



CSL Finance
Limited

CIN: L74899DL1992PLC051462

Date: 31.01.2019

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



FY19 Q3 - Update

January 2019

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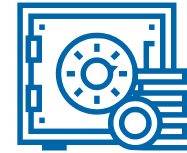
Company Snapshot



**Delhi based NBFC with
AUM of Rs.322.29 Cr**



**Listed on Bombay
Stock Exchange**



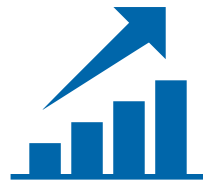
**99% of loan
book is secured**



**BBB rating
from CARE**



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



**High CAR
of 63.76%**

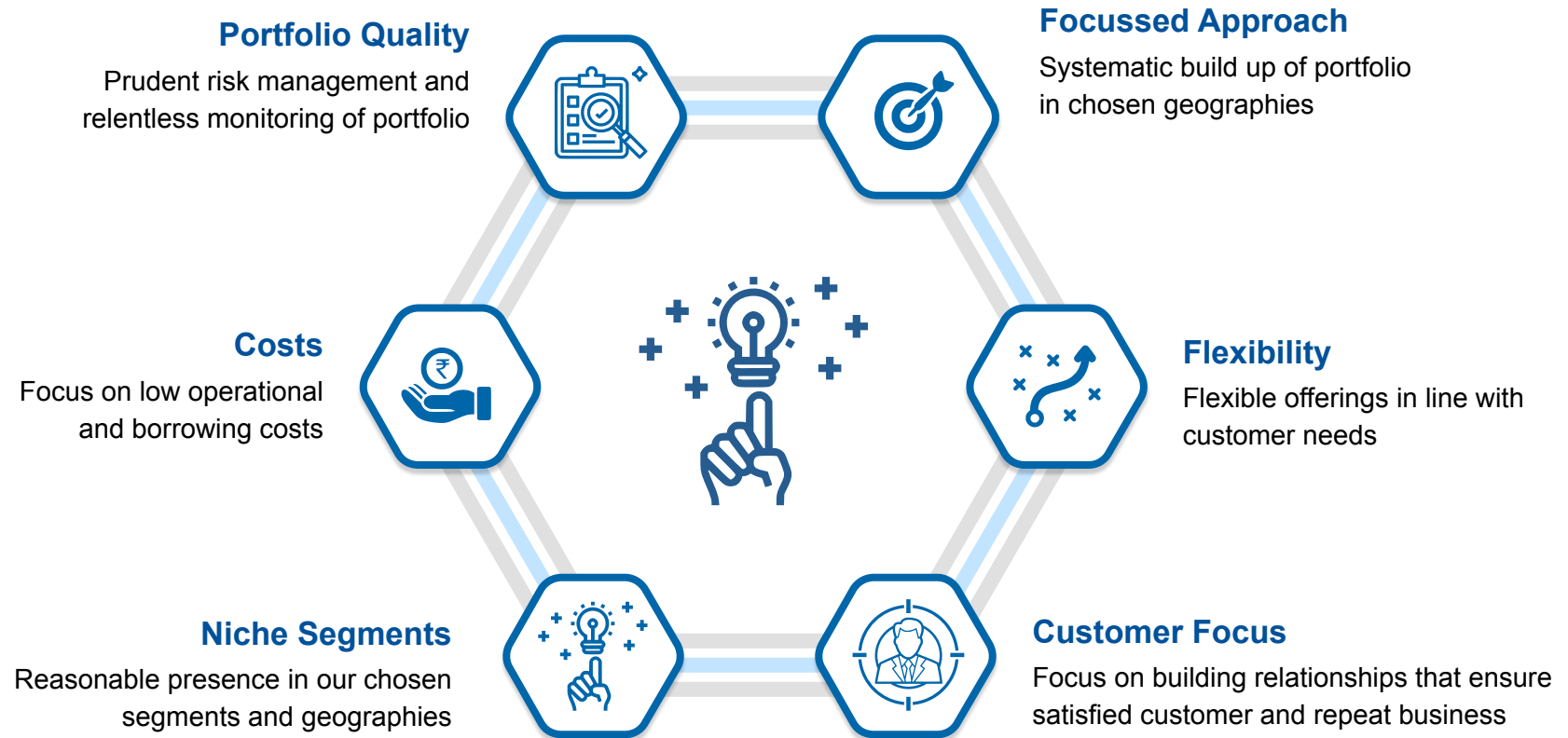


**Low cost of
operations**



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

Business Strategy



Product Portfolio

Product Portfolio



Wholesale Financing

Wholesale Mortgage – Large (Group Housing)

Wholesale Mortgage – Small (Builder Floor Financing)

Wholesale Mortgage - LAP
(Corporates , Individuals and Education Sector)



Retail Financing

Secured Business Loans

Unsecured Business Loans

Our Presence



Existing Branches



Map not to scale, for representation purposes only

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 for faster recovery

Operational Update

- ✓ We have 18 operational branches for SME Loans covering 6 states NCR, Haryana, Punjab, Rajasthan, Uttarakhand and Gujarat
- ✓ The company has a total employee strength of 135
- ✓ The new loan origination platform FinnOne Neo is under implementation and will go live in this quarter
- ✓ Our new product in school loans has gained good traction and is now a significant part of our Retail loan disbursements
- ✓ We plan to expand school loan distributions to newer micro markets
- ✓ Our SME Loan products are getting more traction in Tier 3 Towns and Semi Urban centers. So we have decided to adopt a cluster branch distribution model to increase our penetration and visibility in the states we are present in
- ✓ In SME loans we have increased our focus on direct sourcing of loans and referrals in our existing markets
- ✓ We have done rigorous review of all our Wholesale Loan accounts, in the last quarter and find no stress in any of the accounts
- ✓ We have completed hiring of all our key resources and we now are focused on improving the branch wise productivity
- ✓ Our current cash and cash equivalents including undrawn line of credit are around 5% of balance sheet as on 31st December 2018

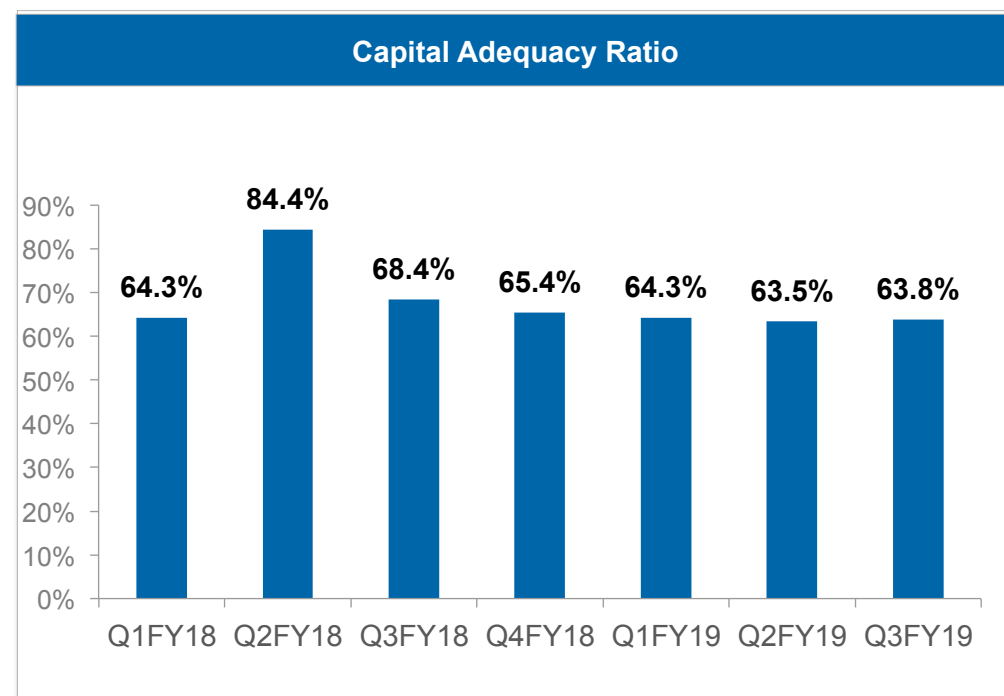
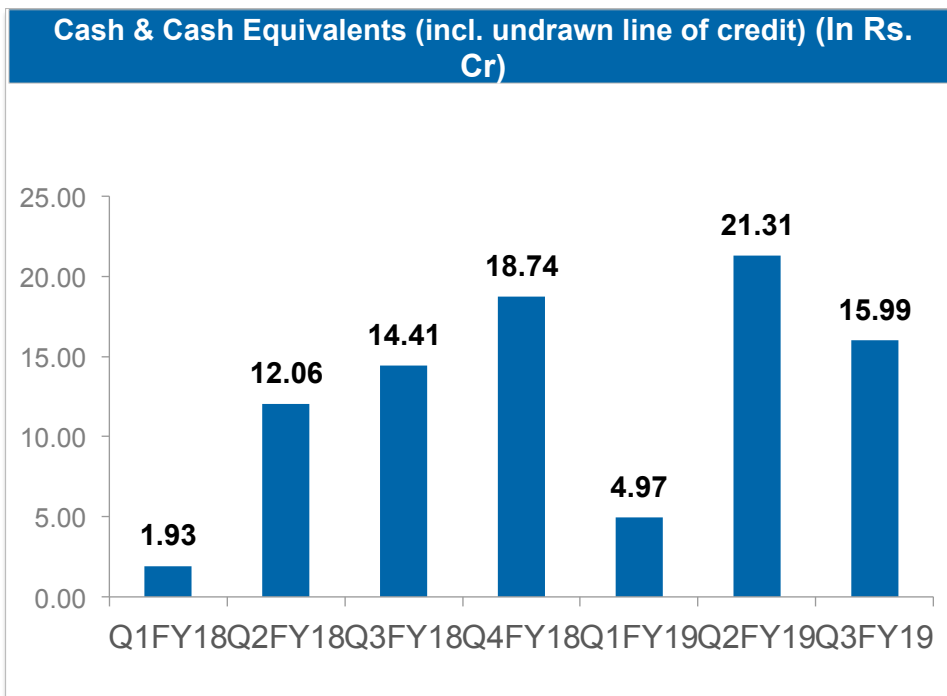
Strategy In Current Environment

- ✓ We are well funded with our Capital Adequacy Ratio at 63.76%
- ✓ In the current environment of scarce liquidity our focus will be
 - Increase our SME portfolio & Small Builder Loans (Redevelopment of existing houses)
 - Rollout of the school loan product across all our SME branches
 - The rundown of the Wholesale portfolio will fund the growth of the SME portfolio even if the balance sheet growth is limited
 - We are not borrowing from the money markets and have no short term repayment commitments
 - We are actively looking to raise debt, but it has been challenging to do so in the last 3 months
 - We will maintain 5-7% of our Balance sheet in cash equivalents or undrawn lines of credit
 - Focus on increasing productivity of the existing branches

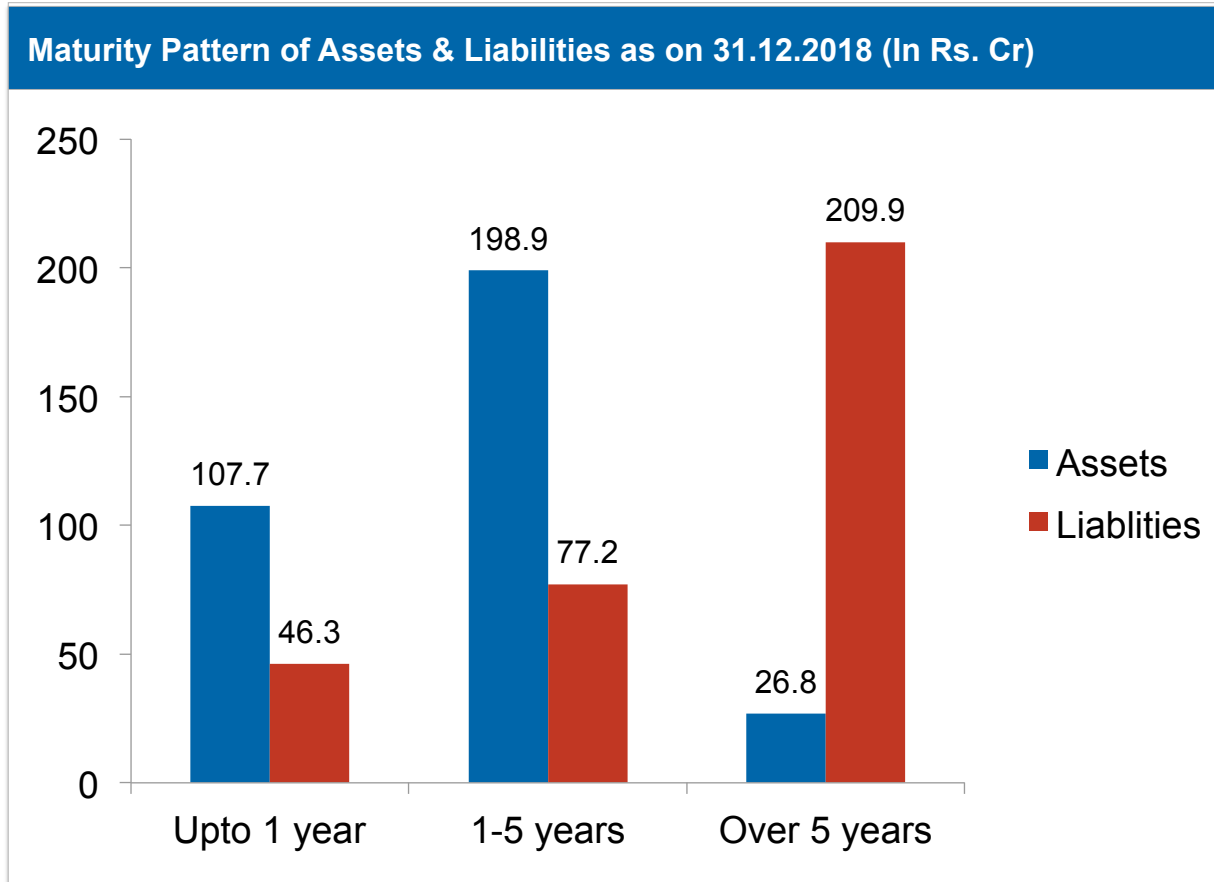
Financial Update

- ✓ Total Revenue increased by 46.27% to Rs 15.81 Cr in Q3 FY2018-19 as compared to Rs 10.81 Cr in Q3 FY2017-18
- ✓ Net Profit increased by 29.79% to Rs 6.61 Cr in Q3 FY2018-19 as compared to Rs 5.09 Cr in Q3 FY2017-18
- ✓ AUM increased by 23.85% to Rs 322.29 Cr in Q3 FY2018-19 as compared to Rs. 260.22 Cr in Q3 FY2017-18
- ✓ Net Interest Income (NII) increased by 18.52% to Rs 11.05 Cr in Q3 FY2018-19 as compared to Rs 9.32 Cr in Q3 FY2017-18
- ✓ Employee Costs increased by 91.13% to Rs 1.78 Cr in Q3 FY2018-19 as compared to Rs 0.93 Cr in Q3 FY2017-18 (*This excludes Rs 0.12 Cr of Employee compensation on account of ESOPs granted to the key employees*)
- ✓ Book Value as on 31st December, 2018 is Rs 338.59

Liquidity Profile & Capital Adequacy Ratio

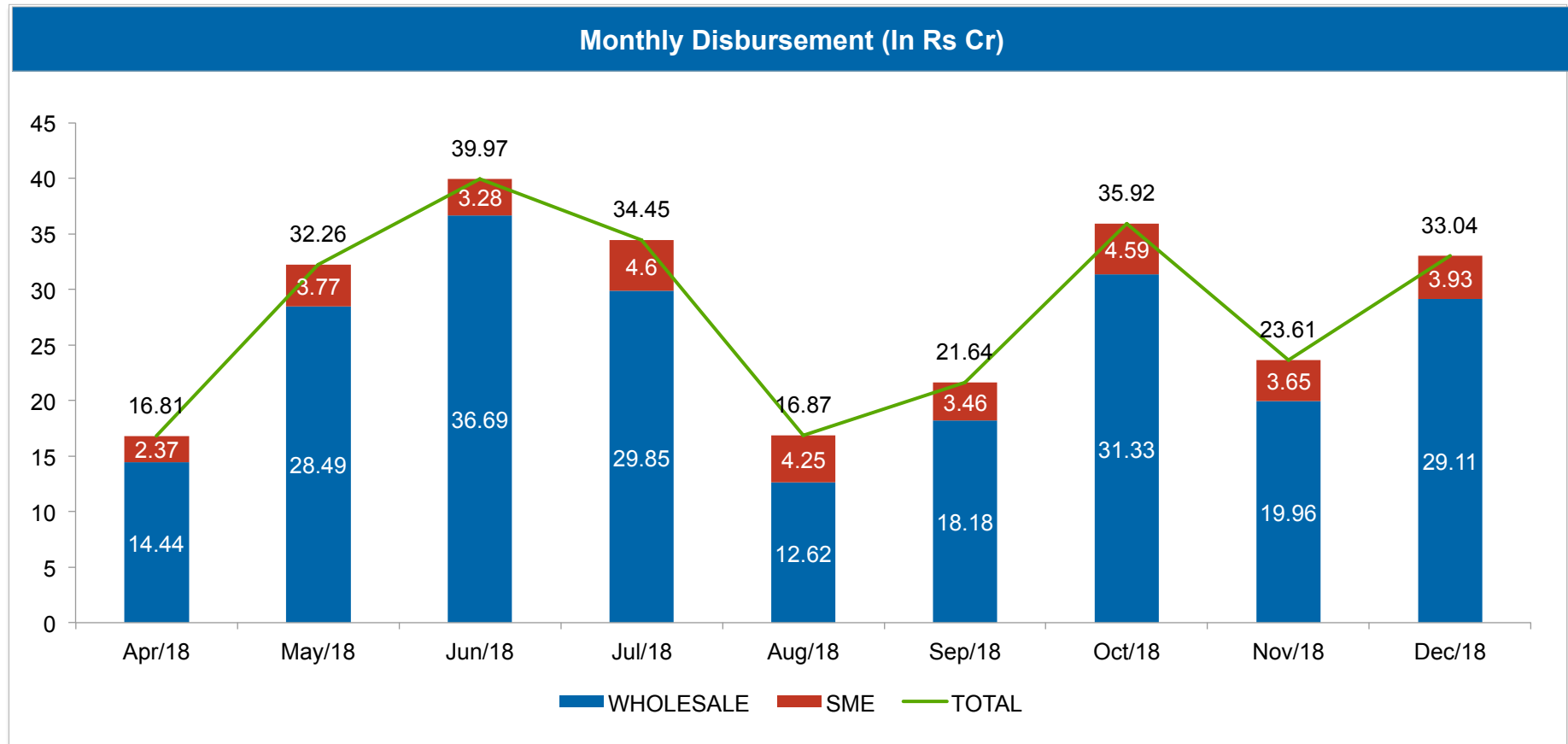


ALM Breakup

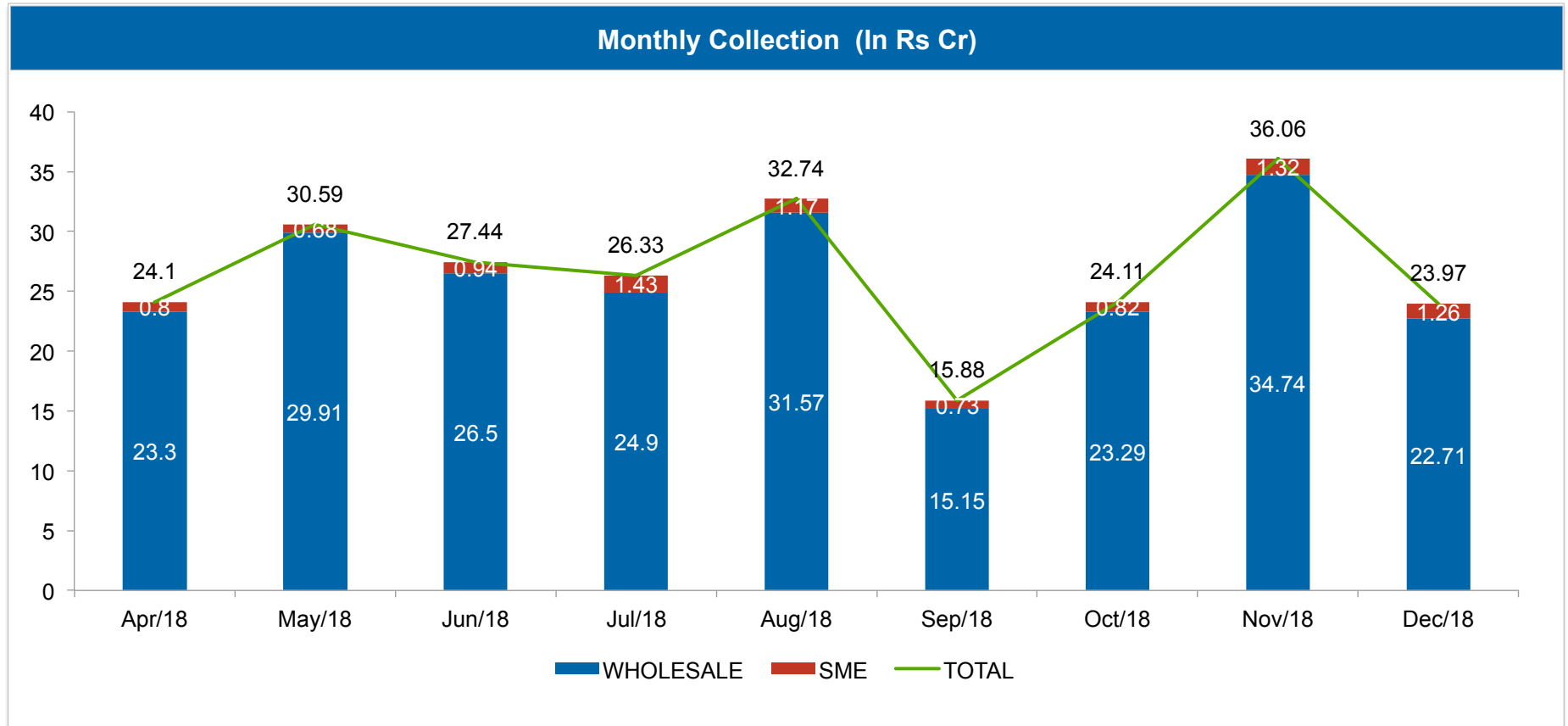


Note: Last bucket of over 5 years includes Net worth of INR 205.51 Cr

Monthly Disbursements



Monthly Collections



Credit Business Mix

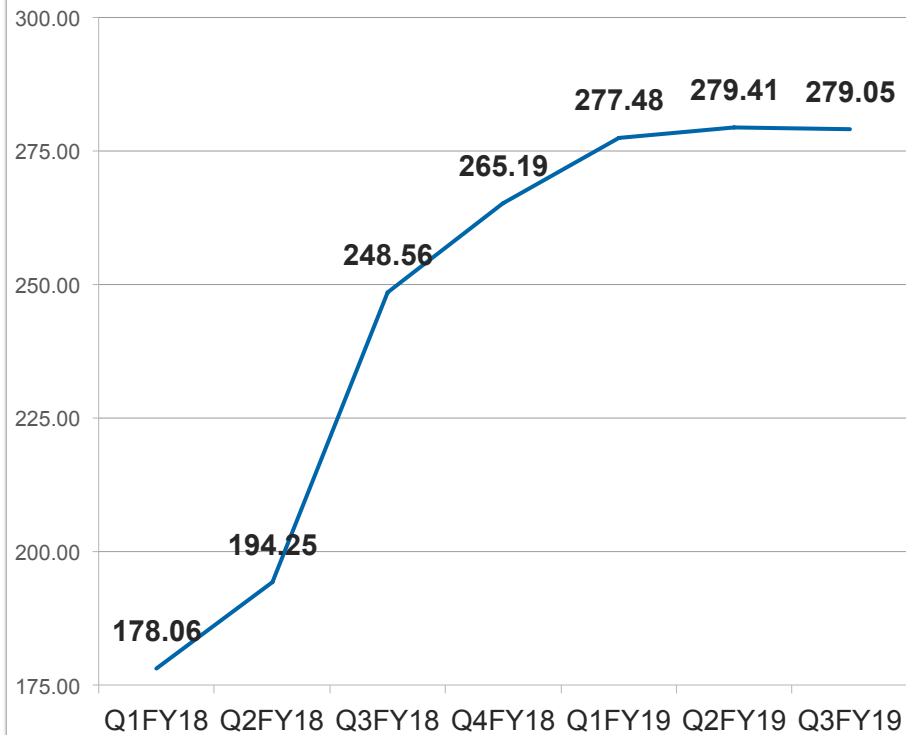
Product Category	Book Size (Rs Cr)	
Corporate Lending		
Wholesale Mortgage – Large	147.03	Loans to Group Housing Projects consisting both of standard loans and structured collateralised loans
Wholesale Mortgage – Small	78.83	Builder Floor & Site Redevelopment Loans
Wholesale Mortgage – LAP	53.19	Mezzanine loans given to Educational institutions and other corporate
Retail Lending		
SME - Secured	40.37	Kirana Shops, Traders & School with the Shop/ Home as collateral
SME – Unsecured*	2.86	Small ticket loans to traders, schools & fabricators

*Company is currently offering unsecured loans to only schools due to better profile and not to MSME traders

Wholesale Credit – Leveraging our Relationships

Assets Under Management (AUM)

Figures in INR Crores

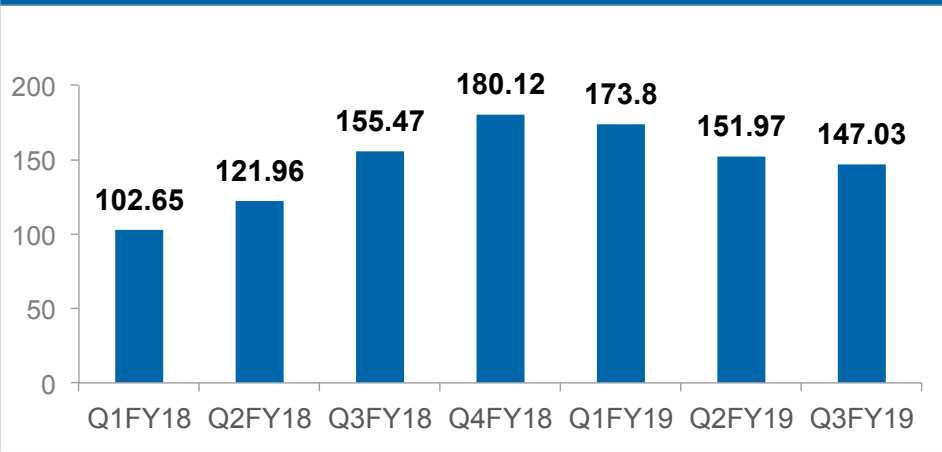


Business Approach

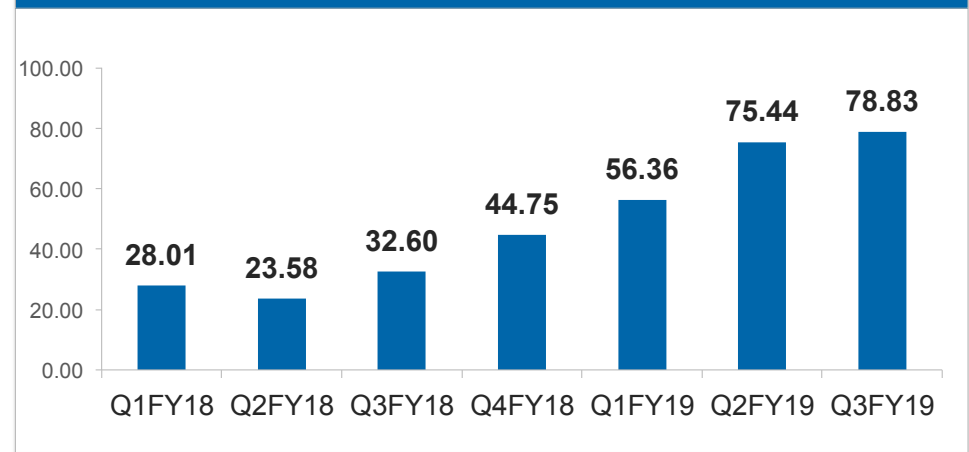
- ✓ Better domain knowledge due to controlled geographical presence
- ✓ Selective focus on market segments with good end-use demand
- ✓ High degree of flexibility in deal structuring and repayment
- ✓ Collateral cover is more than 2 times
- ✓ Last mile financing significantly reduces project risk
- ✓ Monthly site visits to review and assess project progress. We aim to detect early warning signals and initiate required steps

Wholesale Credit – Product Breakup

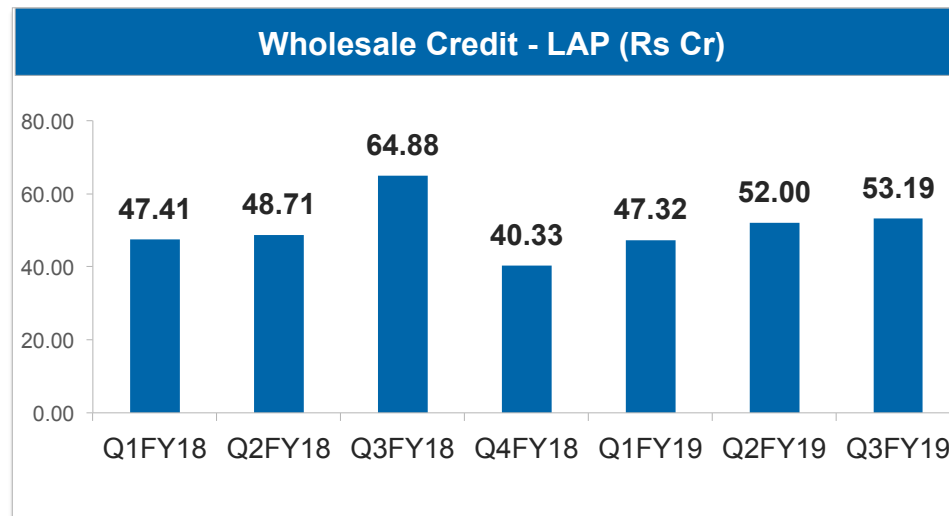
Wholesale Credit - Large (Rs Cr)



Wholesale Credit - Small (Rs Cr)



Wholesale Credit - LAP (Rs Cr)



Wholesale Large & Small Portfolio

Affordable Housing Rs.52.07 Cr (16% of AUM)

- Under policies of state and central government like Deen Dayal Upadhyay Scheme, Haryana & UP Government affordable schemes
- Unit size of 300 to 600 sq. ft. flat or 60-120 yards Plot
- Unit price of not more than 25 Lacs (this price is almost 50-70% of the regular housing project in the vicinity)
- In this segment payment from home buyers are very stable and regular
- Authority rules are very strict so developers are focused on timely completion from day 1
- Populated areas with availability of connectivity and basic infrastructure
- Collateral cover is more than 2 times

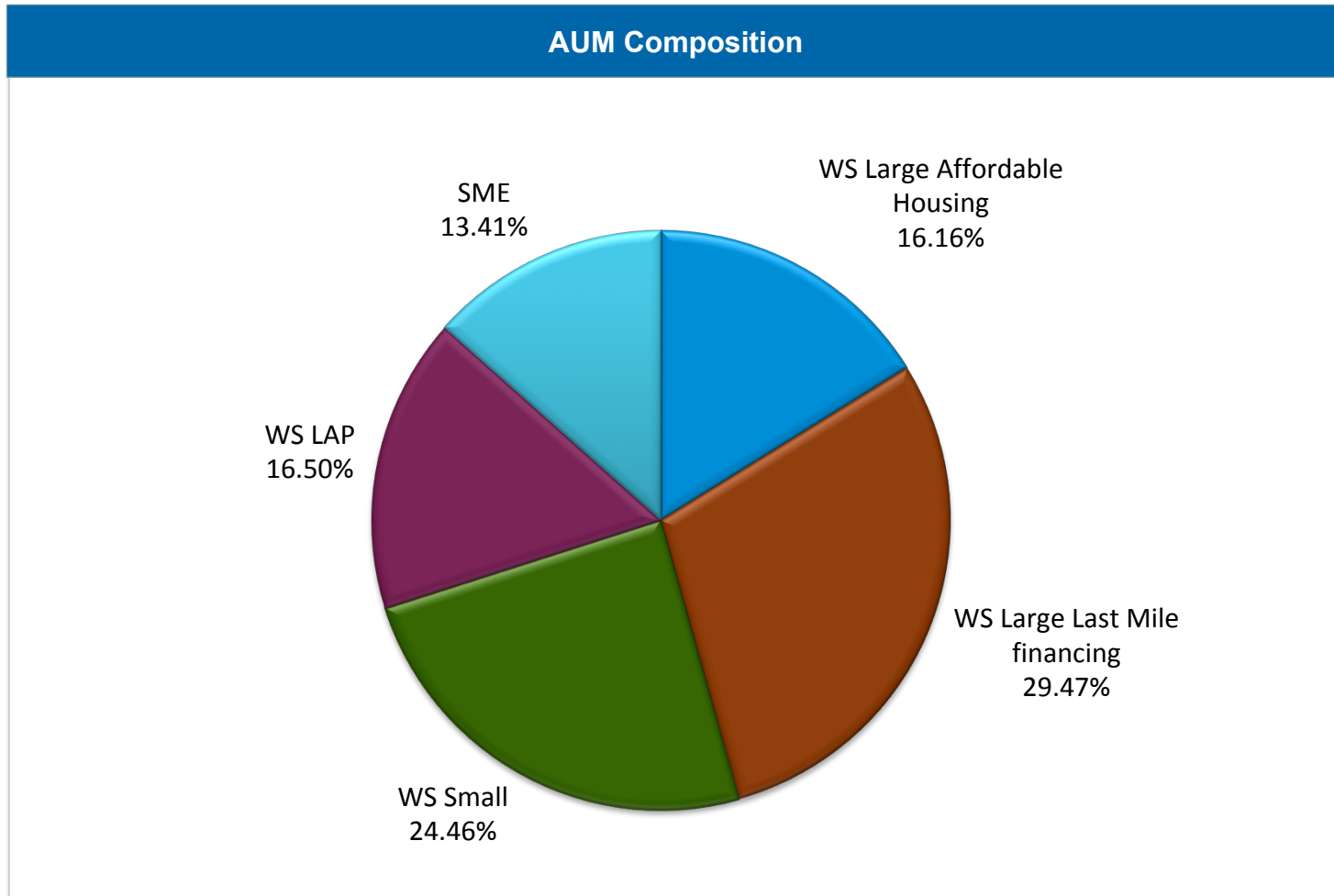
Small Builder Loans Rs 78.83 Cr (24.46% of AUM)

- Haryana Government has increased FAR on plotted development and that has created opportunity for us in Gurgaon and Faridabad
- Our existing presence is in South Delhi floors and we are now expanding to newer areas in NCR like North Delhi, West Delhi and Gurgaon3
- We have doubled our loan book in this segment in the last 9 months to Rs.78.83 and further plan to grow this segment
- The entire redevelopment happens between 9-15 months, and it is sold within 3-6 months of completion
- The loan tenures is 24-30 months

Last Mile Financing - Rs.94.96 Cr (29.46% of AUM) More than 80% completion of construction

- Projects have traversed the high risk phases
- Unit Price in these projects is less than Rs.50 lacs
- Carefully selected geographical pockets with end user demand
- No exposure in high risk clusters such as Yamuna expressway, Dwarka expressway, Kundli-Manesar etc.
- Escrow mechanism with consistent cash flows
- Project Debt adequately covered with receivables from the sold inventory
- Consumer demand is clearly in completed projects and nearing completion project. Keeping this in mind we have funded only those projects that are close to completion
- Collateral cover is more than 2 times

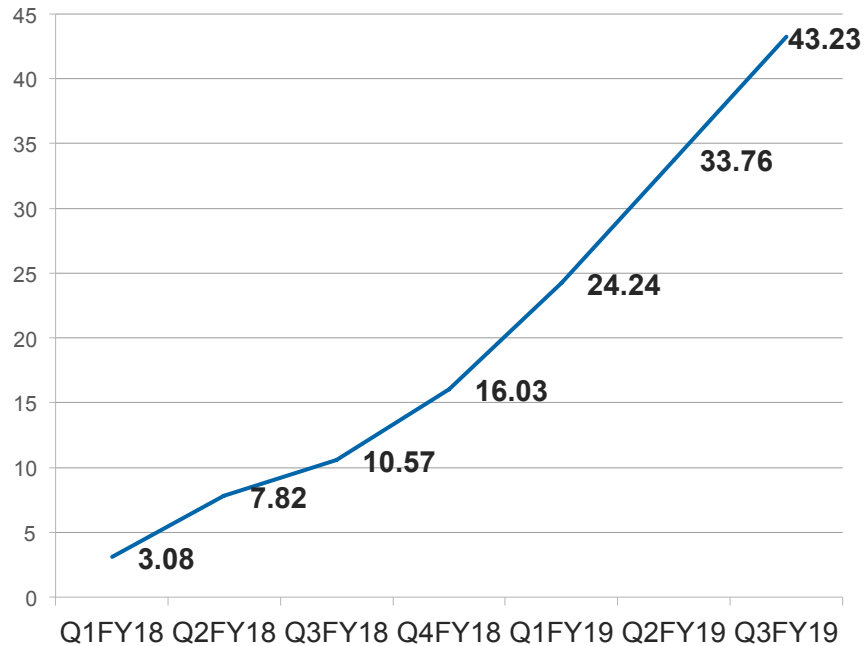
AUM Composition



Retail Credit Expanding Footprint

Assets Under Management (AUM)

Figures in INR Crores



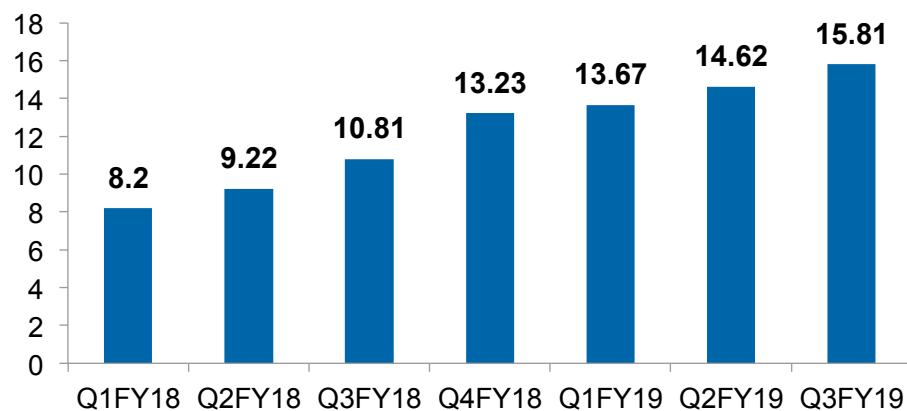
Business Approach

- ✓ Building a focussed retail presence. Started with select markets in NCR, Haryana, Punjab and Rajasthan; further expanded into Gujarat
- ✓ Currently 18 operational branches
- ✓ Focus on having low operational costs
- ✓ Products are tailored for target segments that are large, underpenetrated and profitable
- ✓ 94% of the lending in this segment is secured; focusing only secured lending going ahead
- ✓ Increased focus on school loans segment.
- ✓ Unsecured loans small ticket size only for schools and not for MSME's

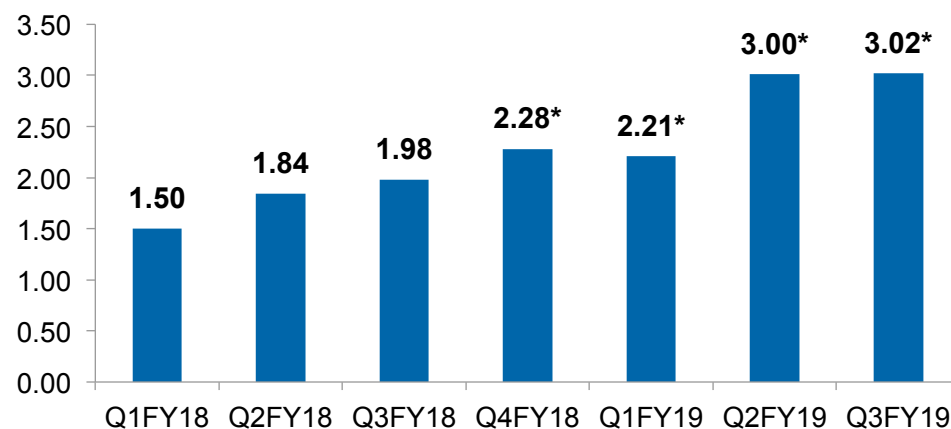
Financial Metrics

1

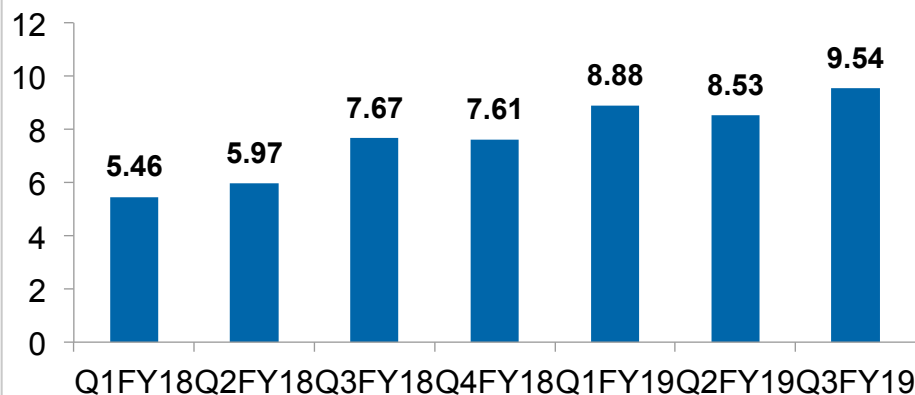
Total Income



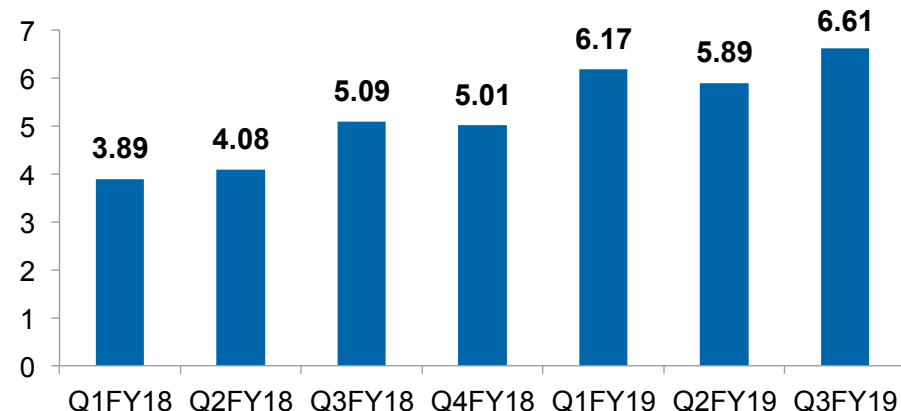
Operating Expenses (Rs Cr)



Pre Provisioning Profit Before Tax (Rs Cr)



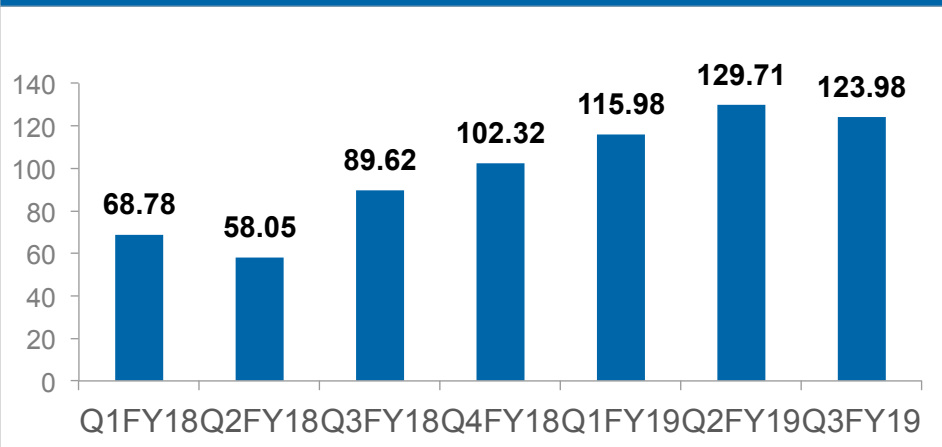
Net Profit (Rs Cr)



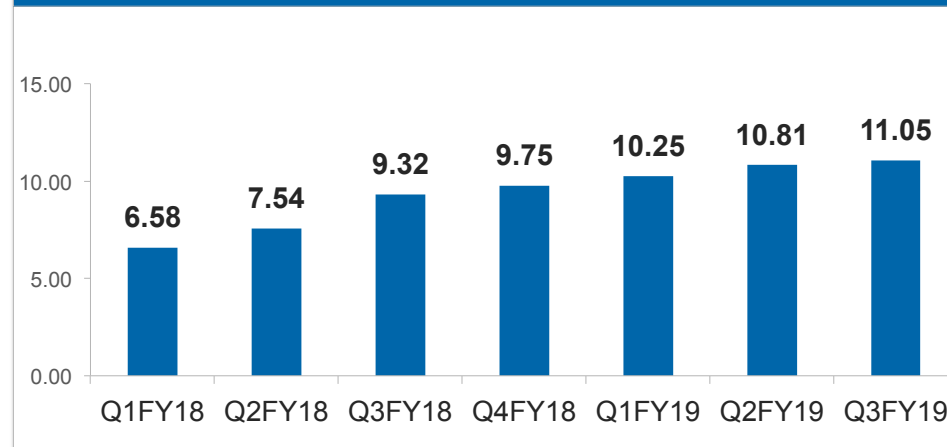
Financial Metrics (contd..)

2

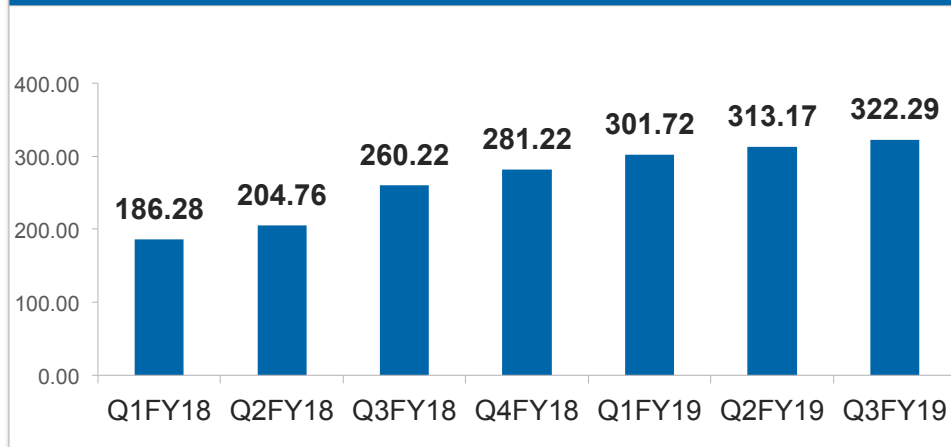
Borrowings (Rs Cr)



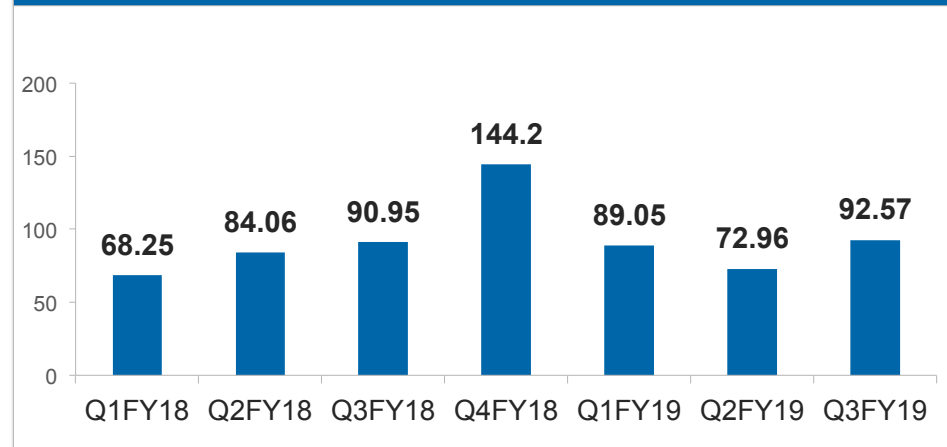
Net Interest Income (Rs Cr)



AUM – End of Quarter (Rs Cr)

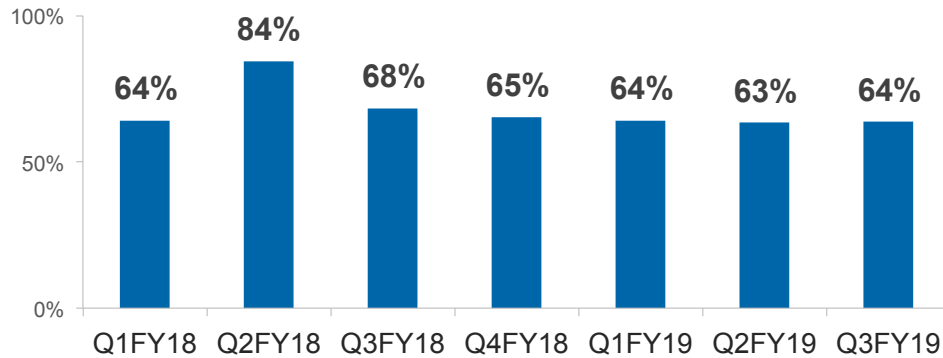


Disbursements (Rs Cr)

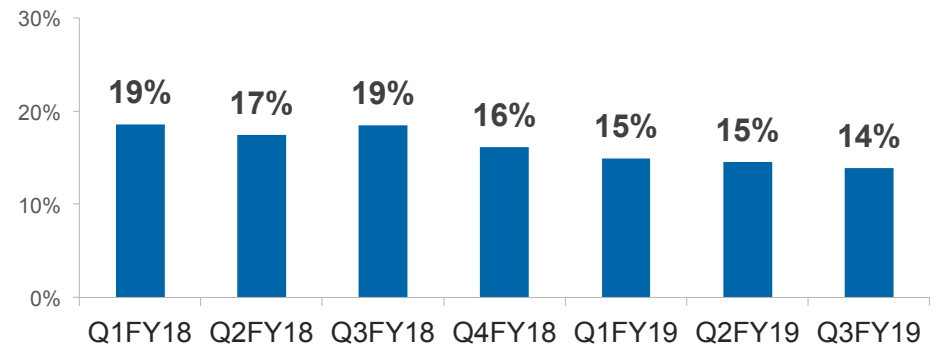


Financial Metrics (contd..)

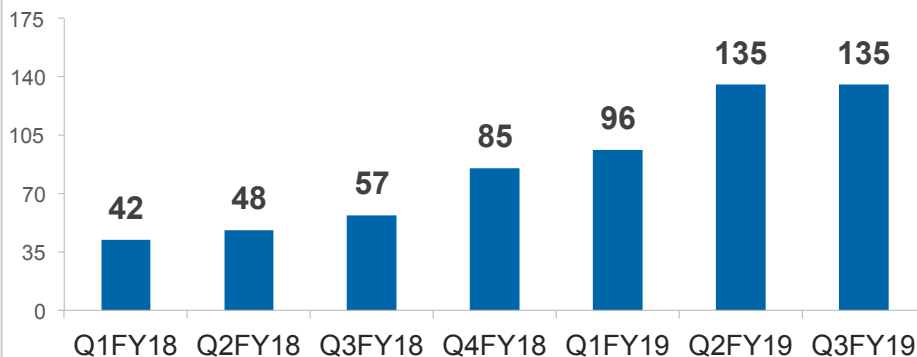
Capital Adequacy Ratio (%)



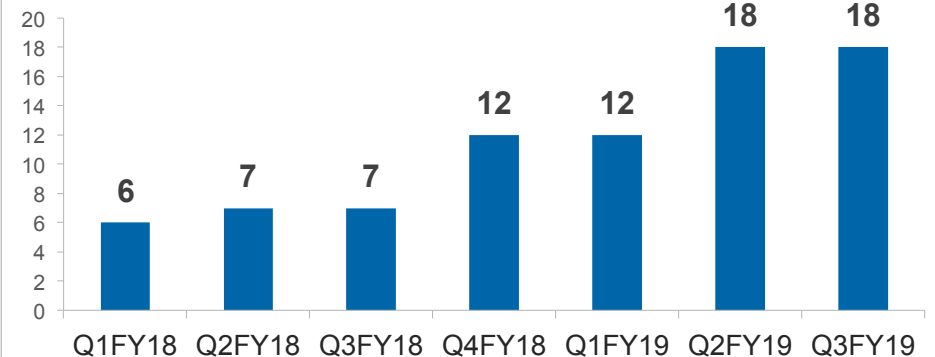
Net Interest Margin (%)



Number of Employees



Number of Branches



Thank You



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