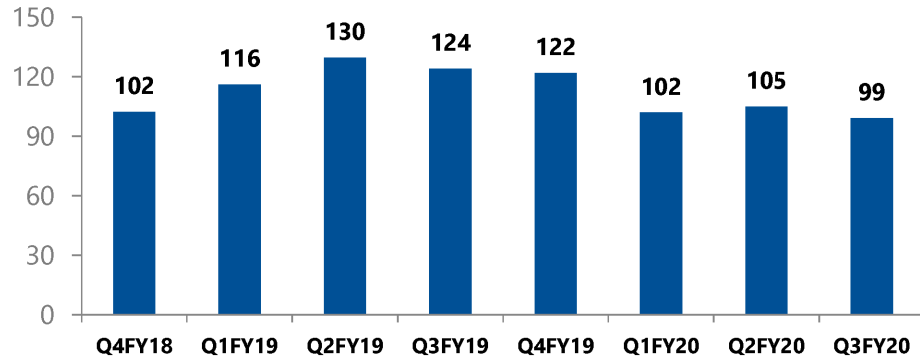
### Disbursements (Rs Cr)



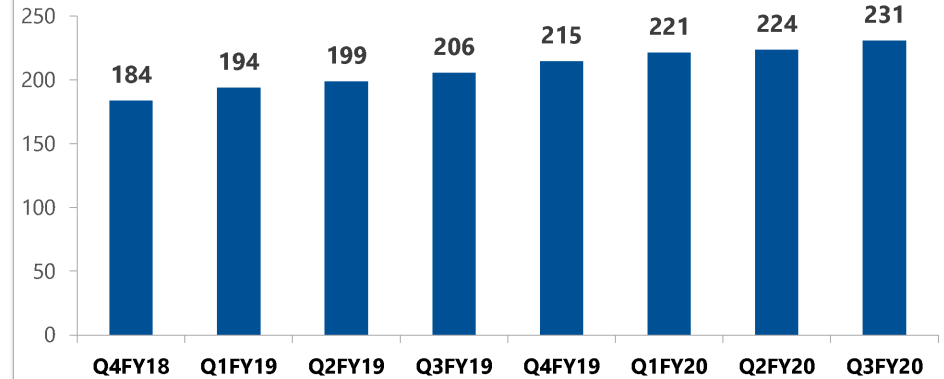
# Financial Metrics (contd..)

3

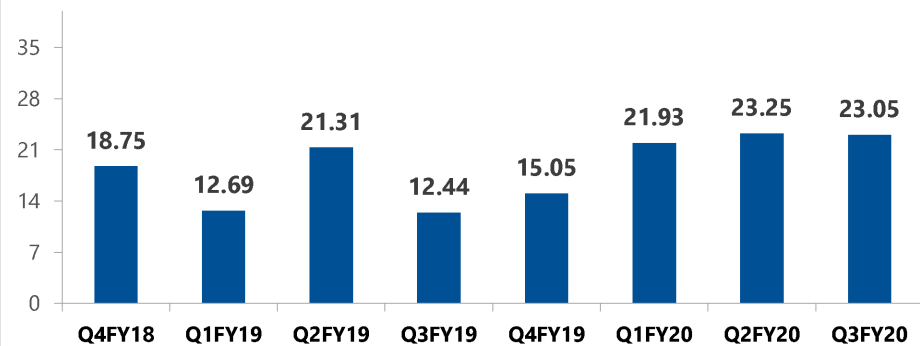
### Borrowings (Rs Cr)



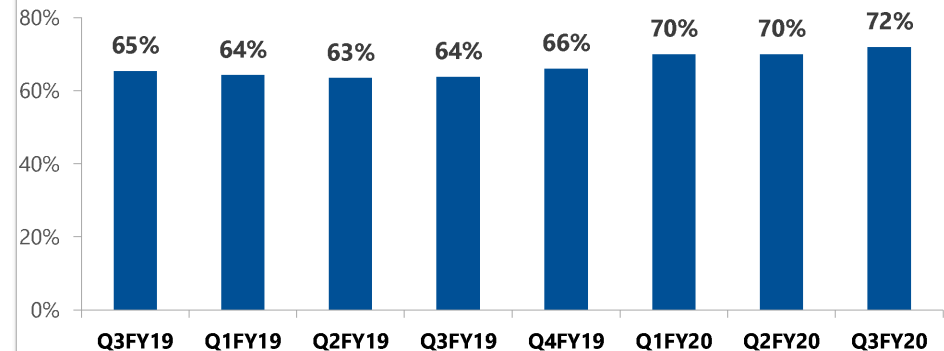
### Net worth (Rs Cr)



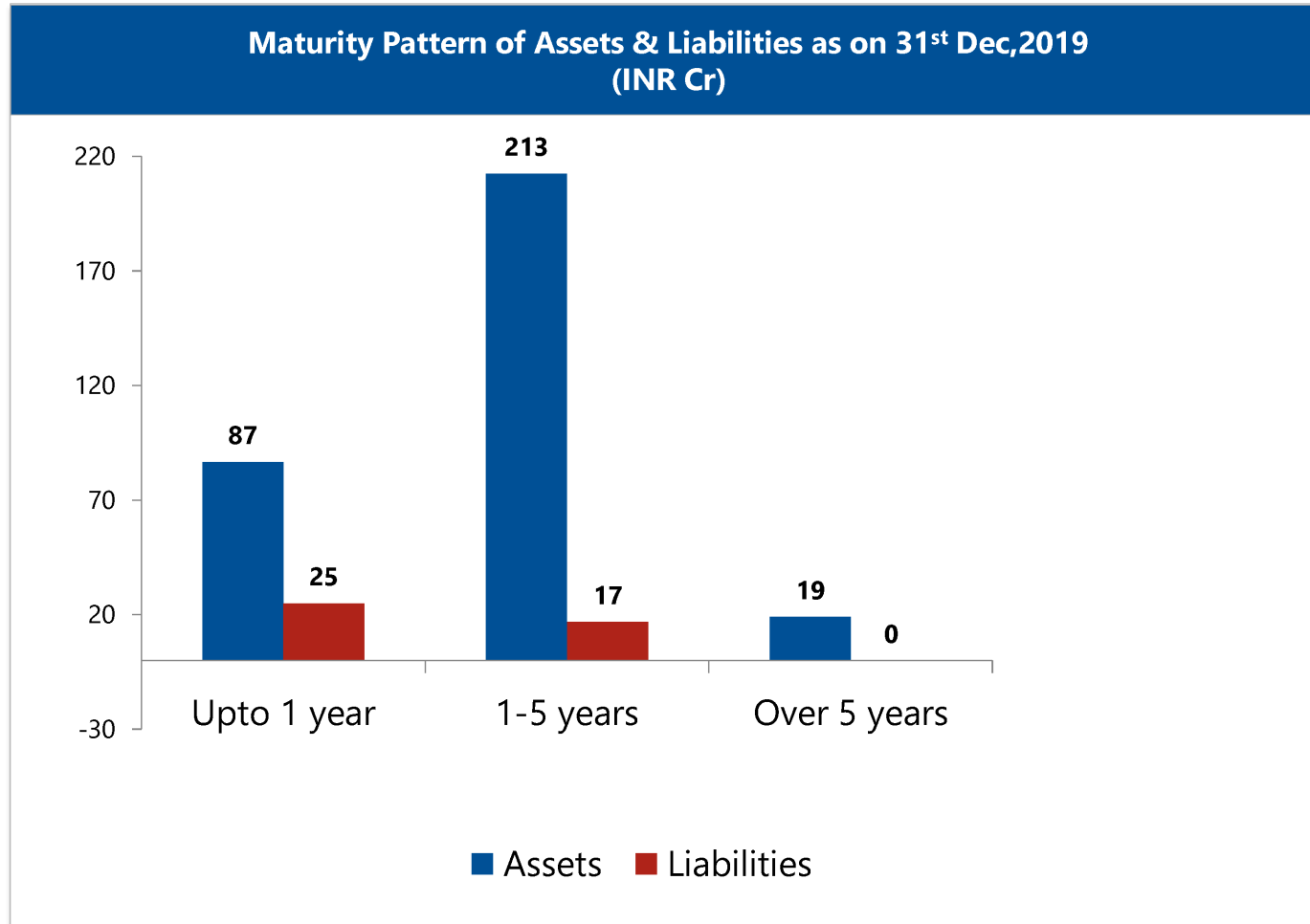
### Cash & Cash Equivalents (including undrawn CC limits) (Rs Cr)



### Capital Adequacy Ratio (%)



# ALM Breakup



**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 231 Cr

# Debt Profile as on 31<sup>st</sup> Dec 2019

Lender's Name	Facility Type	Sanction Period	O/s Loan Amount as on 31.12.2019 (in INR CR)
Tourism Finance Corporation of India Ltd	Term Loan	Nov'17	17.00
TATA Capital	Term Loan	May'18	3.50
AU Small Finance Bank TL-1	Term Loan	Aug'18	1.94
AU Small Finance Bank TL-2	Term Loan	June'17	11.11
State Bank of India TL	Term Loan	Sep'17	8.00
State Bank of India	Cash Credit	Sep'17	18.97
AU Small Finance Bank	Revolving Credit	Mar'17	1.27
State Bank of India WCDL	Working capital	Sep'17	37.00
<b>Grand Total</b>			<b>98.79</b>

# Thank You



**Corporate Office:**

716-717, 7<sup>th</sup> floor, Tower B,  
World Trade Tower, Sector 16,  
Noida- 201301

**Investor Contact:**

**Akash Gupta**

Phone: 0120 4290650-52-53-54-55

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Email: [akash.gupta@cslfinance.in](mailto:akash.gupta@cslfinance.in)

**Registered Office:** 410-412, 18/12, 4<sup>th</sup> floor, WEA, Arya Samaj Road, Karol Bagh, New  
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