



**CSL Finance  
Limited**

CIN: L74899DL1992PLC051462

Date: 19.12.2019

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.

Also, this is to inform you that the Company shall hold the Conference Call to discuss the earnings of 2<sup>nd</sup> Quarter of the Financial Year 2019-20 in the first half of January, 2020 due to non-availability of the Managing Director of the Company i.e. Mr.Rohit Gupta, since he's travelling.

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 Q2 - Update

September 2019

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# Company Snapshot



**Listed on Bombay  
Stock Exchange**



**Delhi based NBFC with  
AUM of Rs 318 Cr as on 30<sup>th</sup>  
Sep-19**



**Wholesale housing book of  
INR 249 Cr & SME Retail  
book of INR 69 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**

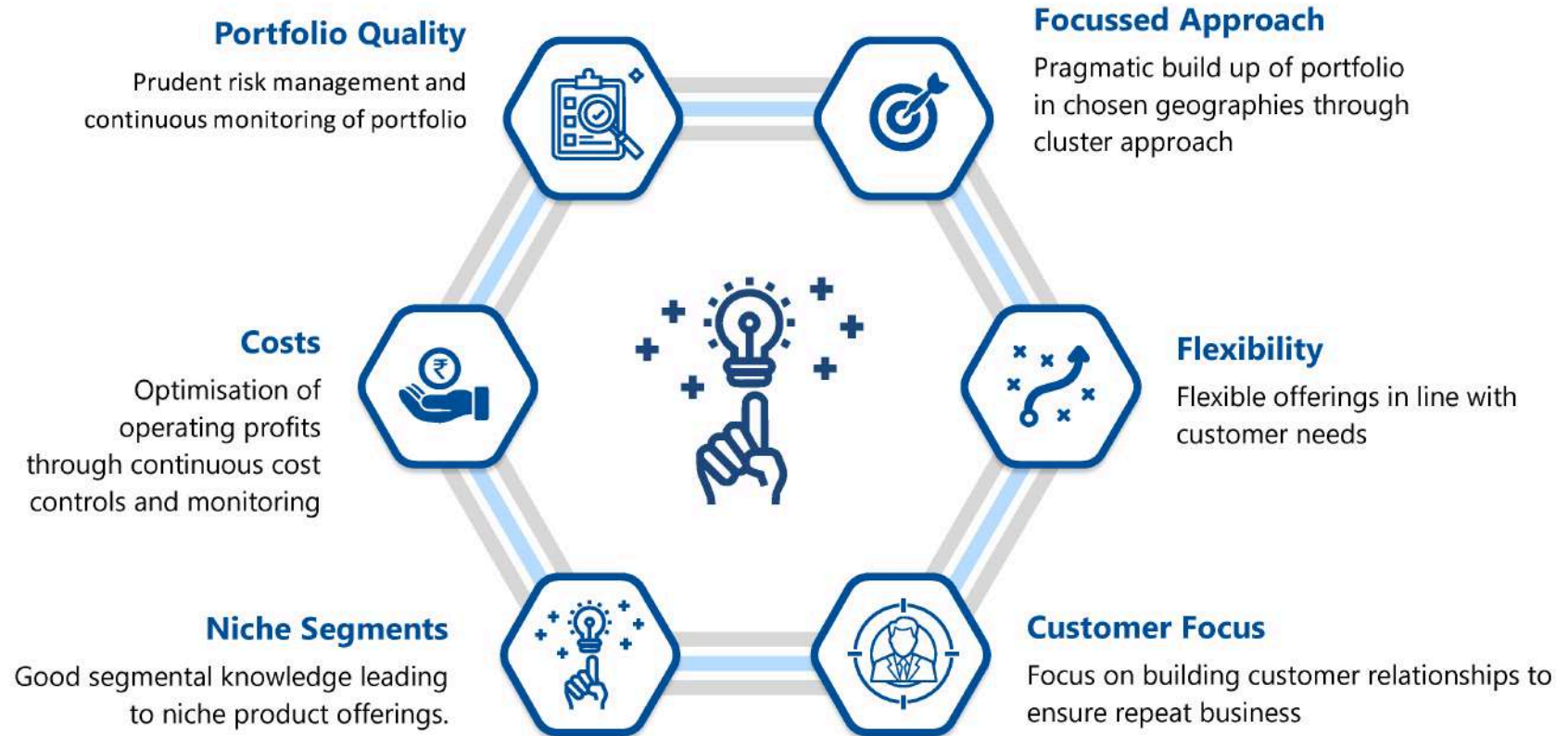


**High CAR  
of 70%**



**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.



## **Naresh Varshney (CFO)**

Naresh 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 & Unicon



## **Akash Gupta (CS & Legal Head)**

Akash is a CS and a member of Institute of Company Secretaries of India 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 PNB 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.



## **Anoop Saxena (ZBH North SME)**

Anoop is a CA with over 12 years of experience in Portfolio Management & Credit Underwriting. Previously he has worked with NCML Finance, Ujjivan Small Finance Bank, Shubham Housing Finance Bank & HDFC Bank.

# Management Team



## **Ranjheet Jha (State Head SME Delhi)**

Ranjheet 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



## **Rakesh Singh Shokeen (SME Collections)**

Rakesh 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.



## **Sachin Shah (State Head SME Gujarat)**

Sachin 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.

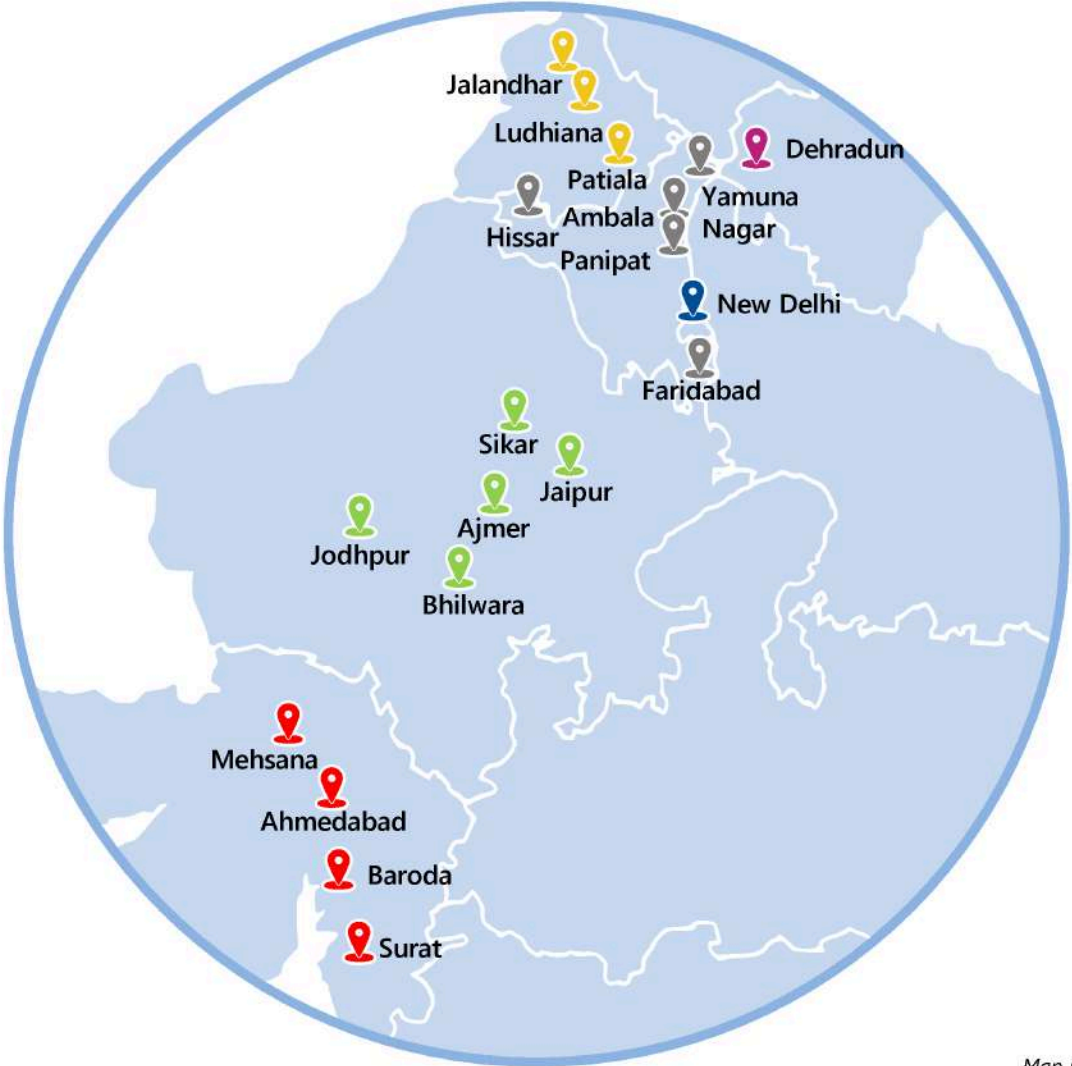


## **Ishwari Singh (State Head SME Rajasthan)**

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.

# Our Presence

States Present	
Delhi	
Haryana	
Punjab	
Uttrakhand	
Rajasthan	
Gujarat	



Map not to scale, for representation purposes only



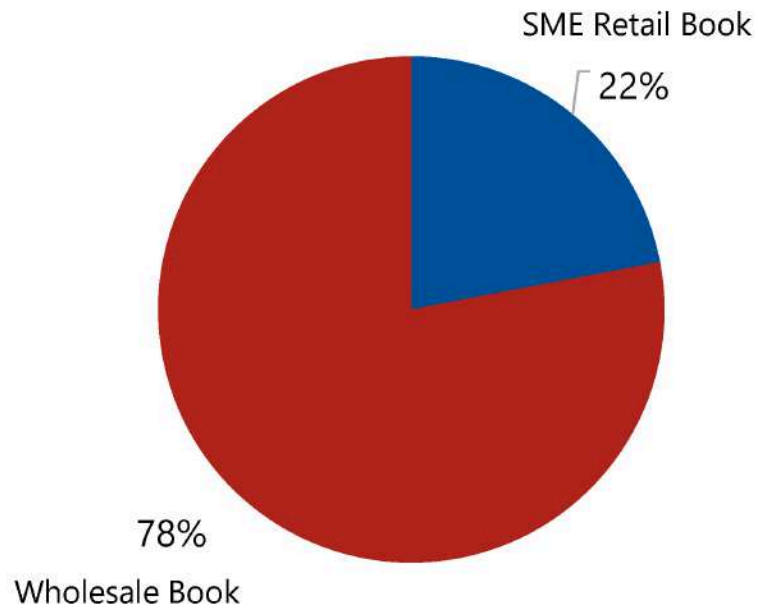
# PRODUCT PORTFOLIO

Product Category	Book Size (Rs Cr) Q2 FY20	Customer Segment
<b>Wholesale Lending</b>		
<b>Wholesale Large</b>	138.33	Standard and Structured loans given to corporates into Group housing projects
<b>Wholesale Small</b>	80.75	Loans given to Small Builders, engaged in development of Single Plotted Projects in Delhi NCR
<b>Wholesale LAP</b>	29.96	Loans given to Corporate Houses/Business Group engaged in multiple business activities other than real estate
<b>Total Wholesale Book</b>	<b>249.04</b>	
<b>Retail Lending</b>		
<b>SME - Secured</b>	61.72	Loan extended to Kirana stores, Traders, Schools and other boutique small shops and merchants backed by owned property as collateral
<b>SME – Unsecured</b>	6.90	Small ticket loans mainly to K-12 schools in Tier 2 and Tier 3 cities
<b>Total SME Retail Book</b>	<b>68.62</b>	
<b>Total AUM</b>	<b>317.66</b>	

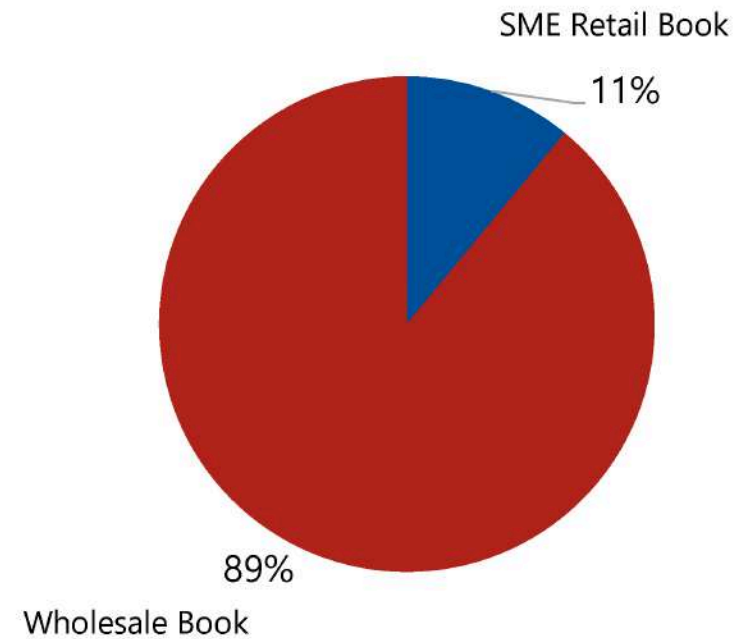
\*Figures for FY20 Q2 & Q1 is as per IND AS whereas all the previous quarter figures are as per IGAAP. AUM as per IND AS for Q2 is INR 315 Cr due to adjustments because of the transition phase

# AUM Composition

## Q2 FY20



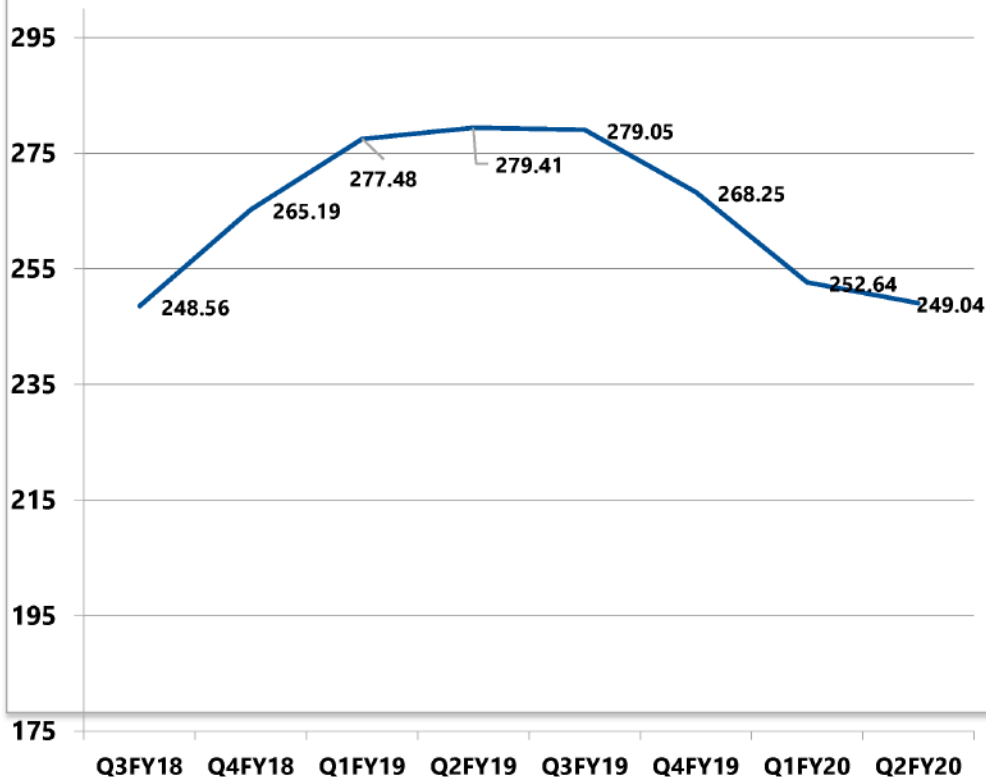
## Q2 FY19



# Wholesale Lending Book - – to be revised completely

## Assets Under Management (AUM)

Figures in INR Crores



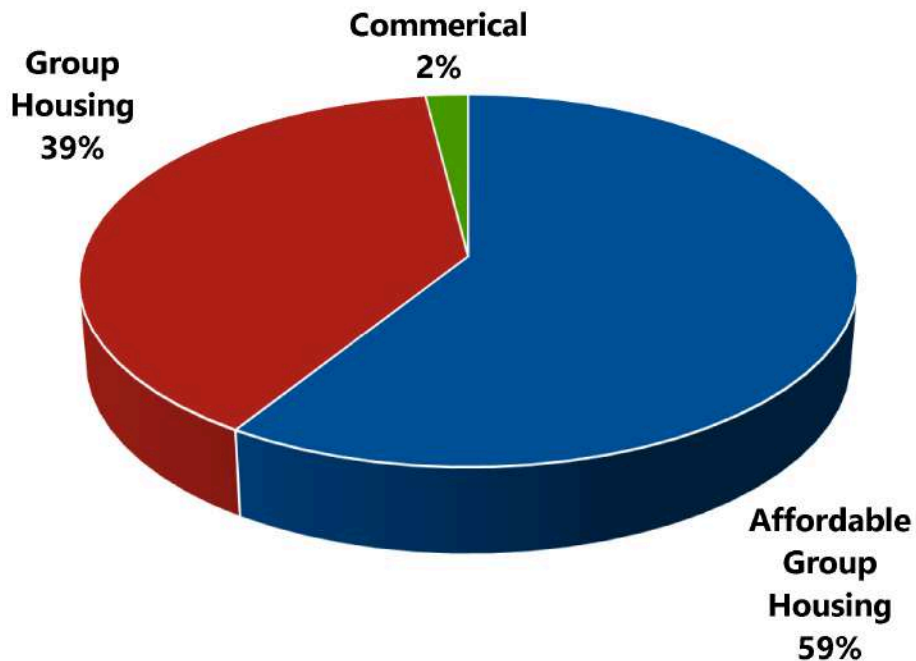
## Business Approach

- ✓ 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 though 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

\* 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

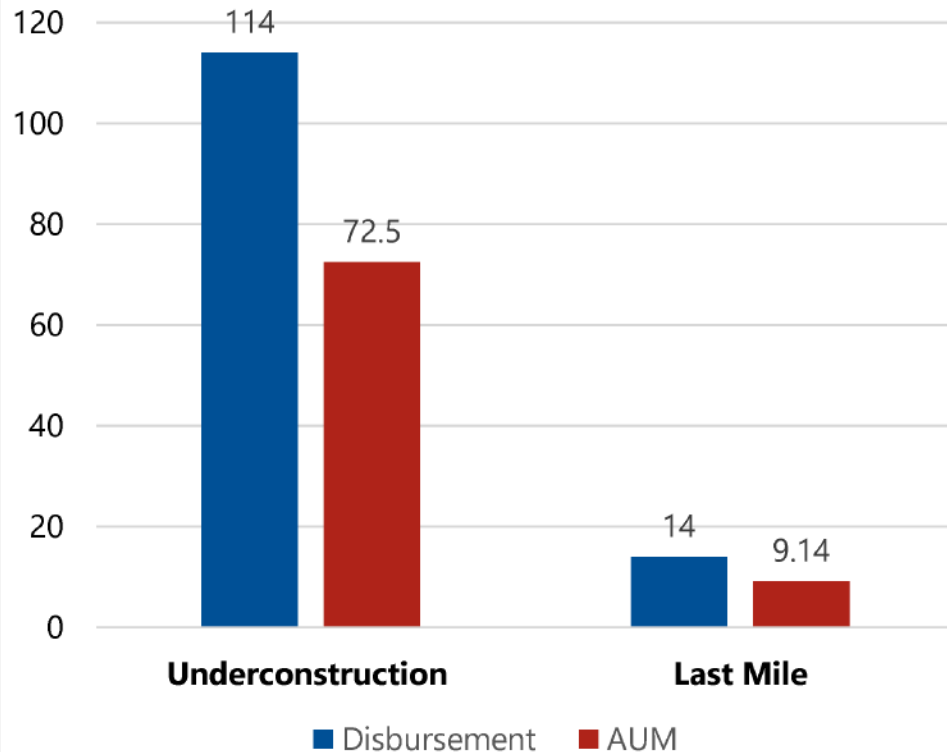
- ✓ WS Large book mainly consists of Group housing projects of middle & affordable segment concentrated in Northern Region of India
- ✓ Total AUM of WS large book is INR 138.33 Cr as on 30<sup>th</sup> Sept. There are 19 loan accounts with 13 reputed developers in WS large portfolio spread across Delhi NCR
- ✓ Out of the total 19 loan accounts in WS large book, 39% are in group housing segment , 59% is affordable group housing segment and a small portion of 2% belongs to commercial projects



# WS Large –Affordable Housing

## Affordable Group Housing

Figures in INR Crores



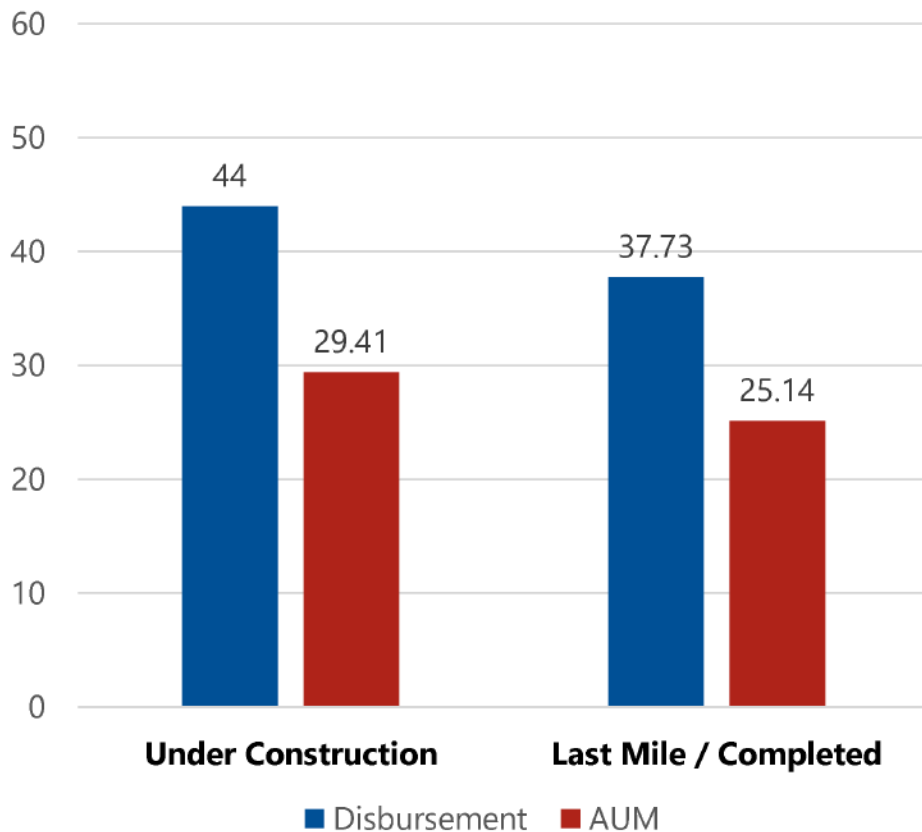
## Segment Update

- ✓ Projects with average unit cost less than 25 lacs, high saleability and large customer reach due to higher affordability
- ✓ It constitutes of 33% (INR 81.63 Cr) of total Wholesale book (AUM)
- ✓ Until now 9 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 of the project Land portion is fully paid at the time of 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, our cash flows for the project are already booked at the time we fund them
- ✓ Least chance of cash flows mismatch as these projects have inherent feature of time linked payment plan and good collection efficiency of 80%-90%
- ✓ Affordable housing projects are selling well because of government support, interest subvention schemes and easy availability of housing loans

# WS Large – Group Housing

## Residential Group Housing

Figures in INR Crores



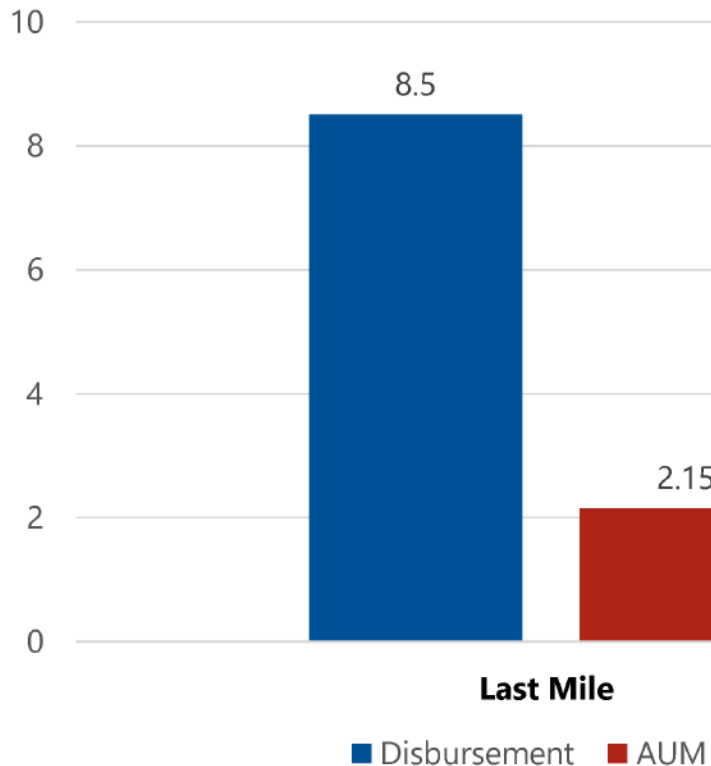
## Segment Update

- ✓ 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 39% (INR 54.55 Cr) of total wholesale book (AUM)
- ✓ CSL has funded 8 Projects under Group Housing Projects with total exposure of INR 54.55 Cr and all are at 90-100% complete
- ✓ 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



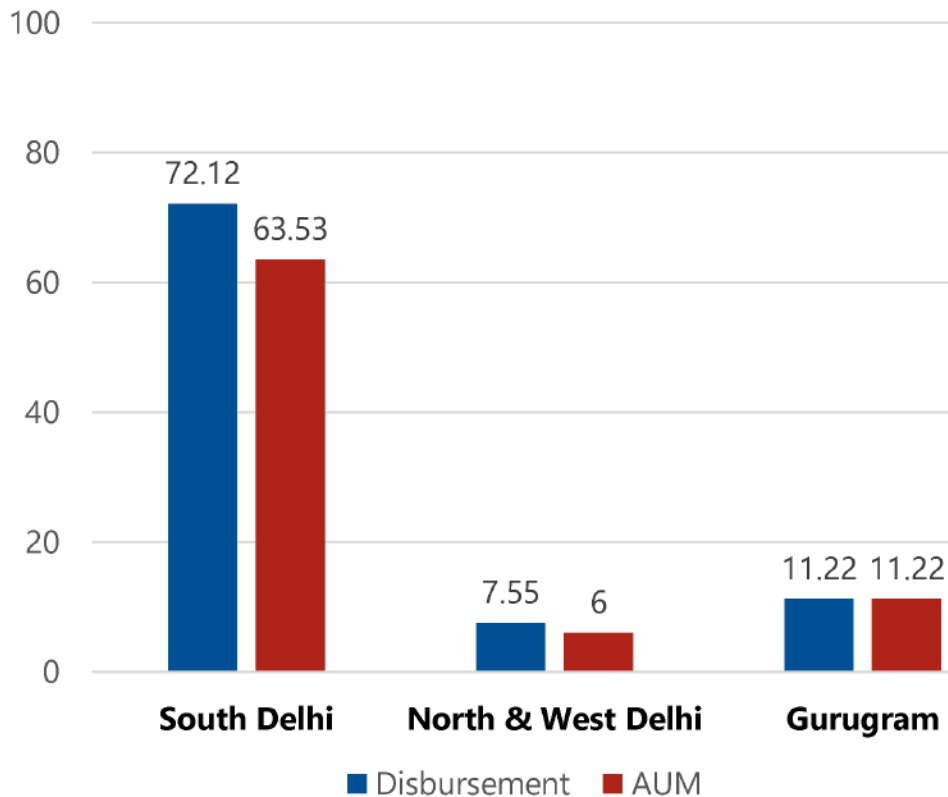
## Segment Update

- ✓ This segment consists of small commercial Projects with retail shops cum office spaces
- ✓ It constitutes only 2 projects i.e. approx. 2% (INR 2.15 Cr) of total Wholesale book (AUM)
- ✓ Both the projects are completed and fully sold which will be delivered in next 2-3 months
- ✓ 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

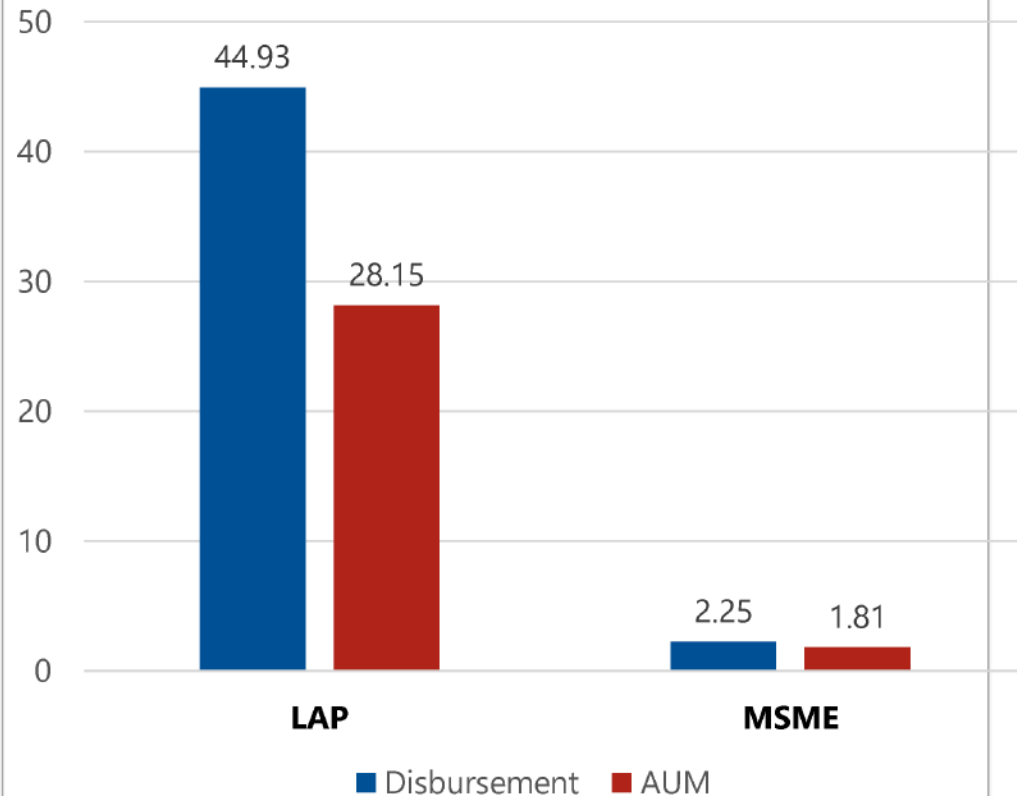
- ✓ Delhi NCR is a big market having a potential of 10K crore for small builders, whose borrowing requirements are not serviced by the standard products offered by Financial Institutions/ Banks
- ✓ Geographically, Builder floor projects funded by us are concentrated in South Delhi with 79% share, 14% in Gurgaon and just 7% in North & West Delhi
- ✓ Total AUM of the WS Small book is INR 80.75 Cr. There are 33 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 29.96 Cr which is just 12% of the total wholesale book (AUM)
- ✓ It has 8 accounts with diversified business activities
- ✓ Our experience in this product is that cash flow mismatches occur and can impact the repayment schedules of our loans
- ✓ Though AUM has increased from INR 15.55 Cr to INR 29.96 Cr due to on boarding of LAS facility ( Loan Against Securities ) which amounts to INR 21 Cr against A Category listed equity shares
- ✓ Going forward we are reducing our focus on such loans, which will results in the gradual unwinding of this book

# 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

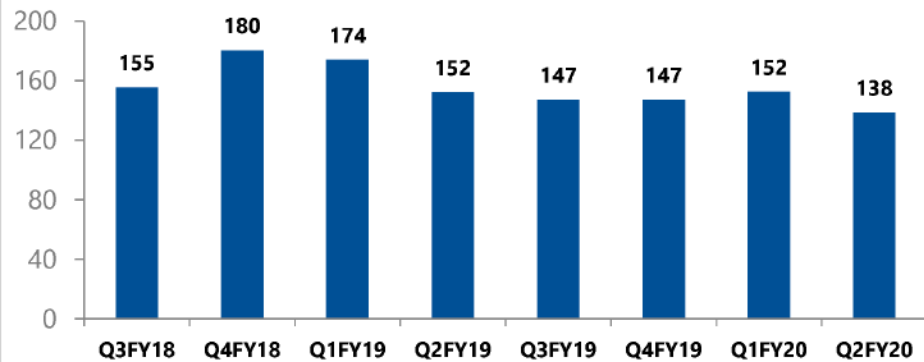
- Robust due diligence
- Extensive credibility check includes profile, project and market screening and assessment of market supply demand trends.
- Each deal is structured uniquely based on project requirements
- Charge on multiple assets with minimum security cover of 2X

## 3 Constant monitoring/review

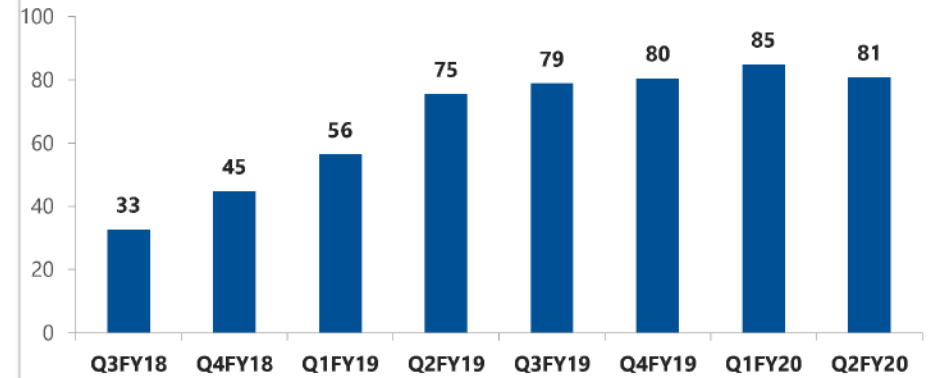
- Dedicated resources for asset monitoring
- Bi-monthly site visits to review/assess project progress
- Review of sales, inventory, market price, costs
- Detect early warning signals; initiate required steps, increase engagement
- Wherever required Initiate early legal actions for faster repayments

# Wholesale Book – Product Breakup

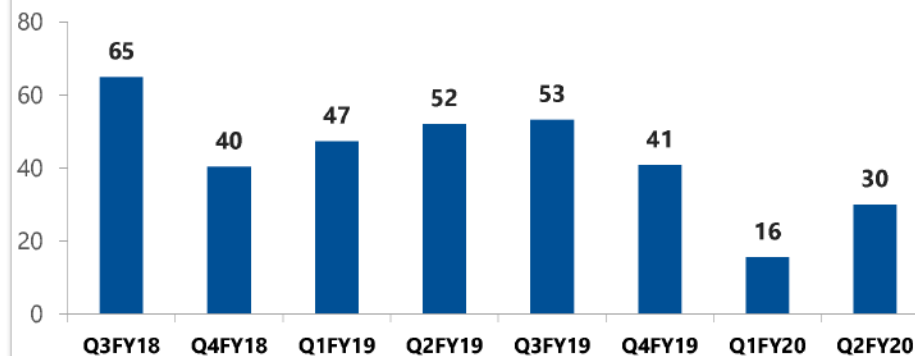
## Wholesale Book - Large (Rs Cr)



## Wholesale Book - Small (Rs Cr)



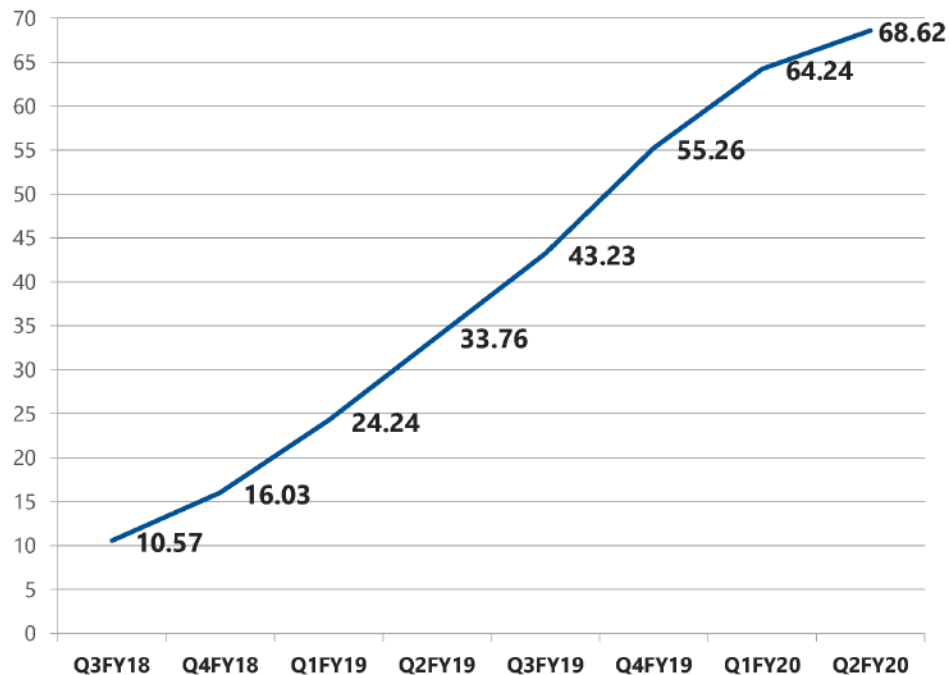
## Wholesale Book – LAP/ MSME (Rs Cr)



# SME Retail Lending Book

## Assets Under Management (AUM)

Figures in INR Crores



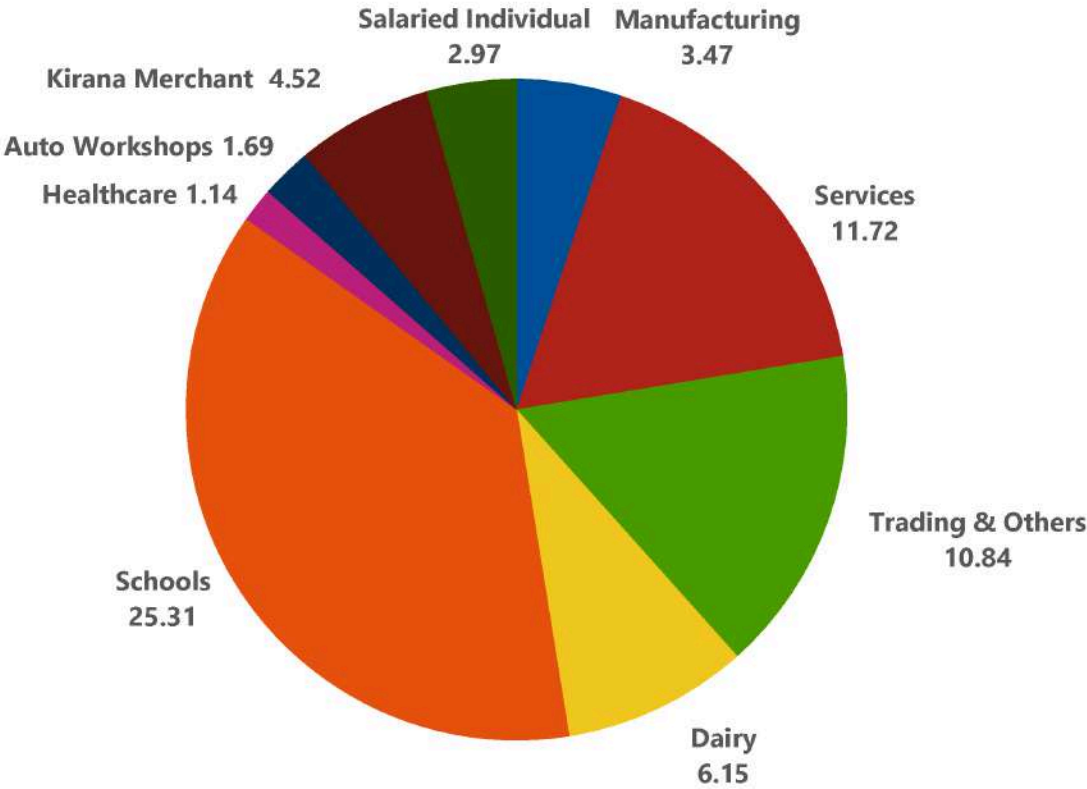
## Business Approach

- ✓ 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 (INR Cr)



# Wholesale Lending Book – Operational Update

- AUM for Wholesale Lending Book in Q2 FY20 is INR 249 Cr
- There is no NPA in the wholesale book & no account is in 30+ DPD
- AUM for the wholesale book has been decreased by 11% during Q2 FY20 vis-à-vis Q2 FY19
- Despite our wholesale lending book doing extremely well, the perception of credit rating agencies and lenders turned have turned cautious on the wholesale lending segment in the last 12 months. Due to this, our AUM has not grown in the last 12 months
- Given the negative perception around the wholesale lending book, we decided to limit incremental disbursements in this segment. Sufficient cashflows being generated by the wholesale lending book to fund the growth of our SME Retail lending, and that obviated the need to raise higher cost debt.
- Our wholesale lending model has been validated in the tough environment, as we have focused on smaller ticket size, last mile funding given to developers who had a limited no of projects, focus on affordable housing projects (15-25 lakh units). Our funding to builders floors with lower LTV loans, has also performed well. We have further expanded this to Gurgaon from South Delhi

# SME Retail Book – Operational Update

- AUM for SME Retail book in Q2 FY20 is INR 69 Cr & Net NPA is maintained at 1.17% during Q2 FY20 in the SME book
- AUM for SME Retail book has almost doubled during Q2 FY20 vis-à-vis Q2 FY19
- The operating environment has been tough because of the slowing economy. The company has decided to tighten its credit underwriting, in order to maintain the quality of its retail portfolio. This in turn has impacted the disbursements in this segment
- Our lending to the K-12 schools in smaller cities is doing well with negligible delinquency's
- We have successfully implemented FinnOne and now upgrading to a newer version and are implementing HUNTER software for real time fraud checks
- We are focusing on building a strong collection set up as this segment requires strong collection follow ups. We are working on improving our collection efficiency, and are seeing improvements in key metrics
- We see this period as a time to consolidate and improve our processes. We have revamped our operational team in some branches, where we were not getting the desired level of productivity
- As on 30<sup>th</sup> Sept 2019 , the total employee strength is 167

# Financial Snapshot

*INR Cr*

<b>Metrics</b>	<b>FY20 Q2</b>	<b>FY19 Q2</b>	<b>FY19</b>
<b>Revenue</b>	15.13	14.62	59.69
<b>NII</b>	11.89	10.81	42.91
<b>PAT</b>	7.25	5.89	25.15
<b>Net worth</b>	223.78	198.77	214.76
<b>AUM</b>	316.88	313.17	323.51
<b>CAR</b>	70%	63%	66%

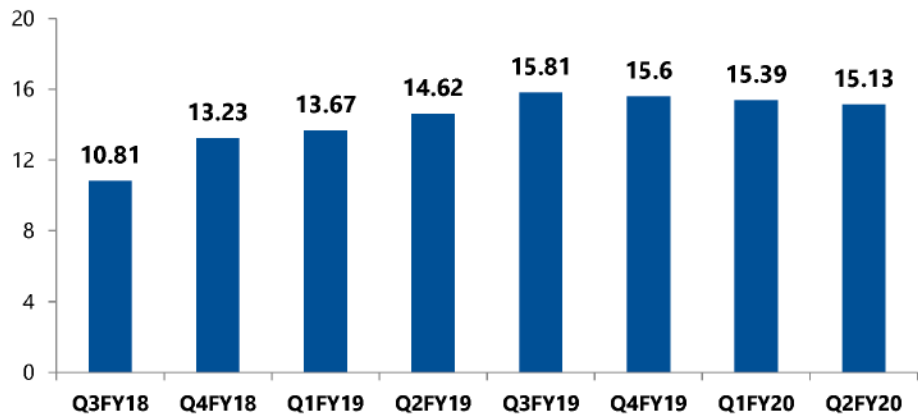
# Financial Update

- CSL Finance recorded an increase of 3% in revenues in Q2 FY20 vis-à-vis Q2 FY19
- Operating profit increased by 8% in Q2 FY20 vis-à-vis Q2 FY19
- Net interest income has increased by 10% Q2 FY20 vis-à-vis Q2 FY19
- AUM increased by 1% in Q2FY20 vis-à-vis Q2FY19.
- 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

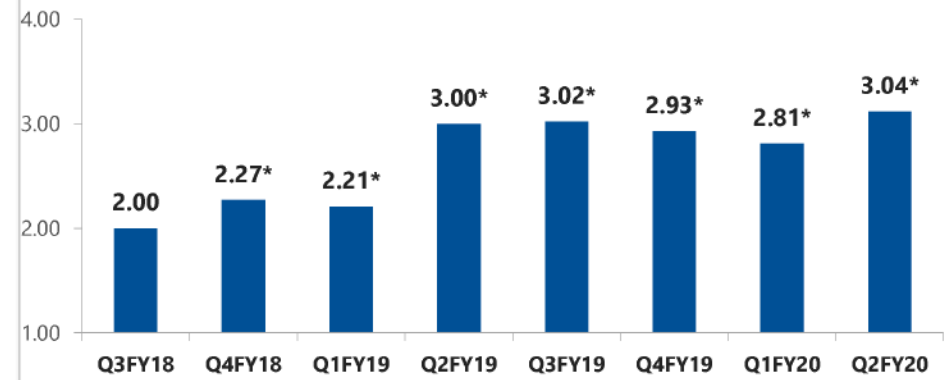
# Financial Metrics

1

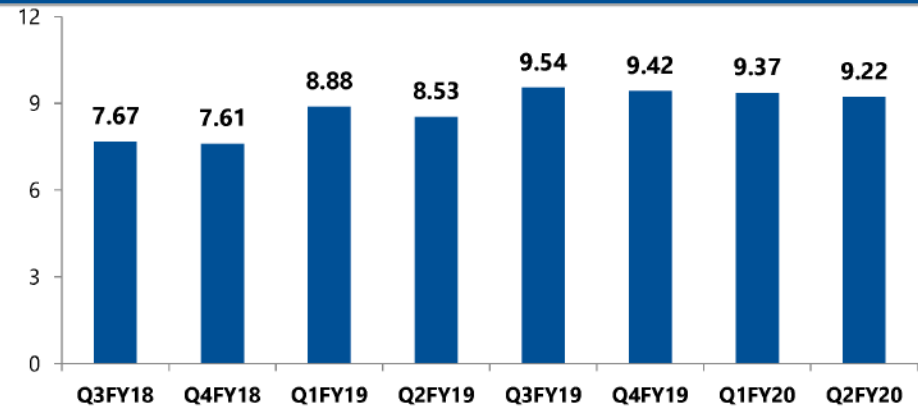
### Total Income (Rs Cr)



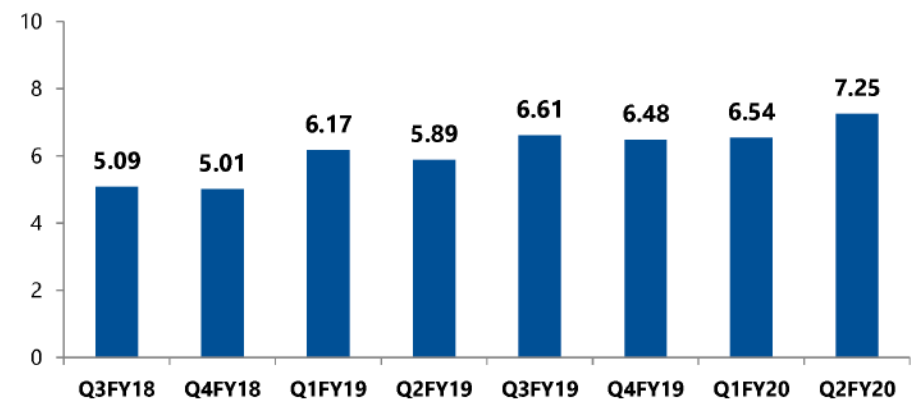
### Operating Expenses (Rs Cr)



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



### Net Profit (Rs Cr)



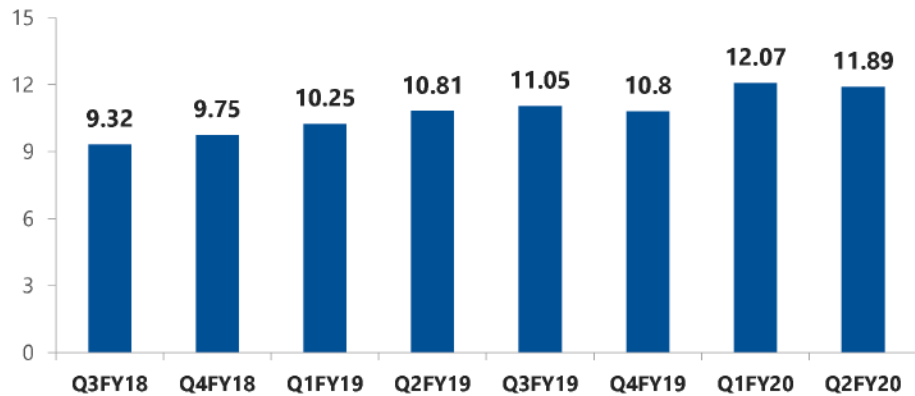
\* Q4 FY18 , Q1, Q2, Q3 , Q4 of FY19 and Q1, Q2 FY20 costs does not include INR 0.83 Cr, INR 0.12 Cr, INR 0.12 Cr, INR 0.12 Cr, INR 0.15 Cr INR 0.08 Cr, NR 0.08 Cr as employee compensation on account of ESOP respectively



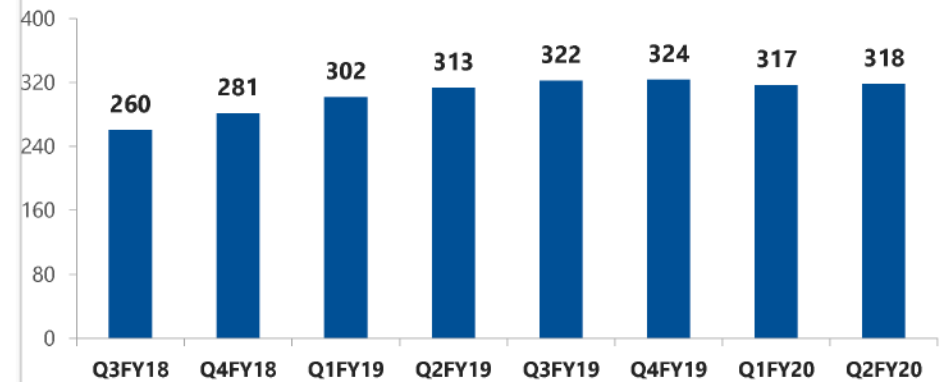
# Financial Metrics (contd..)

2

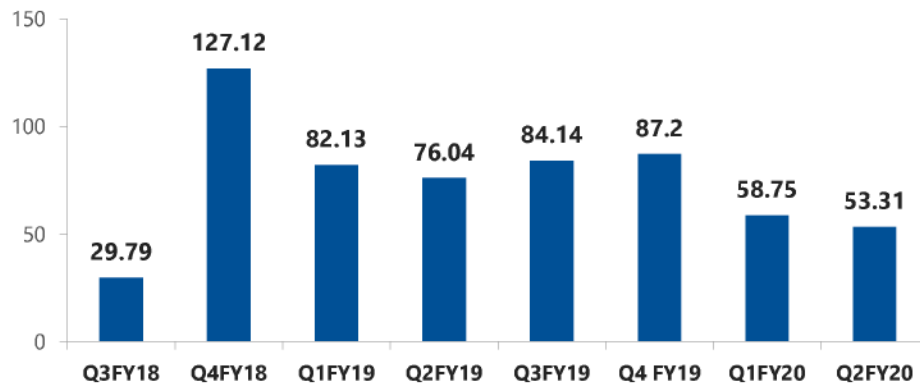
### Net Interest Income (Rs Cr)



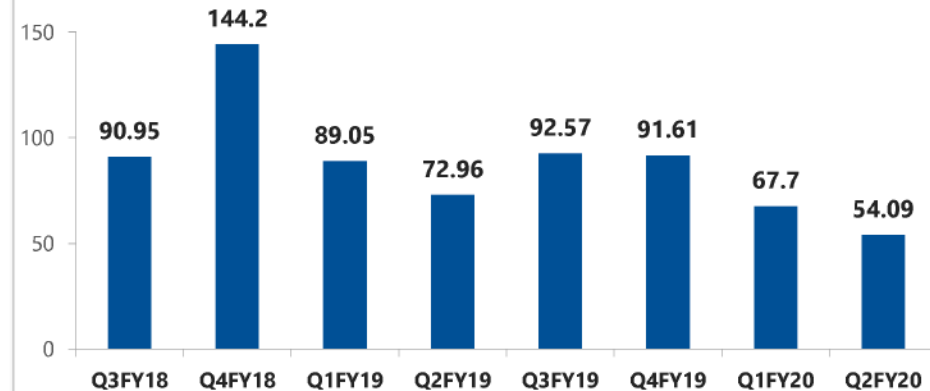
### AUM – End of Quarter (Rs Cr)



### Collections (Rs Cr)



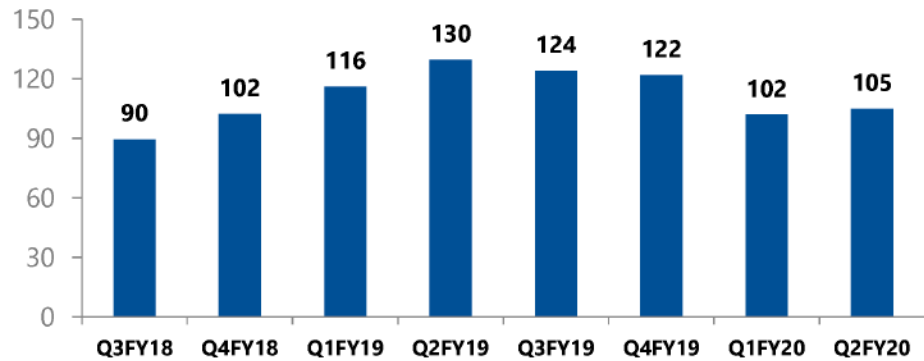
### Disbursements (Rs Cr)



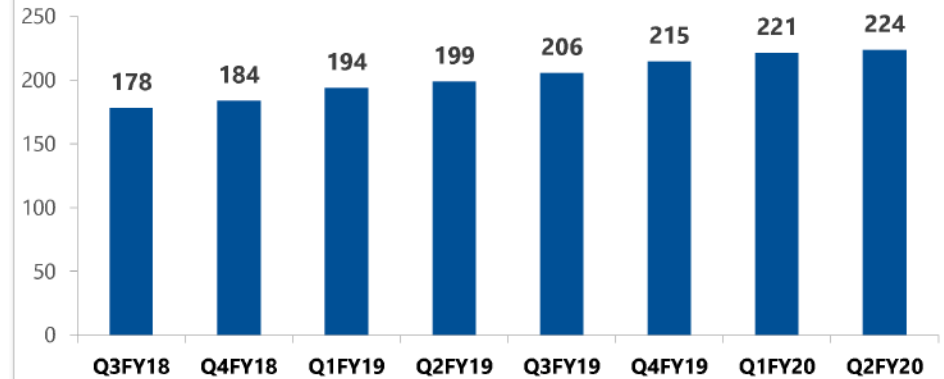
# Financial Metrics (contd..)

3

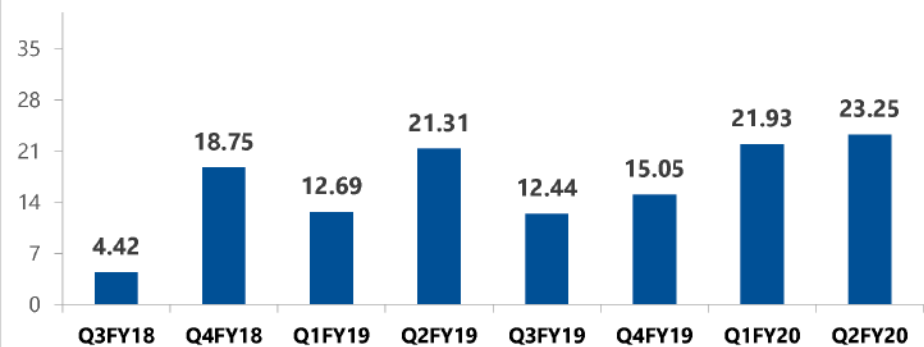
### Borrowings (Rs Cr)



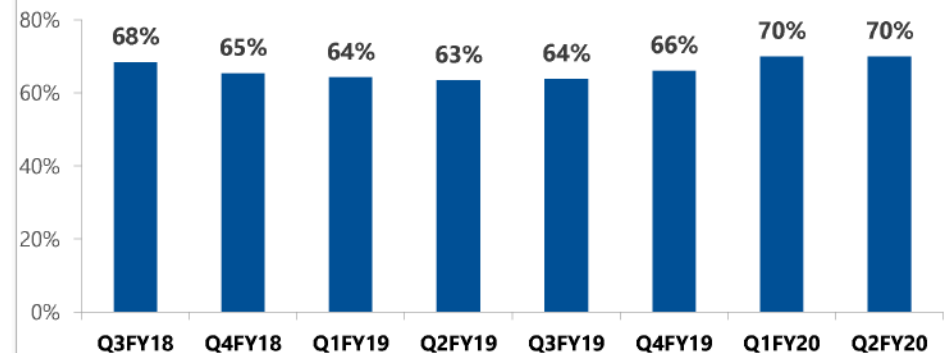
### Net worth (Rs Cr)



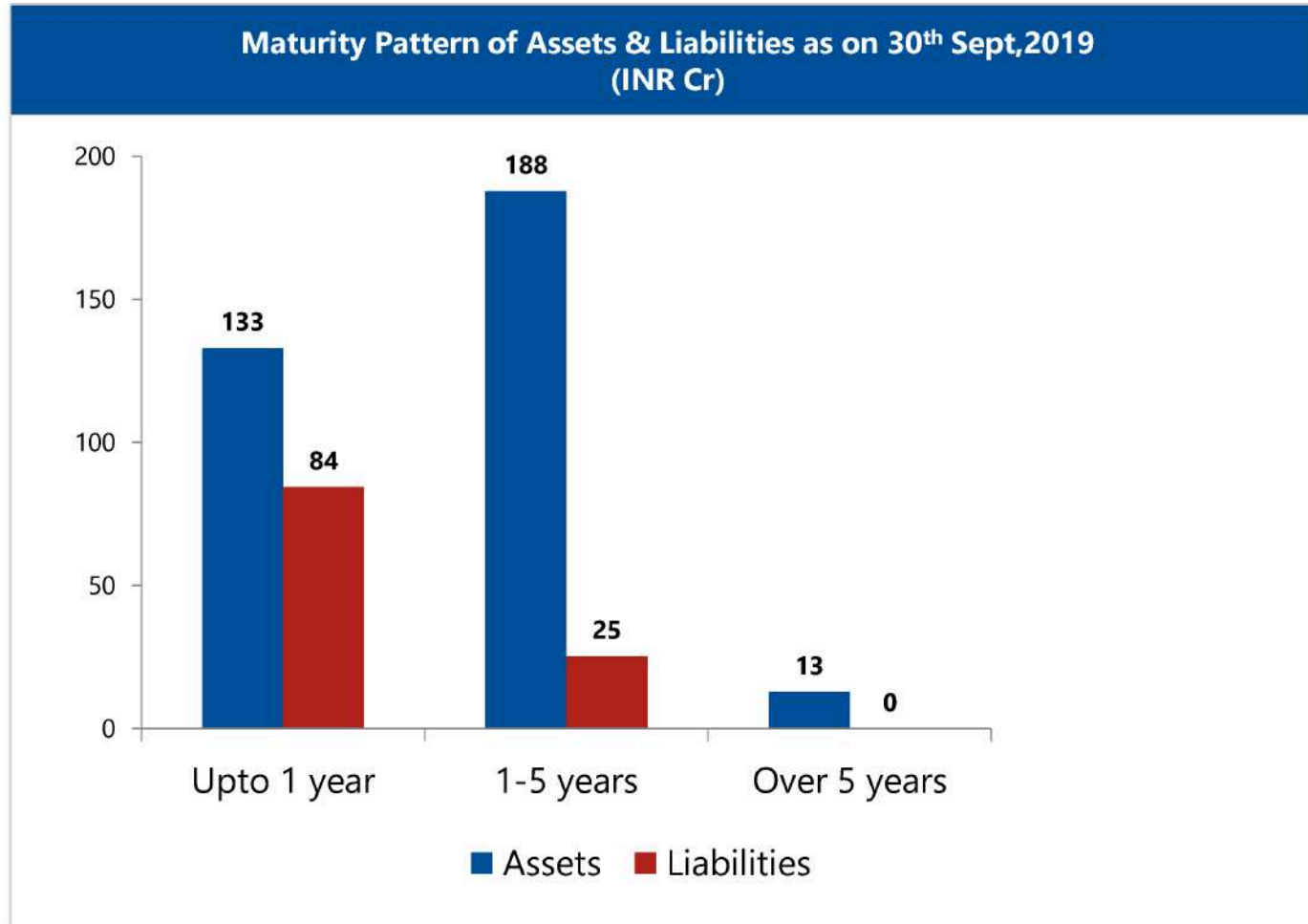
### Cash & Cash Equivalents (including undrawn CC limits) (Rs Cr)



### 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 223.78 Cr

# Debt Profile as on 30<sup>th</sup> Sept, 2019

Lender's Name	Facility Type	Sanction Period	O/s Loan Amount as on 30.09.2019 (in INR CR)
Tourism Finance Corporation of India Ltd	Term Loan	Nov'17	18.50
TATA Capital	Term Loan	May'18	3.75
AU Small Finance Bank	Term Loan	Aug'18	13.33
AU Small Finance Bank	Term Loan	June'17	2.78
State Bank of India	Term Loan	Sep'17	9.57
State Bank of India	Cash Credit	Sep'17	18.00
AU Small Finance Bank	Revolving Credit	Mar'17	1.83
State Bank of India	Working capital	Sep'17	37.30
<b>Grand Total</b>			<b>105.07</b>

# Current Strategy & Outlook

- Continuous and rigorous review of all loan accounts considering challenging market conditions
- We are focused on the improving the quality of our book and are more selective in our disbursements
- We are migrating to a newer version of FinnOne LOS Software, which is compliant with the new Ind AS accounting and has better analytics on collections and loan metrics
- We are aiming to maintain the zero Delinquency in wholesale book
- Having analyzed the performance of the Retail SME Loan Portfolio we find the performance of the Western Region better than Northern Region in terms of delinquencies. So we plan to scale up our loans in the Western markets of Rajasthan and Gujarat
- We aim to a Cluster based branch approach to increase the penetration of the SME Retail business
- School Loans are largely sourced directly
- Given the challenges faced in debt raising for NBFCs, we do not plan any significant branch expansion in the coming year

# Thank You



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Noida- 201301

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