



CSL Finance
Limited

FY22 Q3 Investor Update December 2021

CSL FINANCE LIMITED



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COMPANY SNAPSHOT



Listed on Bombay Stock Exchange



20 Branches spread across North and West India



Delhi Based NBFC with AUM of INR 421 Cr as on 31st Dec 2021



Raised INR 51 Cr from Marquee investors in Sep 2017



Wholesale Loan book of INR 347 Cr & SME Retail book of INR 74 Cr



High Capital Adequacy Ratio of 67%



99% of the loan book is secured



BBB+ Stable rating from India Ratings & Research Private Ltd



Financial Snapshot

FINANCIAL SNAPSHOT

in INR CR

Particulars	As on Q3 FY22 (9 Months)	FY21	FY20
Disbursements	294.50	433.32	270.10
Revenue	51.58	61.67	60.85
Interest Income	48.32	59.18	58.41
PBT	30.72	39.36	31.74
PAT	22.77	27.53	22.47
Bad debts written off	1.50	3.88	0.26
Bad debts recovered	0.52	0.10	0.15
Loans and Advances	421.08	329.55	310.96
Net Worth	280.18	259.20	232.55
Total Liabilities	149.56	88.33	99.92
Borrowings	144.50	82.60	95.92
Gross NPA	12.38	6.94	2.18
Net NPA	7.04	3.93	0.77
Debt to Equity Ratio	0.51	0.31	0.41
CAR	66.89%	78.65%	73.16%
ROA	8.07%	7.92%	6.76%
ROE	12.38%	10.62%	9.66%
Book Value per share	151.38	140.05	125.65



FINANCIAL SNAPSHOT

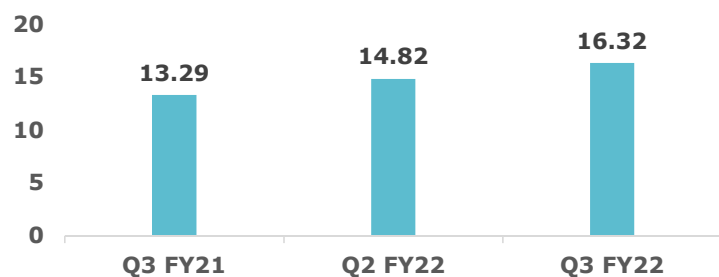
in INR CR

Particulars	Q3 FY22	Q2 FY22	Q3 FY21
Disbursements	122.20	93.24	151.00
Revenue	18.95	17.16	14.90
Interest Income	16.81	16.52	14.45
PBT	11.85	9.63	9.04
PAT	8.66	7.10	4.86
Bad debts written off	0.05	1.45	0.64
Bad debts recovered	0.27	0.18	0.03
Loans and Advances	421.08	377.20	333.35
Net Worth	280.18	271.47	250.42
Total Liabilities	149.56	115.50	95.47
Borrowings	144.50	109.45	88.03
Gross NPA	12.38	12.27	5.10
Net NPA	7.04	6.74	2.46
Debt to Equity Ratio	0.51	0.41	0.35
CAR	66.89%	78.65%	73.16%
ROA	8.07%	7.29%	5.62%
ROE	12.38%	10.39%	7.77%
Book value per share	151.38	146.68	136.88

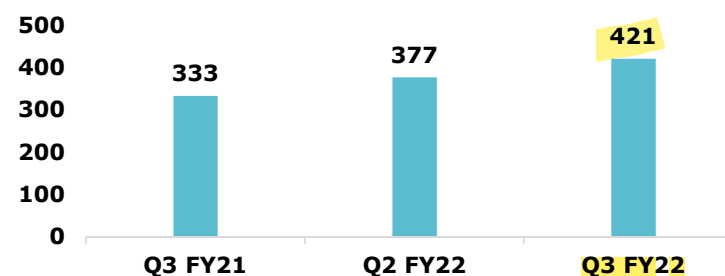


Performance Matrix

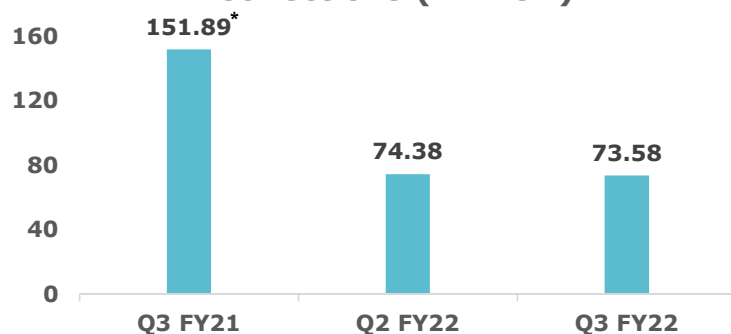
Net Interest Income (INR Cr.)



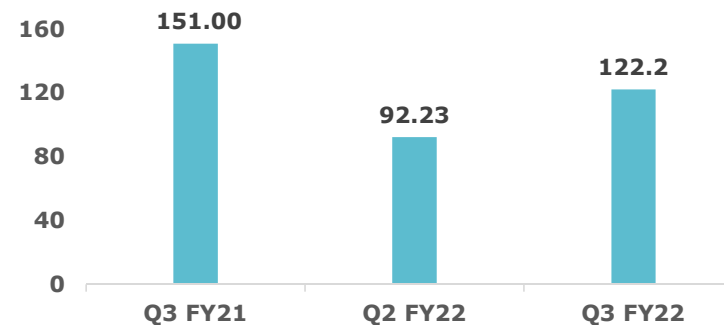
AUM End of Quarter (INR Cr.)



Collections (INR Cr.)



Disbursements (INR Cr.)

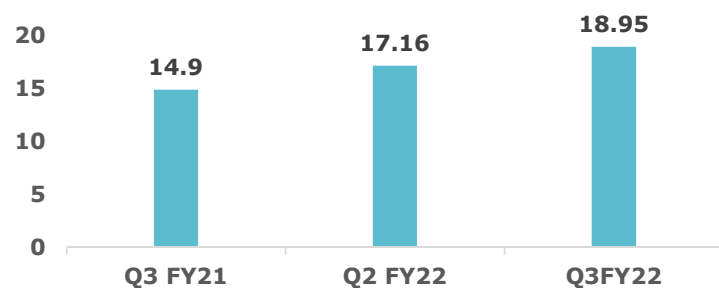


* In Q3 FY21 collections were high due to few of wholesale accounts being taken over and collections increased post lockdown and moratorium

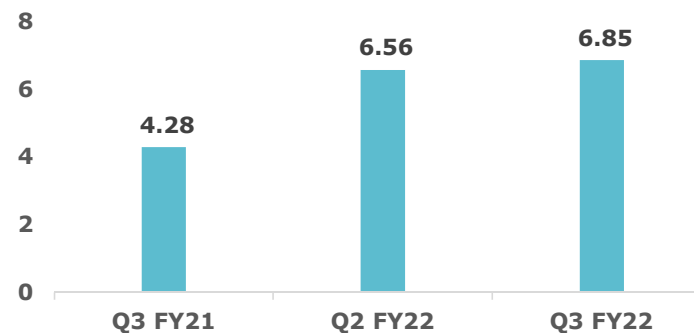


Financial Metrics

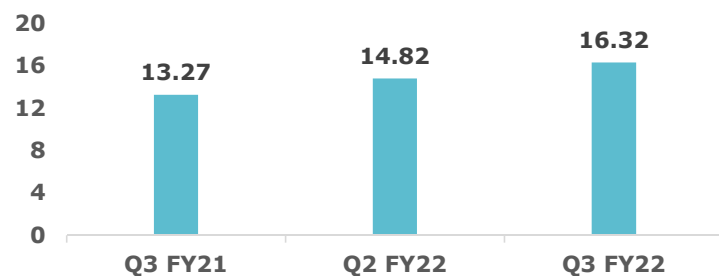
Total Income (INR Cr.)



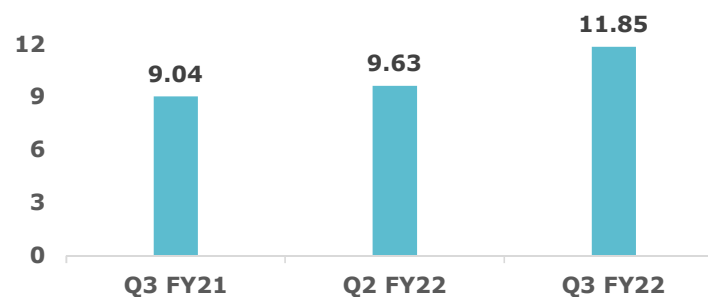
Operating Expenses (INR Cr.)



Net Interest Income (INR Cr.)



Profit Before Tax (INR Cr.)



Business Update & Step Forward

Business Update

- Total disbursements for Q3 FY22 are INR 122.20 Cr. The SME disbursements for Q3 FY 22 stood at INR 18.87 Cr which is a 2x increase from Q2 FY22 of INR 5.97 Cr. This sharp rise is driven by the ramp up of sales team at the branches over the last few months
- Total Collections for Q3 FY22 is INR 73.58 Cr. Collection efficiency has been over 99% for wholesale and about 97% for SME for Q3 FY 22. Collections in the wholesale accounts are strong due to escrow mechanism and repayments are running well in advance of scheduled repayments, due to good sales in the real estate projects. Our Gross NPA in SME segment has reduced and we are also observing good recovery with the combined efforts of our legal and collection teams from the NPA accounts. We expect recoveries from NPAs that have been written off especially after the schools reopens. Furthermore we don't foresee further delinquency in school accounts in the upcoming quarters
- The company has added additional manpower especially at the branch level in both sales and operations department with a purpose of increasing disbursements. The current employee base has increased to 173 as on Dec'21 compared to 143 employees as on Mar'21
- We are renovating our branches to improve their look-n-feel and a significant investment in IT infrastructure has been done in Q3 FY22 to improve the productivity at the branches
- The company is developing an operating system efficient enough for an end to end digitization of its retail loan products with multiple third party API integrations in order to improve TAT & Credit underwriting . We also are aiming to automate the underwriting of the loans, barring the collateral verification and physical PD, in order to improve productivity and reduce judgmental errors. We hope to make it live by the end of FY22



Step Forward

- We have been cautious due to the challenges faced by economy when the COVID-19 pandemic started in March 2020. Our growth was sub optimal due to our cautious stance and maintained strong cash liquidity to manage any challenges at hand. Our portfolio has performed well and now we are ramping our team and product lines to accelerate growth especially in the SME sector. Our focus is to grow both our SME and wholesale books and aim to a desirable portfolio of 60:40 by the end FY24
- Our existing ratings has improved to BBB + stable from India Ratings & Research. This is a big positive and over time this will help us reduce our cost of funds
- In the immediate future our goal is to increase our AUM to more than INR 500 Cr in the next 3-6 months
- We are also looking to dilute our equity through preferential allotment with a purpose to bring in key strategic investors. They will help gain expertise in new product lines and help us in exploring further avenues for raising debt at reduced costs
- The company has successfully ramped up its branch model and is hiring more sales staff to increase disbursements and increase turnaround times. This productivity improvement should started playing out from the next financial year
- We are setting up a new branch in Uttarakhand state in Q4 FY22 and plan to open new branches in the next financial year in the states we are already present in



Treasury Update & Asset Quality

Treasury Updates



Liquidity Position

The company has adequate liquidity of INR 30.71 Cr including Cash & Cash Equivalents and undrawn Credit facilities as on Dec'21



BBB+

The rating for the company has been upgraded from BBB stable from CARE ratings to BBB+ Stable from India Ratings



Leverage

The Leverage Ratio is 0.51x as on 31st Dec'21 with total outstanding borrowings of INR 144.50 cr.

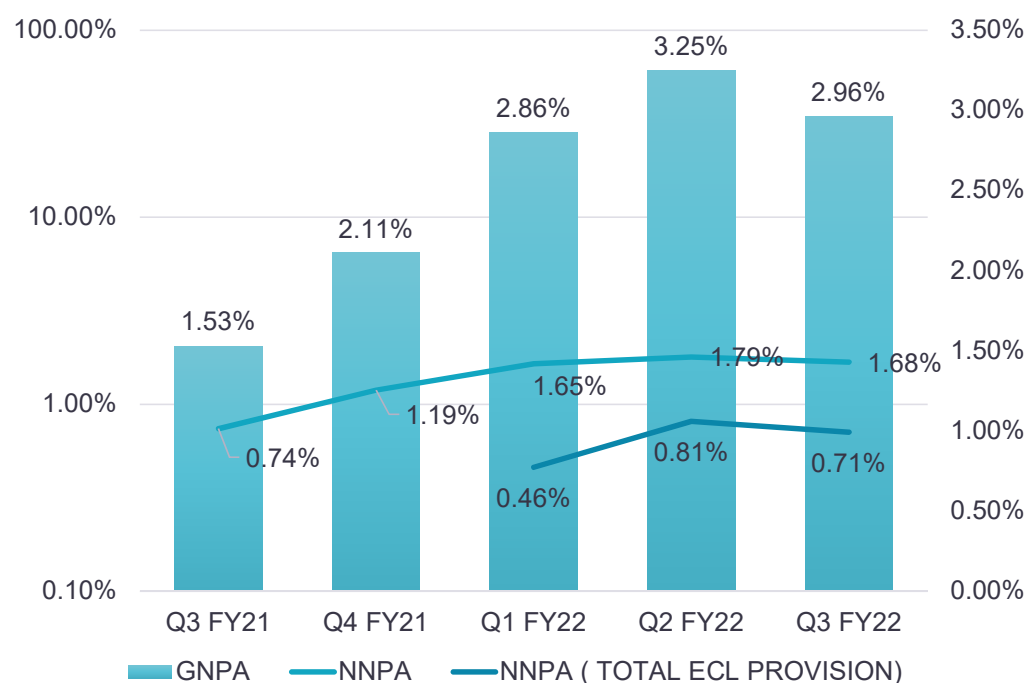


ALM Position

Comfortable Liquidity Position with no ALM Mismatches in the next 24 months



Gross Non-performing Assets & Provisions



Gross NPA INR 12.38 Cr

Total ECL Provision INR 9.41 Cr

Net NPA INR 2.97 Cr

Asset Quality: Stage Analysis

Classification of Assets basis the ECL computation as per Ind-AS:

INR CR

Particulars	Q3 FY22	Q2FY22	Q3FY21
Gross Stage 3 (GNPA)	12.38	12.27	5.11
% portfolio in Stage 3	2.96%	3.25%	1.53%
ECL provision Stage 3	5.34	5.53	2.64
Net Stage 3	7.05	6.74	2.47
ECL provision % Stage 3	43.11%	45.06%	51.64%
Gross Stage 1 & 2	406.51	364.93	328.25
% portfolio in Stage 1 & 2	97.04%	96.75%	98.47%
ECL provision Stage 1 & 2	4.08	3.68	4.88
Net Stage 1& 2	402.43	361.25	323.37
ECL provision % Stage 1 & 2	1.00%	1.01%	1.49%
Total Assets	418.89	377.20	333.36
% portfolio	100.00%	100%	100.00%
ECL Provision	9.42	9.21	7.52
Net Stage	409.47	367.99	325.84
TOTAL ECL Provision %	2.25%	2.44%	2.26%
Provision Coverage Ratio	76.04%	75.00%	147.31%
NET NPA	1.68%	1.79%	0.74%
NET NPA (Total ECL provision)	0.71%	0.81%	-0.72%

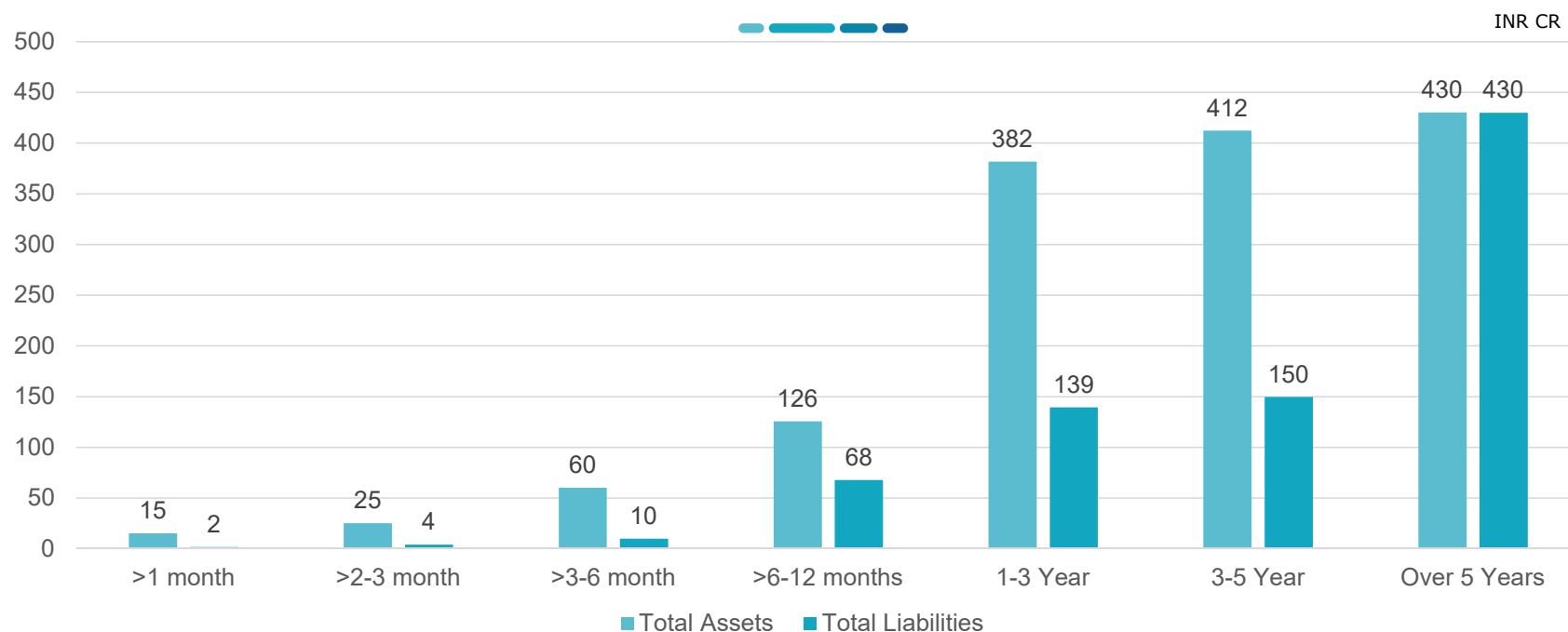


NPA Analysis

Particulars	INR CR		
	Q3 FY22	Q2 FY22	Q3 FY21
GNPA	12.38	12.27	5.10
Provision Stage III	5.33	5.53	2.64
Provision Stage I & II	4.08	3.68	4.88
Gross NPA %	2.96%	3.25%	1.53%
Net NPA %	1.68%	1.79%	0.74%
NNPA % (considering total ECL provision)	0.71%	0.81%	-0.72%
Coverage Ratio	76.04%	75.00%	147.31%



Asset Liability Split: Well balanced ALM



Particulars As on Dec-21	Up to 1 Month	> 2-3 month	> 3-6 month	> 6-12 months	1-3 year	3-5 year	> 5 years
Cumulative Inflow-Outflow	13.22	21.52	50.22	57.88	242.32	262.51	0



Product Portfolio

Product Portfolio Q3 FY22



Wholesale (WS) Lending

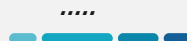
Category	Book Value (INR Cr)	Product Description
WS Large	214	Structured loans to developers of Mid Income/Affordable Group Housing Projects
WS Small	100	House construction loans given to single plotted projects
WS LAP	17	Loan against SORP/SOCP properties
WS LAS	16	Loan against securities & deposits which are highly liquid
Total Wholesale Book	347	

Retail Lending

SME Secured	71	Micro/Small Loans to Kirana Stores, Traders, Schools, and other boutique shops and merchants backed by owned properties as collateral
SME Unsecured	3	Small ticket loans to mainly to K-12 schools in Tier 2 and Tier 3 Cities
Total SME Retail Book	74	



WHOLESALE LENDING BOOK



The Real Estate industry in NCR Region has seen strong trends in Sales & Collections since 3rd quarter of FY21, especially in the Affordable Housing Segment and that is also evident from our collections



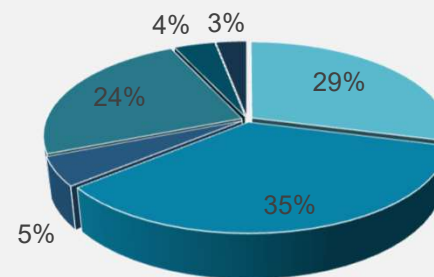
Mid-Income Group Housing & Affordable Group Housing is part of Wholesale Large which is 50% of Total Wholesale Book

❖ **Mid-Income Group Housing**

includes projects which are completed or nearing completion and are last-mile funded. These projects are located in Delhi-NCR

❖ **Affordable Group Housing** includes project which are approved under the Affordable Group Housing Policy of Haryana Government

❖ **Small Builder Floors** consists of real estate developers engaged in Construction & Development of G+4 Floor structure buildings in South Delhi & Gurugram Location



- Small builder floors
- Loan against property
- Loan Against Shares
- Affordable group housing
- Mid income group housing
- Commercial

Wholesale Loan Book	AUM(INR CR)*	% of WS AUM	No. of Loan ACs
Mid Income Group Housing	83.47	24%	11
Affordable Group Housing	120.39	35%	11
Small Builder Floor	100.39	29%	42
Commercial	9.97	3%	1
Loan Against Property	16.94	5%	6
Loan Against Shares	15.74	4%	2
Total	346.90	100%	73

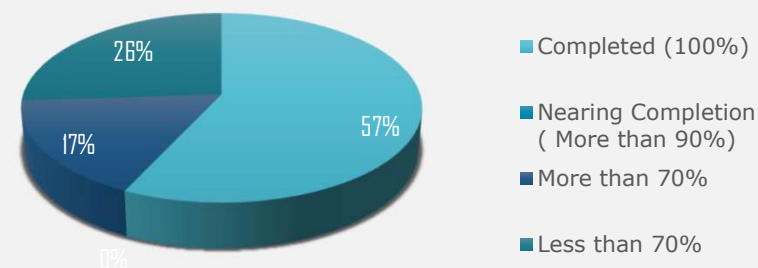


WHOLESALE LENDING BOOK: MID-INCOME GROUP HOUSING

Figures in Cr

Project Completion	No. of Cases	Sanction	POS as on 31.12.21	% to AUM	POS as per Repayment Schedule	Pre-payment Received	Account Conduct	Average Ticket Size
Completed (100%)	4	102.00	47.85	57%	101.33	53.48	Satisfactory	Less than 60 lacs
Nearing completion (More than 90%)	0	00.00	0.00	0%	00.00	00.00	Satisfactory	Less than 50 lacs
More than 70%	5	28.63	13.81	17%	16.20	2.49	Satisfactory	Less than 50 lacs
Less than 70%	2	36.00	21.82	26%	21.61	0.10	Satisfactory	Less than 60 lacs
Total	11	166.63	83.48	100%	139.14	56.07		

- Mid-Income Group Housing includes projects which are completed or nearing completion and are last-mile funded. These projects are in Delhi- NCR location
- AUM under Mid-Income Group Housing Consists of 24% of Wholesale loan book
- 57% of AUM under Mid-Income Group Housing belongs to 3 projects which are either 100% complete or are nearing completion (more than 90%)
- Average ticket Size of units is less than INR **60** Lacs
- Committed Receivables is 3x of existing POS

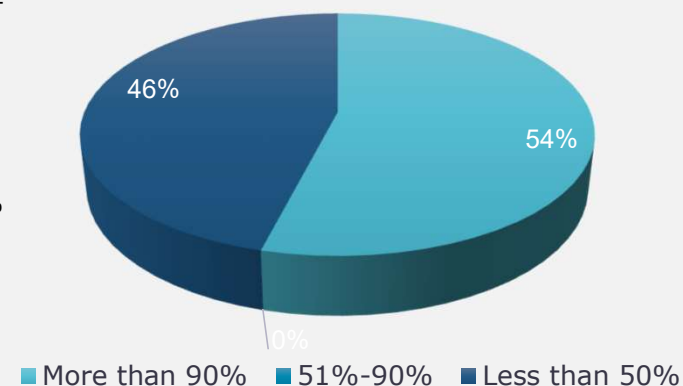


WHOLESALE LENDING BOOK: AFFORDABLE GROUP HOUSING

Figures in Cr

%age Sold	No. of Cases	Sanction	POS as on 31.12.21	% to AUM	POS as per Repayment Schedule	Pre-payment Received	Account Conduct	Average Ticket Size
More than 90%	6	116.90	64.90	54%	78.07	13.47	Satisfactory	Less than 25 lacs
51% to 90%	1	3.50	0.27	0%	0.89	0.63	Satisfactory	Less than 25 lacs
Less than 50%	4	69.00	55.52	46%	55.52	0.00	Satisfactory	Less than 25 lacs
	11	189.40	120.39	100%	134.48	14.10		

- Affordable Group Housing includes project which are approved under the Affordable Housing Policy of Haryana Government
- Time-linked payment plan
- AUM under Affordable Group Housing consists of 35% of Wholesale loan book
- 54% of AUM under Affordable Group Housing belongs to 6 projects which are more than 90% Sold
- 4 Project which falls under less than 50% sold is one where allotment process has not started, and 100% allotment is expected in the first draw.
- Average ticket Size of units is less than INR 25 Lacs
- Committed Receivables are 3x of existing POS.

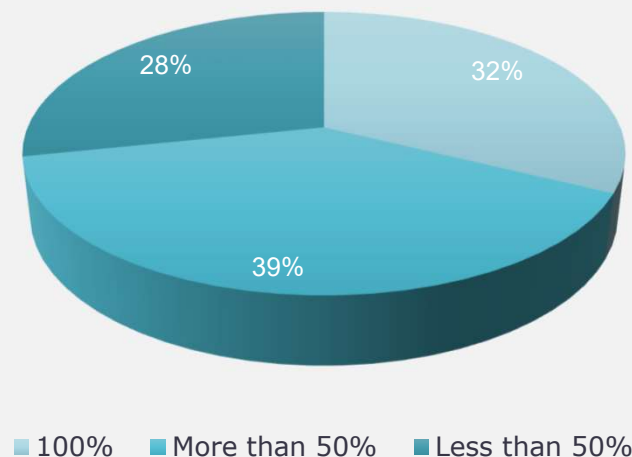


WHOLESALE LENDING BOOK: SMALL BUILDERS

Figures in Cr

Project Completion	No. of Cases	Sanction	POS as on 31.12.21	% to AUM	POS as per Repayment Schedule	Pre-payment Received	Account Conduct
100%	17	94.53	32.42	32%	56.18	32.51	Satisfactory
More than 50%	13	55.90	39.63	39%	40.90	1.83	Satisfactory
Less than 50%	12	52.35	28.34	28%	29.87	1.53	Satisfactory
	42	202.78	100.39	100%	126.95	35.87	

- Small Builder Floors consists of real estate developers engaged in Construction & Development of G+4 Floor structure buildings in South Delhi & Gurugram
- In these builder floor projects the construction cost is a small part of the project cost, the average project tenure is 15-18 months
- These loans are generally funded for a period of 36 months or less
- The feedback loop is fast and demand supply corrects quickly, adjusting to the dynamics of the market
- Risk of non-completion of project is minimal. Also, there are minimal regulatory compliances as these projects do not fall under RERA Compliances
- Sales in this segment has shown the good pick up specially in Gurugram Region and we are expecting the good growth in this segment in coming quarters.



Wholesale Lending Book: Risk Management Framework



- 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



- 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



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

SME RETAIL LENDING

JYOTI





SAARTHAK

SHAKTI

SAMADHAN

- Catering to unbanked & underserved section of the society
- Using alternative data instead of conventional scorecards
- Access to swift loans and ease of application
- Small and flexible loan ticket sizes
- Digital Transformation & outreach

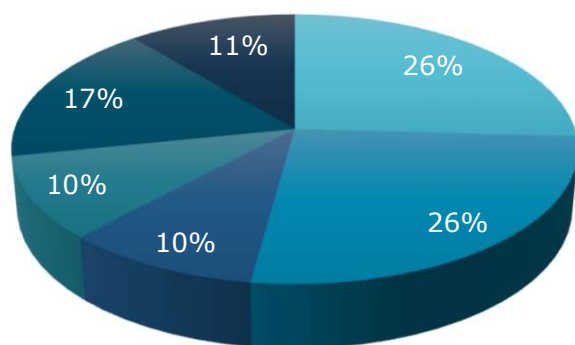
SME RETAIL LENDING

Product Type	JYOTI 	SHAKTI 	SAMADHAN 	SAARTHAK 
Loan Amount	2-7.5 lakhs	7.5-25 Lakhs	25-50 Lakhs	5-10 Lakhs
Tenor	3-4 years	7 years	7-8 years	5-6 years
Target Customer	Small farmers, house-wives etc., to open small business	Small entrepreneur, traders, manufacturers etc., as a working capital loan to improve or multiply its business	Immediate working capital requirement to support client's urgent business needs at mid-level.	Salaried professionals who are unable to procure funds from banks because of non-availability in their area



SME RETAIL BOOK

Industry-wise AUM Composition



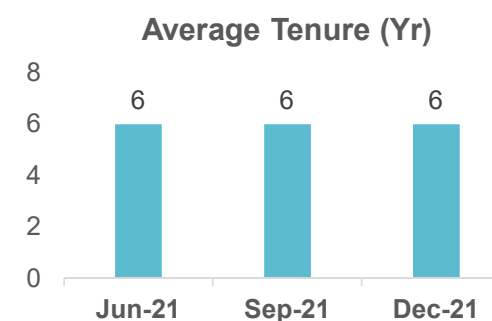
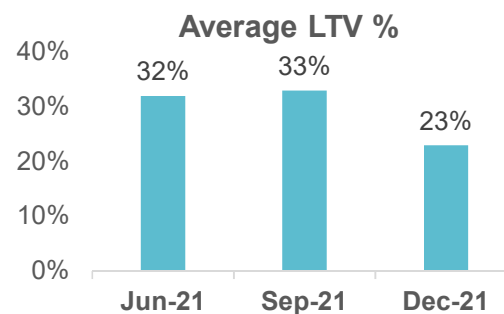
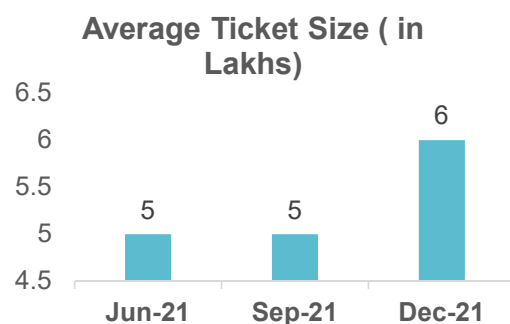
- General Merchant & Trading
- Schools
- Salaried individual
- Dairy
- Services
- Others

- SME retail book includes both secured and unsecured loans with an AUM of INR 74 Cr as on 31st Dec'21
- Disbursements in this segment has been of INR 18.87 Cr in Q3 FY22 as compared to INR 5.97 CR for Q2 FY22
- School AUM in the retail book comprises of INR 19 Cr as on Dec'21
- 96% of the SME book is secured with an AUM of INR 71.27 Cr
- Focus on increasing market presence and sustainability in current geographies of north and west India
- Improved collections Q-o-Q by achieving 97% for Dec'21
- We have made 100% provisions for accounts in 90+DPD for unsecured loans
- Focusing more on direct sourcing model instead of DSA sourcing

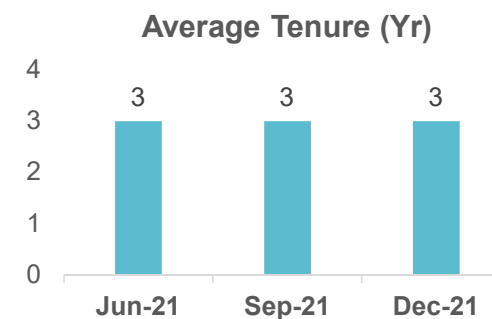
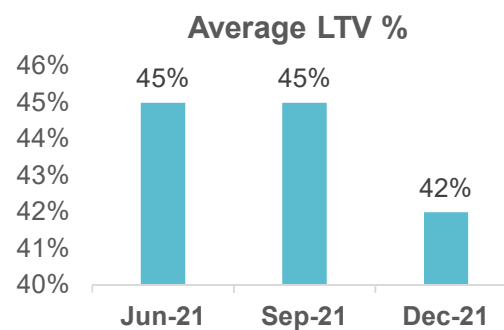
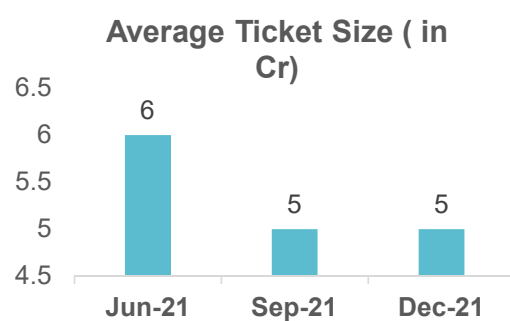


Loan Matrix

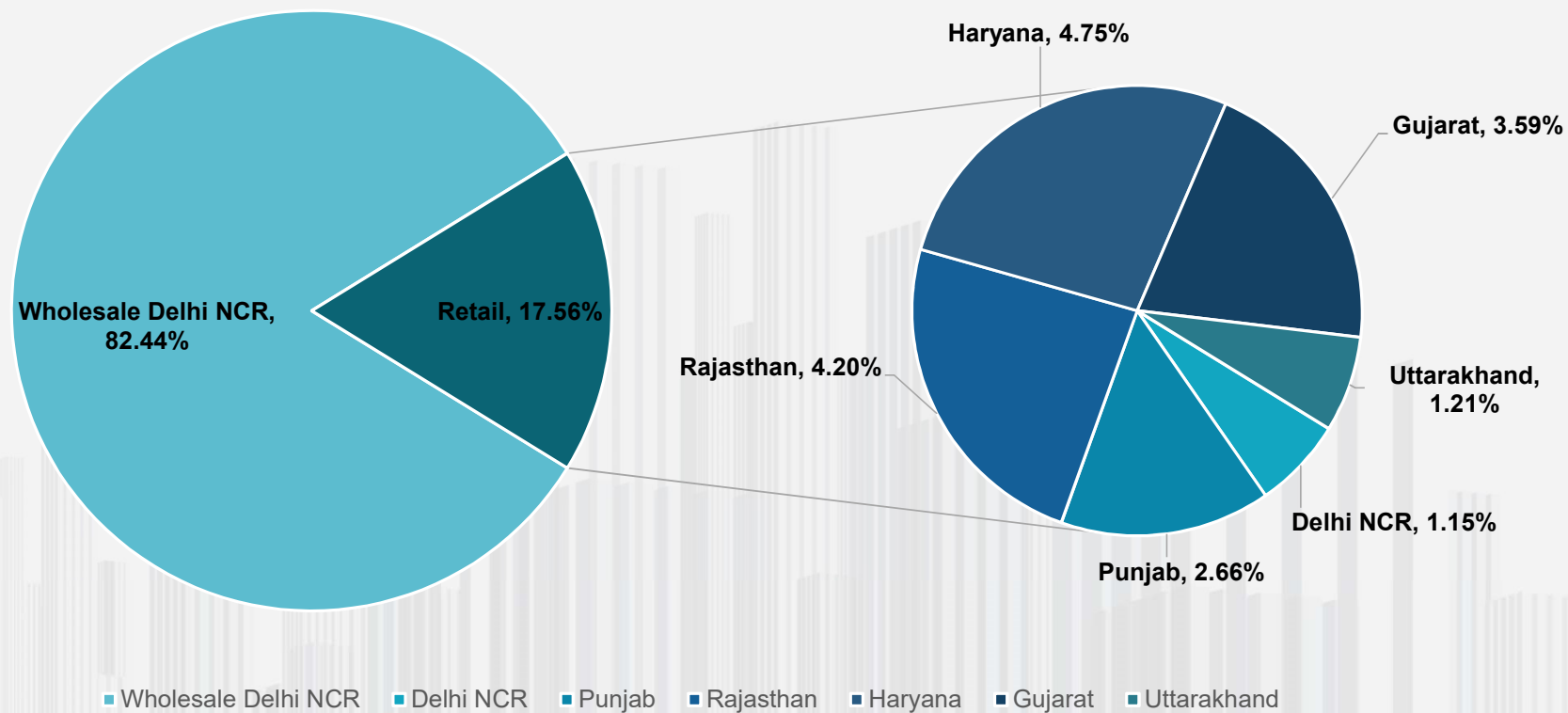
SME Loan Matrix



Wholesale Loan Matrix



Loan Assets Distribution Across States



Our Presence

Gujarat

- 📍 Mehsana
- 📍 Ahmedabad
- 📍 Baroda
- 📍 Surat

Haryana

- 📍 Chandigarh
- 📍 Ambala
- 📍 Panipat
- 📍 Hissar

Punjab

- 📍 Jalandhar
- 📍 Patiala
- 📍 Ludhiana

Rajasthan

- 📍 Jaipur
- 📍 Ajmer
- 📍 Bhilwara
- 📍 Jodhpur
- 📍 Sikar

Delhi NCR

- 📍 New Delhi

Uttar Pradesh

- 📍 Noida

Uttarakhand

- 📍 Dehradun
- 📍 Haridwar



Leadership Team

Our Team



Rohit Gupta

**Managing Director –
Founder & Promoter**

Over 27 years of
experience and a
Chartered Accountant



Naresh Varshney

Chief Financial Officer

Chartered Accountant with
over 25 years of experience
Ex: RR Finance consultants,
Centrum Capital & Unicorn



Amit Ranjan

Chief Operating Officer

Over 17 years of experience
Ex: Karvy financials (VP &
NSH) and Save Financial
Services Ltd (SVP & BH), HSBC
Bank, ICICI bank, Deutsche
Bank



Chandan Kumar

Wholesale Credit Head

Over 10 years of experience
and is MBA & CAIIB
Ex: PNB Housing, HDFC, SIB



Rachita Gupta

Wholetime Director

Over 5 years of experience
and is a Masters of
Business Finance graduate.
Ex: Ernst & Young (EY)



Our Team



Ranjan Banerjee

Zonal Credit Head SME

Over 17 years of experience and is MBA in finance
Ex: TATA Capital, Hinduja Leyland Finance, Shriram City Union Finance



Nikhil Singh

VP Operations

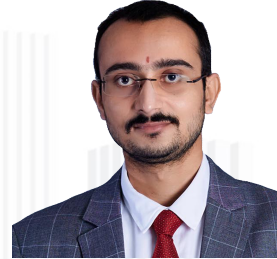
Over 15 years of experience and is MBA in operation Management. Ex: ICICI Bank, HDFC Bank, Ziploan, Eduvanz and SAVE Financial Services Ltd.



Shalini Aggarwal

VP Finance

Over 6 years of experience and is a Chartered Accountant. Ex: Indus Valley Partner, NEC Technologies



Saurabh Priyadarshini

Sr. Manager Legal

Over 8 years of experience and is Company Secretary and LLB



Preeti Gupta

Company Secretary

Over 5 years of experience and is a qualified Company Secretary. Ex: Ganga Papers India Ltd



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