



Corporate Presentation

January 2018

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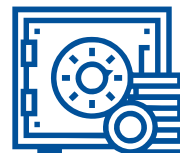
Company Snapshot



**Delhi based NBFC with
AUM of Rs 260 Cr**



**Listed on Bombay
Stock Exchange**



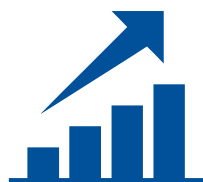
**98% of loan
book is secured**



**BBB rating
from CARE**



**7 Branches spread
across North India**



**High CAR
of 68 %**

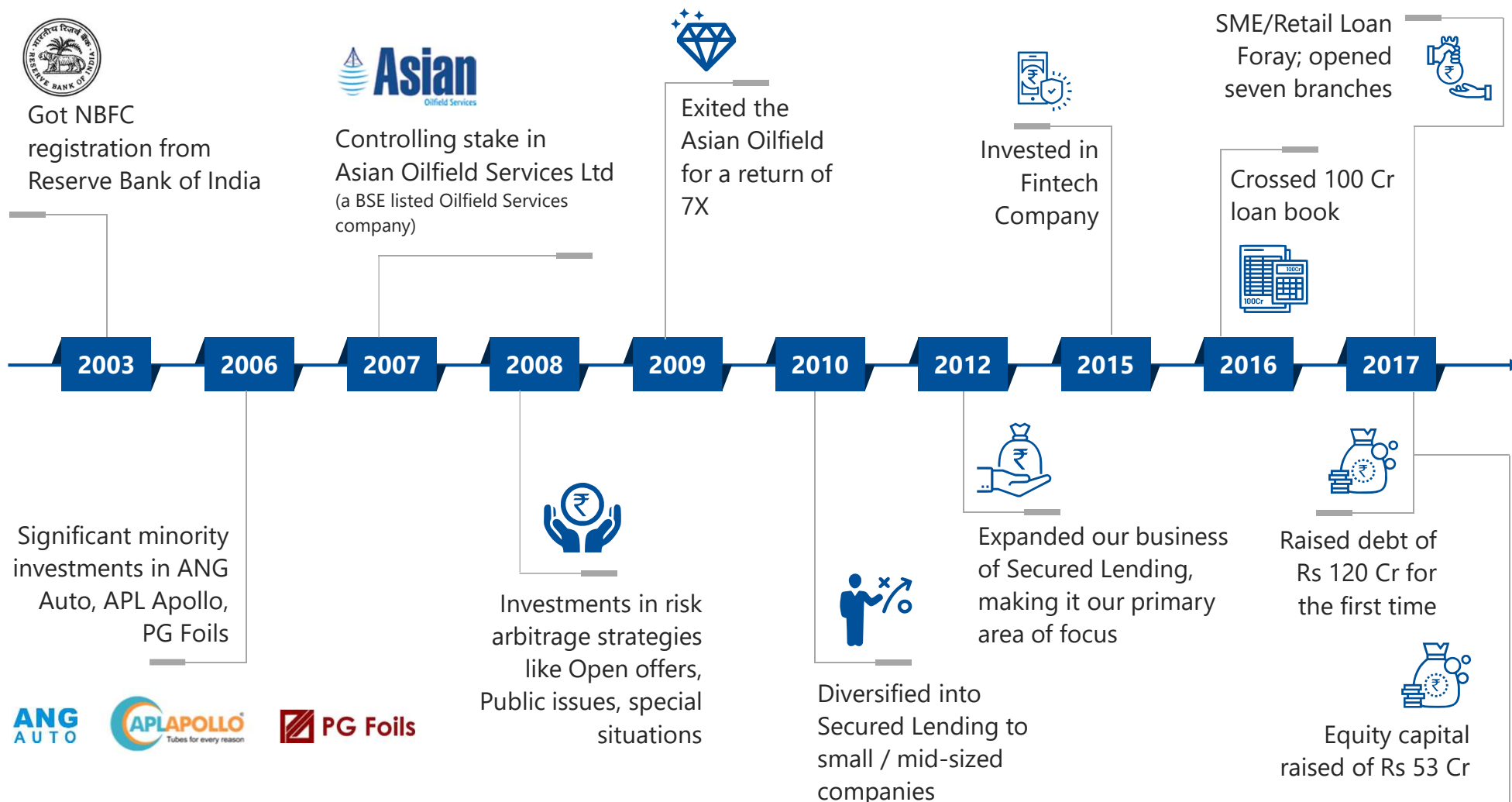


**Low cost of
operations**



**Raised 53 Cr from Marquee
investors in Sep 2017**

Milestones



Management Team



Rohit Gupta *(Managing Director)*

Rohit is a chartered accountant with over 25 years of diverse experience in the fields of merchant banking, corporate finance, financial restructuring, project finance, capital markets and structured lending. He has advised several small/mid-size organizations develop and execute turnaround and growth strategy, and helped them raise equity and debt through various instruments to fuel their growth. He is passionate about innovative and structured lending models, and is the prime driving force behind the structure lending model of CSL finance offered to certain niche market segments and the company's foray into SME lending.



Sandeep Lohani *(Chief Strategy Officer)*

Sandeep has over 17 years of versatile experience in MSME lending, retail financial services, impact investing, and general management. He has developed and managed several innovative businesses, designed and rolled-out new products, distribution channels and operations infrastructure across diverse geographies. Sandeep has held leadership positions with few large NBFCs and worked with organizations like Tata AIG, ITC and L&T in early years of his career. Sandeep is a MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai and has pursued an executive leadership program in microfinance from Harvard Business School and an executive program from Harvard Kennedy School of Government. Sandeep had joined the company as CEO and now as Chief Strategy Officer will be focusing on future growth strategy, exploring new growth avenues and products along with focusing on institution building.



Rajeev Mehra *(COO – SME business)*

Rajeev has over 20 years of diverse experience in working capital finance, transaction banking and retail lending. He has extensive experience in Business development, product development, credit management and operations with focus on usage of technology. In his last assignment at Satin Creditcare, he was heading the SME loans business vertical. He spent 14 years with HSBC where he set up SME liabilities, lending and transaction banking models. He gained rich experience in business delivery, leadership and market expertise while working in various roles including Head East India- SME, Head Intermediary Channel development- India and Head West India- SME Factoring. Rajeev also worked with Magma Fincorp Ltd as Zonal Head - SME Loans (North). Rajeev has done PGDBM from Birla Institute of Management Technology and CAIIB from Indian Institute of Bankers.



Naresh Varshney *(Chief Financial Officer)*

Naresh is a Chartered Accountant with more than 25 years of diverse experience in the field of financial services, corporate strategy, accounting and taxation. Before joining CSL, Naresh has worked with RR Finance consultants, Centrum Capital & Unicon as country head-marketing for retail HNI and corporate investment products. He currently serves as the chief financial officer and marketing head for structured lending at CSL.



Akash Gupta *(Company Secretary & Legal Head)*

Akash has over 7 years of extensive experience in corporate law, regulatory compliance and legal documentation. Along with heading the secretarial and legal function at CSL, he also manages a team responsible for drafting of contractual agreements, documentation and collateral management for secured lending. Akash is a commerce graduate and a member of the Institute of Company Secretaries of India.

Management Team



Rakesh Kapoor: Zonal Business Head- SME North India

Rakesh has over 19 years of rich experience in retail assets including secured/unsecured SME, personal loans and auto loans. He has worked across various markets in North India for NBFCs like Indiabulls, Magma and Religare. In his last assignment with Satin Creditcare as Regional Business Head, he was instrumental in launching the SME business in various cities in Haryana and Punjab. Rakesh holds a diploma in automobile engineering and a MBA in marketing from NIM, Panchkula.



Ajeet Sharma: Zonal Business Head- SME West India

Ajeet is a Management graduate with 15 years of experience into retail lending space. Most recently he was working with IndusInd Bank Ltd as a Regional Sales Manager- LAP. His earlier stints were with Intec Capital, Fullerton India, Shriram City and HDFC Bank. Ajeet has pursued Bachelor of Business Management from MLS University, Udaipur and MBA from Devi Ahilya University, Indore.

Financial Services Landscape

1

Low Retail Debt to GDP ratio will result in Retail lending to grow from USD 600 Billion to USD 3,000 Billion by FY2026

2

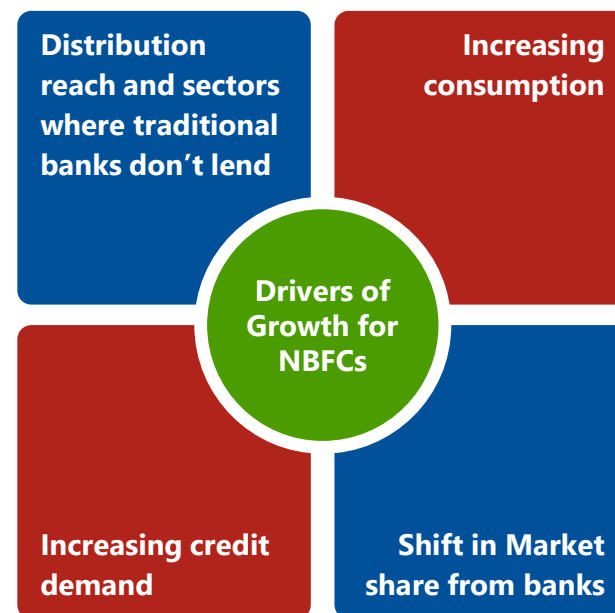
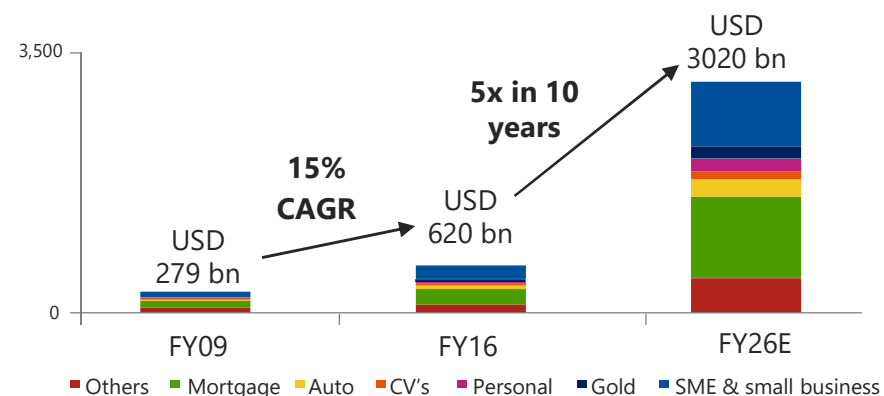
As Per CRISIL Report published in November 2017 NBFCs will continue to take away market share from banks in the next three years led by lending to mid-sized companies linked to real estate and infrastructure

3

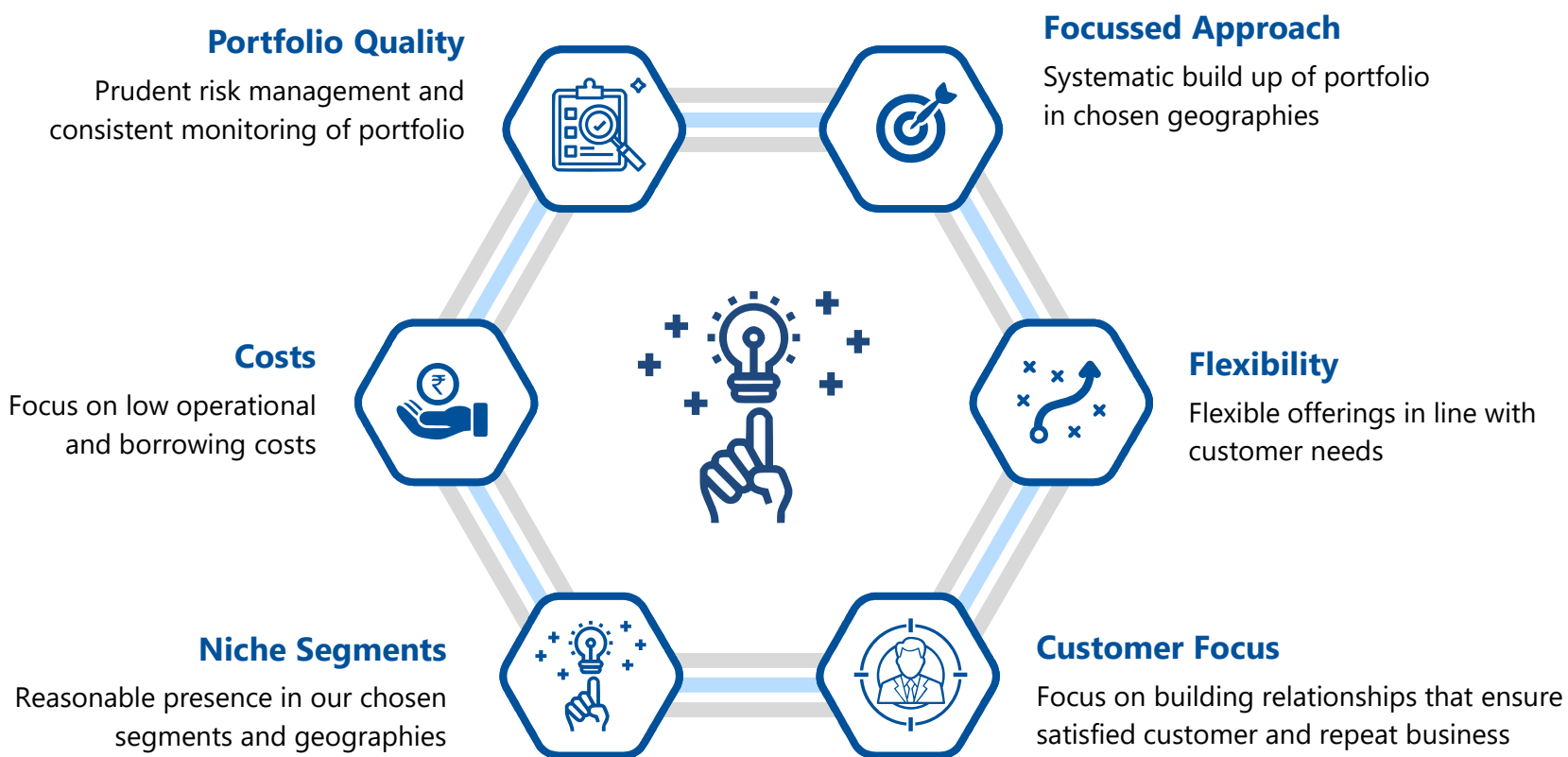
As per CRISIL Report the opportunity in realty and the structured credit space has increased materially after the implementation of RERA and rising demand for mid-corporate promoter financing

4

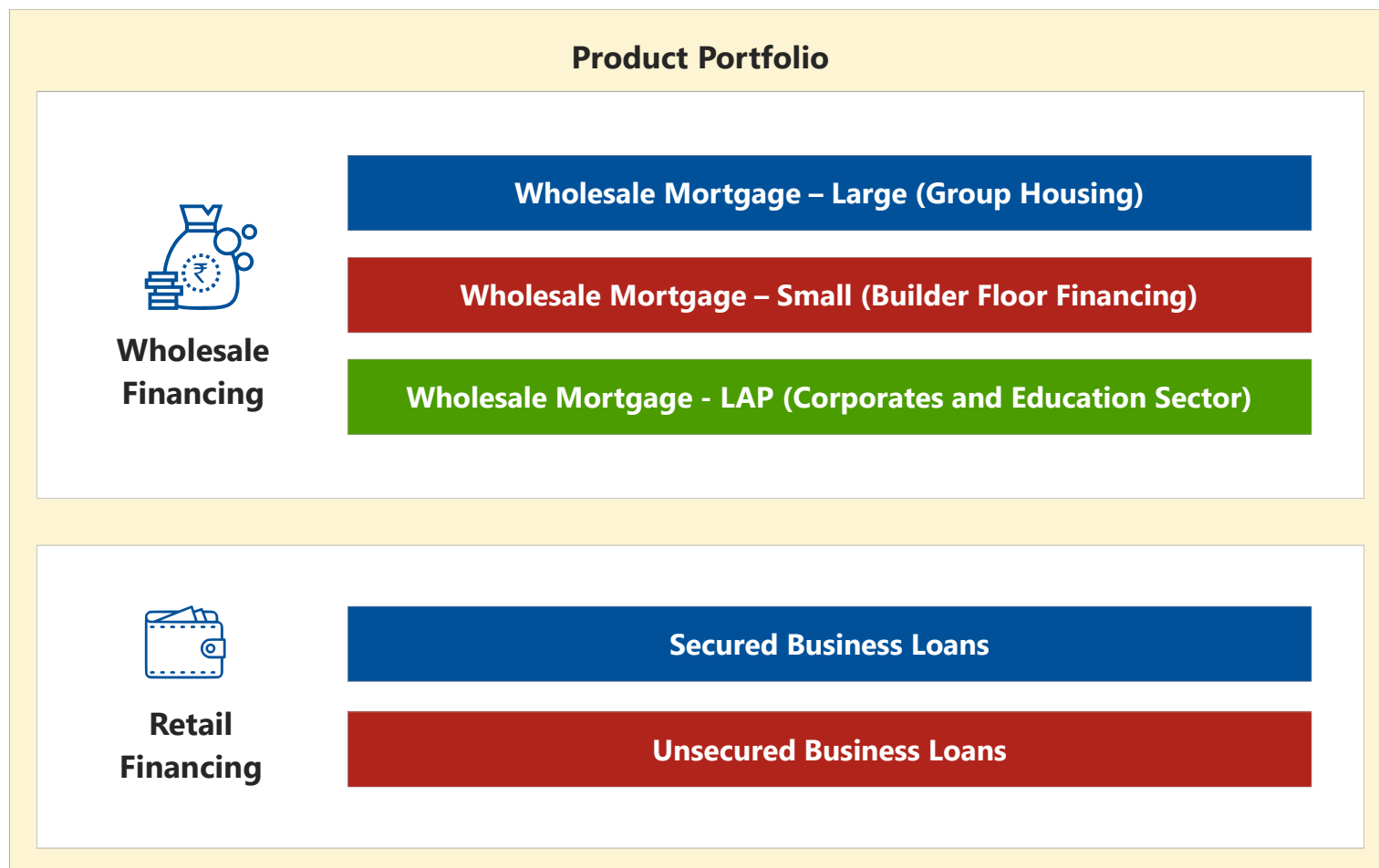
The Public Sector banks with a 70% market share, will be particularly challenged with stressed balance sheets and high NPAs may not be as competitive and constrained by capabilities in the data driven digital world



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



98% 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

Diversifying to retail SME lending



Secured Business Loan

Loans ranging between INR 2 - 25 lakh offered to Traders, Kirana Stores & Small businesses with regular cash flows against security of residential/commercial property.



Unsecured Business Loan

Loans ranging between INR 1 – 5 lakh offered to small traders on the basis of cash flows, CIBIL scores, past loan history, business and financial strengths



Quasi Secured Loan

Variant of unsecured loans in the range of INR 1-10 lakh offered against lien of residential/commercial property papers that are on registered GPA and where customer is currently residing/operating.

Key Features

- ✓ Secured Business Loan- INR 2 lakh to 25 lakh
- ✓ Unsecured Business Loan - INR 1 lakh to 5 Lakh
- ✓ Quasi Secured Loan – INR 1 Lakh to 10 Lakh
- ✓ EMI loans based on borrower needs and cash flows (12-84M)
- ✓ Convenient repayment options
- ✓ Collaterals accepted: commercial/residential property.

Branches



Existing Branches



Proposed Branches

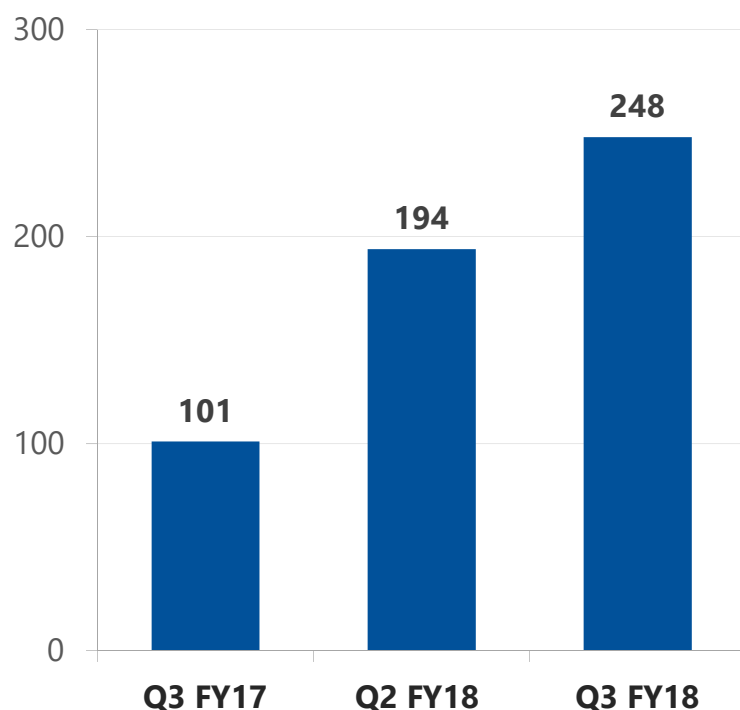


Map not to scale, for representation purposes only

Corporate Credit – Leveraging our Relationships

Assets Under Management (AUM)

Figures in INR Crores



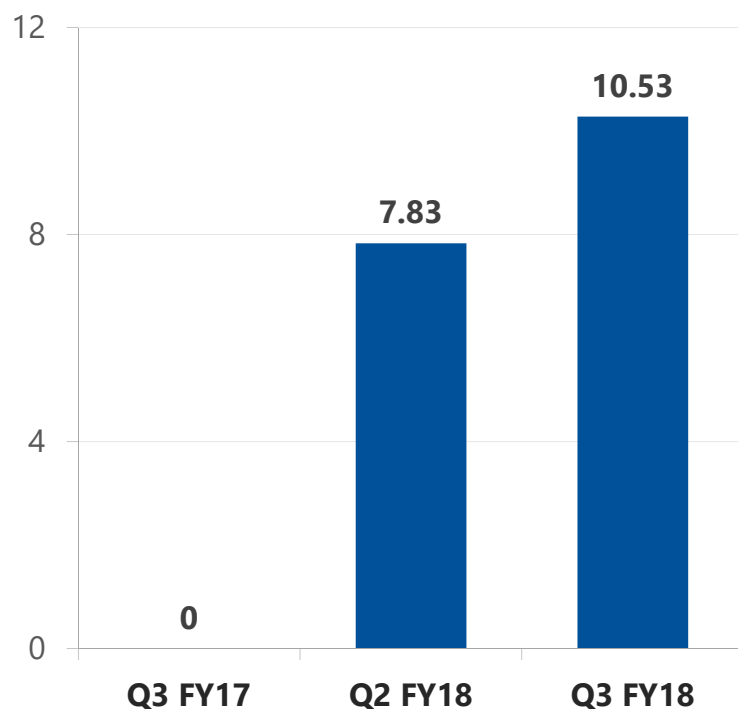
Business Approach

- ✓ 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 7 operational branches with a target to have 25 branches in 2 years
- ✓ Focus on having low operational costs
- ✓ Products are tailored for target segments that are large, underpenetrated and profitable
- ✓ 80% of the lending is secured

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

Credit Business Mix

Product Category	Book Size (Rs Cr)	
Corporate Lending		
Wholesale Mortgage – Large	151	Loans to Group Housing Projects consisting both of standard loans and structured collateralised loans
Wholesale Mortgage – Small	34	Builder Floor & Site Redevelopment Loans
Wholesale Mortgage – LAP	63	Loans given to Educational institutions and other corporates
Retail Lending		
SME - Secured	9	Loans for traders, schools and fabricators with own Shop/Home as collateral
SME - Unsecured	2	Small ticket loans to traders & fabricators
Fintech	1	Loans originated on the Fin Tech Platforms

High NIMs and Robust Asset Quality

Key Parameters	Q3FY18
Return on Net worth	11.61%
Average Cost of Borrowing	10.07%
Capital Adequacy Ratio	68.40%

At the end of	Q3FY18
Gross NPA (Rs Cr)	0.00
Net NPA (Rs Cr)	0.00
Total AUM (Rs Cr)	260.22
Provisions for Standard Assets (Rs Cr)	0.65
Average Collection Cover on corporate loan book*	2.58
Average Loan to Value on retail SME Book*	30.20%

* As on 30-Sep-2017

Credit Business at a Glance

At the end of	Q3FY18	Q3FY17
AUM (Rs Cr)	260.22	106.72
Total Revenue (Rs Cr)	10.81	7.07
Net Interest Income (NII) (Rs Cr)	9.32	6.38
Net Interest Margin %	17.05%	21.21%
Net Profit (Rs Cr)	5.09	3.91
No of SME Branches	7	0
No of Employees	57	18
CAR %	68.40%	104.84%
Net NPA (Rs Cr)	0.00	0.00

Key Highlights



AUM of company as on 31 Dec 2017 has grown significantly by 150% on YoY basis



SME portfolio has started contributing to the revenues



Over 98% of the portfolio is secured lending

Leveraging IT/MIS

1

Integrated Loan Management System

- Implemented a web-based integrated loan management system with comprehensive Loan Management, Collections, MIS and Reporting
- Gone live with retail SME vertical
- In the course of implementation for wholesale mortgage loans

2

Corporate Loan Monitoring System

- Developed and implemented in-house software for monitoring of wholesale mortgage loans.
- Regular site visit reports captured in system, and readily available
- Comprehensive MIS and reports required to monitor progress and monitoring of projects.

3

Compliance Management System

- Implementing a comprehensive compliance management system.
- Mapping of all regulatory compliance and associated tasks.
- Task allocation and management – tracking of task completion and alerts.
- Centralized mapping and monitoring of all compliance needs.

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 reduced 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 2.5X

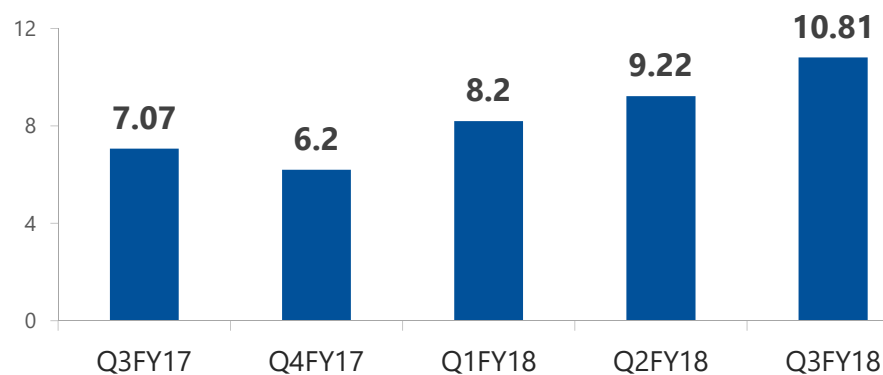
3 Constant monitoring/review

- 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

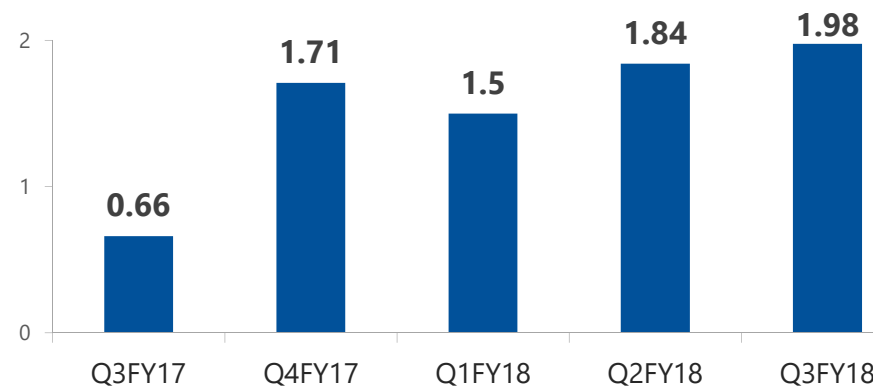
Financial Metrics

1

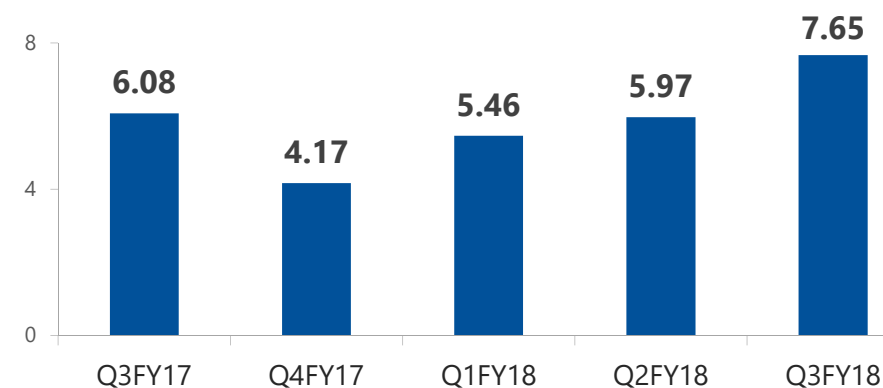
Total Income



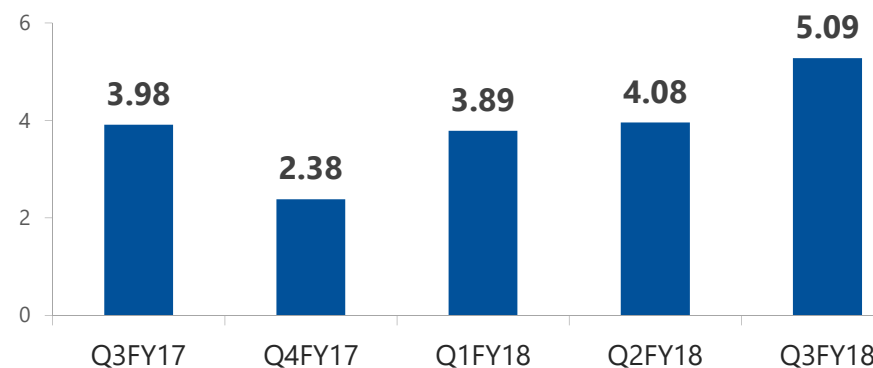
Operating Expenses (Rs Cr)



Pre Provisioning Profit Before Tax (Rs Cr)



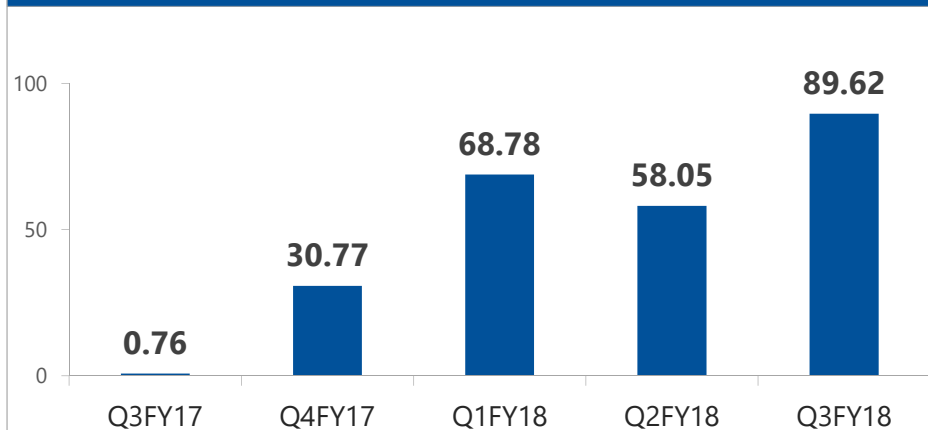
Net Profit (Rs Cr)



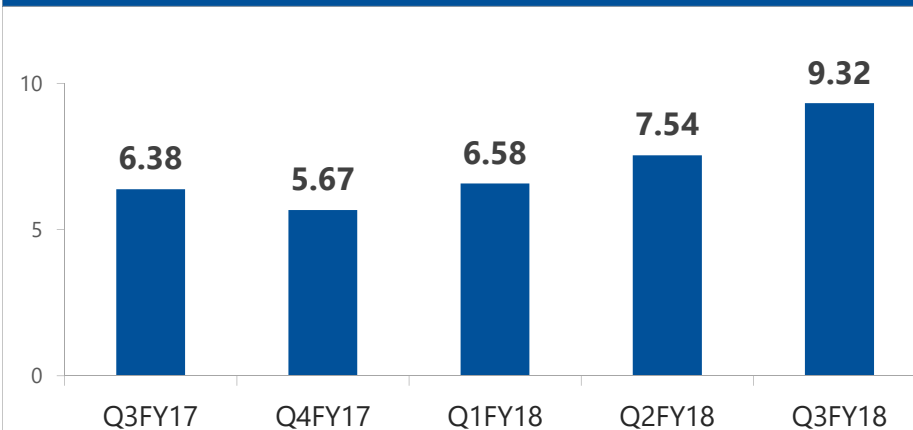
Financial Metrics (contd..)

2

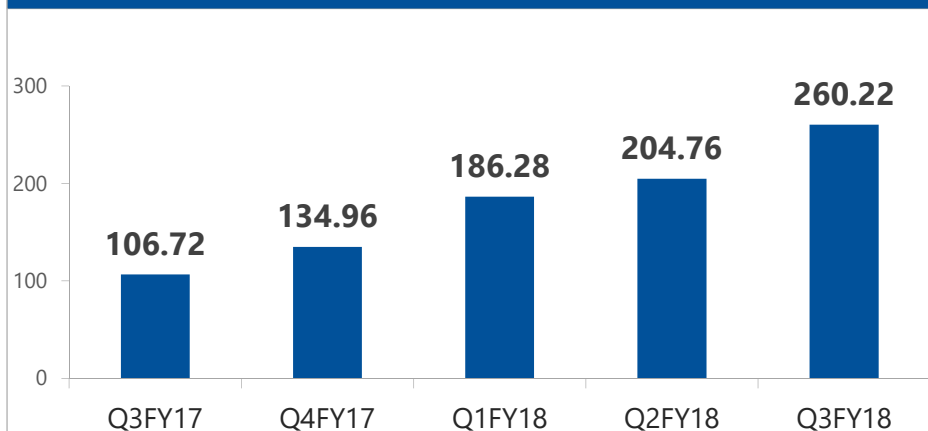
Borrowings (Rs Cr)



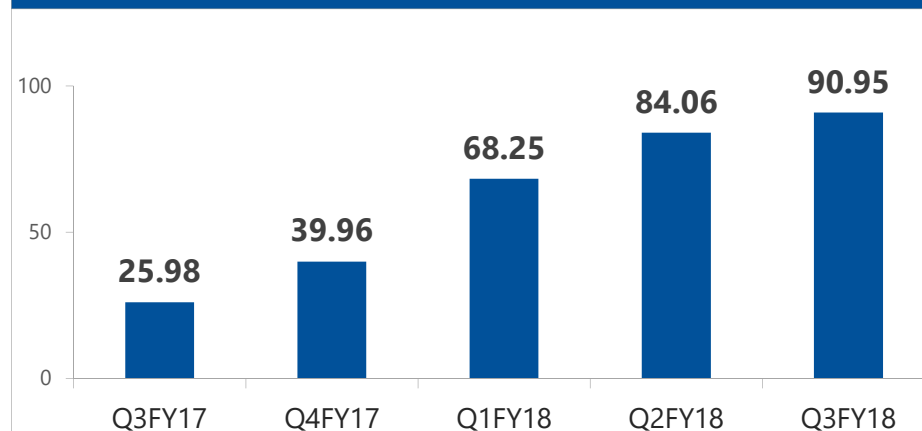
Net Interest Income (Rs Cr)



AUM – End of Quarter (Rs Cr)



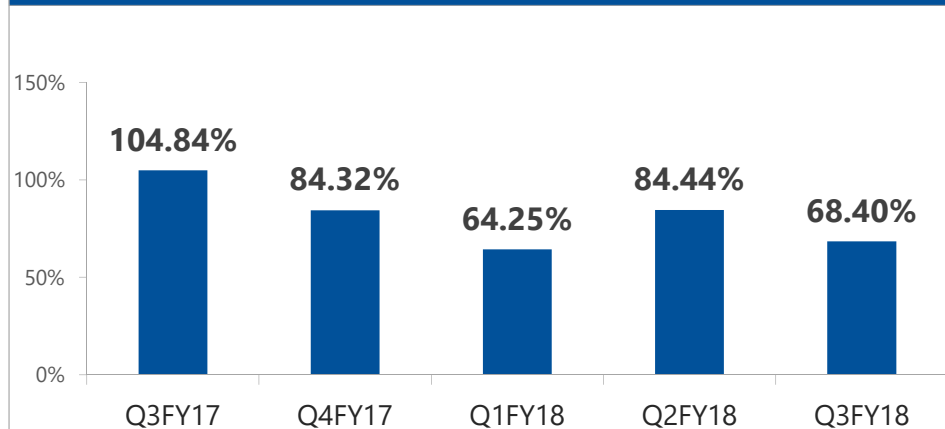
Disbursements (Rs Cr)



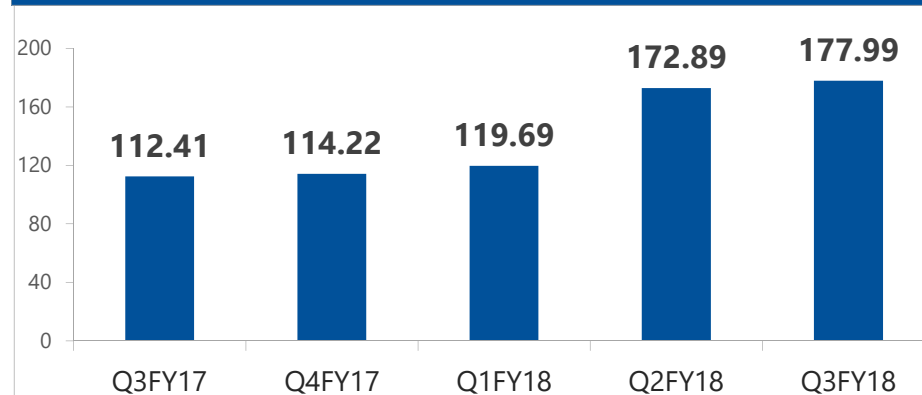
Financial Metrics (contd..)

3

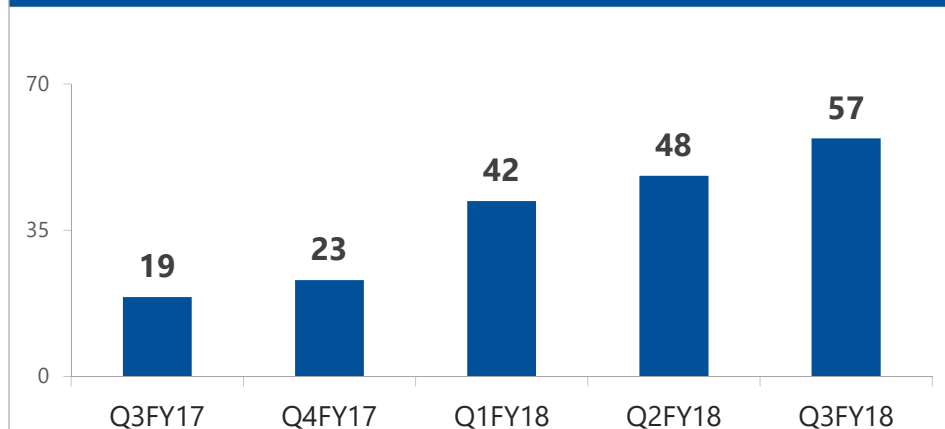
Capital Adequacy Ratio (%)



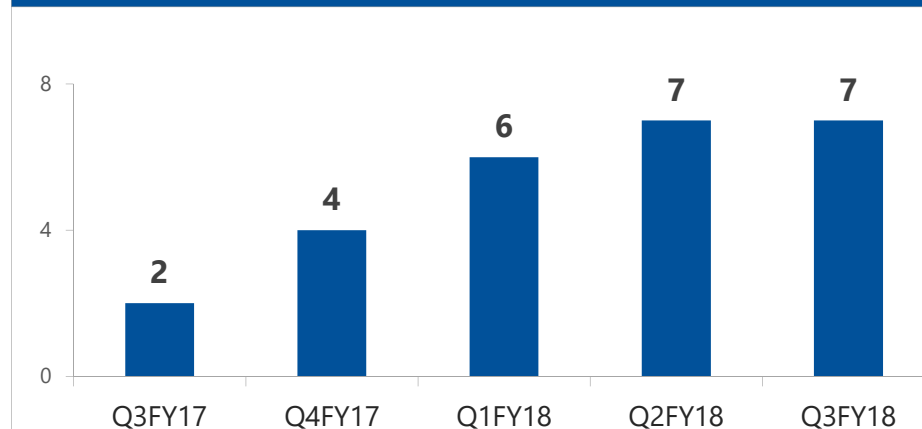
Net Worth








Number of Employees



Number of Branches



Fund Raise - Debt

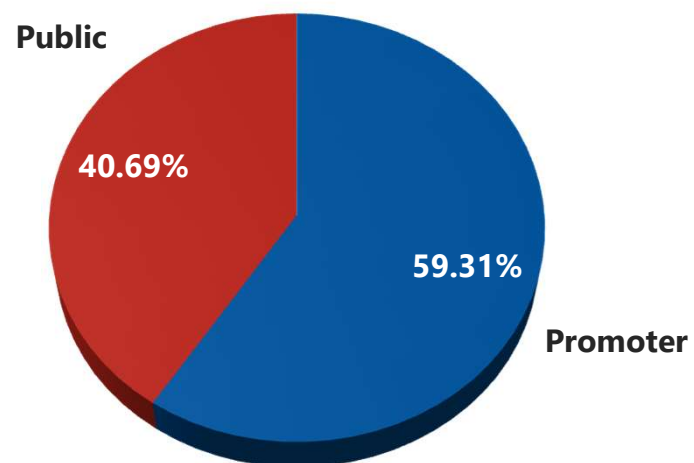
Sr.	Name of Investor		Instrument	Year Sanctioned	Amount (Rs Cr)
1	AU Small Finance Bank		Term Loan	2017	10
2	AU Small Finance Bank		CC Limit/WCDL	2017	10
3	State Bank of India		CC Limit/WCDL	2017	57
4	State Bank of India		Term Loan	2017	18
5	TFCI		Term Loan	2017	25

Fund Raise – Investors in Preferential Issue in Sep-17

Sr.	Name of Investor	Instrument	No of Shares	Price (Rs)	Amount (Rs Cr)	Date of Allotment
1	Kothari Ventures LLP	Preferential Allotment	3,85,000	Rs 390	15.02	18 Sep 2017
2	Aadi Financial Advisors LLp	Preferential Allotment	3,85,000	Rs 390	15.02	18 Sep 2017
3	Ajay Relan	Preferential Allotment	1,00,000	Rs 390	3.90	18 Sep 2017
4	Madhuri Kela	Preferential Allotment	80,000	Rs 390	3.12	18 Sep 2017
5	Radhika Sharma	Preferential Allotment	80,000	Rs 390	3.12	18 Sep 2017
6	Others	Preferential Allotment	192,000	Rs 390	7.49	18 Sep 2017
7	Warrants	Preferential Allotment	150,000	Rs 390	5.85	18 Sep 2017
Total Funds Raised					53.52	

Shareholding Pattern

Shareholding Pattern



Top 5 Public Shareholders

Sr.	Name	% Holding
1	Kothari Ventures LLP	6.52%
2	Aadi Financial Advisors Pvt. Ltd.	6.52%
3	Ajay Relan	1.69%
4	Radhika Sharma	1.35%
5	Madhuri Kela	1.35%

Our future growth strategy

Portfolio Mix

- ✓ **Consolidate our wholesale lending book and diversify into Retail SME lending**
- ✓ **Aim to achieve a mix of 50:50 between Wholesale and Retail lending**



Wholesale Mortgage – Large

- ✓ Broaden our loan target segment from Rs 5-15 cr to 5-25cr. This gives us advantage of better deterrents, like escrow linkage on cash flows
- ✓ Expand outside NCR to other big cities in Northern India
- ✓ Maintain our USP in 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
- ✓ A strategic tie-up with Debt Advisory company with an aim to strengthen our business development and deal sourcing

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
- ✓ Demonetization & GST has eliminated informal financiers in this space. CSL has build up a dedicated team to focus on this increased demand of formal financing
- ✓ With larger scale and competitive cost of funds we aim to become a significant player in builder floor segment in NCR



Our future growth strategy (Contd...)

Wholesale mortgage – LAP

- ✓ Continue our strategy 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

SME Lending

- ✓ Expand footprints in select cities in North and West India
- ✓ Develop deeper penetration in select markets
- ✓ Focus on small businesses, traders and schools with consistent cash flows
- ✓ Aim to have 80% of the loans secured



Thank You



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