



# Investor Update – Q4 FY17-18

May 2018

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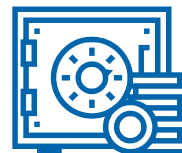
# Company Snapshot



**Delhi based NBFC with  
AUM of Rs 282 Cr**



**Listed on Bombay  
Stock Exchange**



**99% of loan  
book is secured**



**BBB rating  
from CARE**



**12 Branches spread  
across North India**



**High CAR  
of 65%**

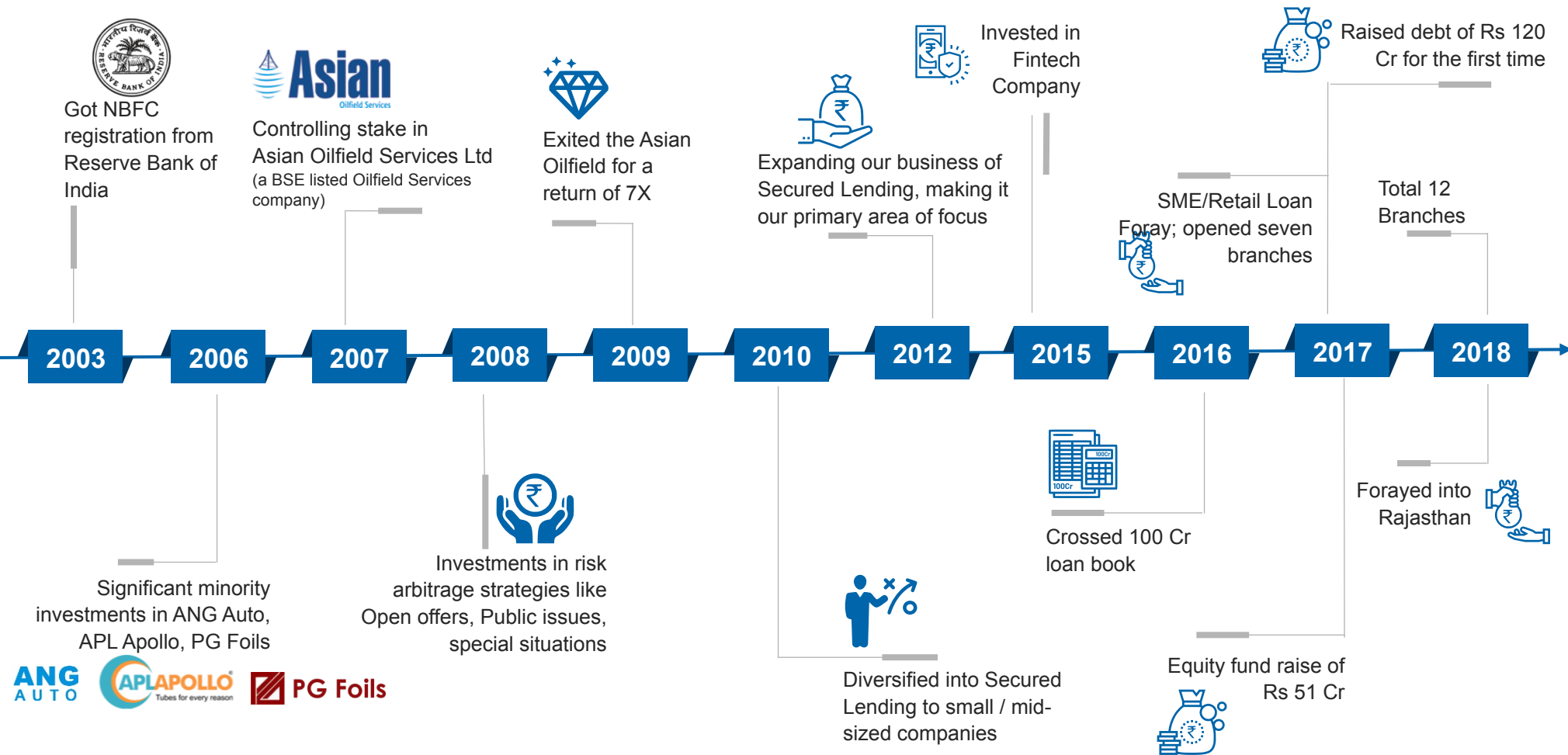


**Low cost of  
operations**

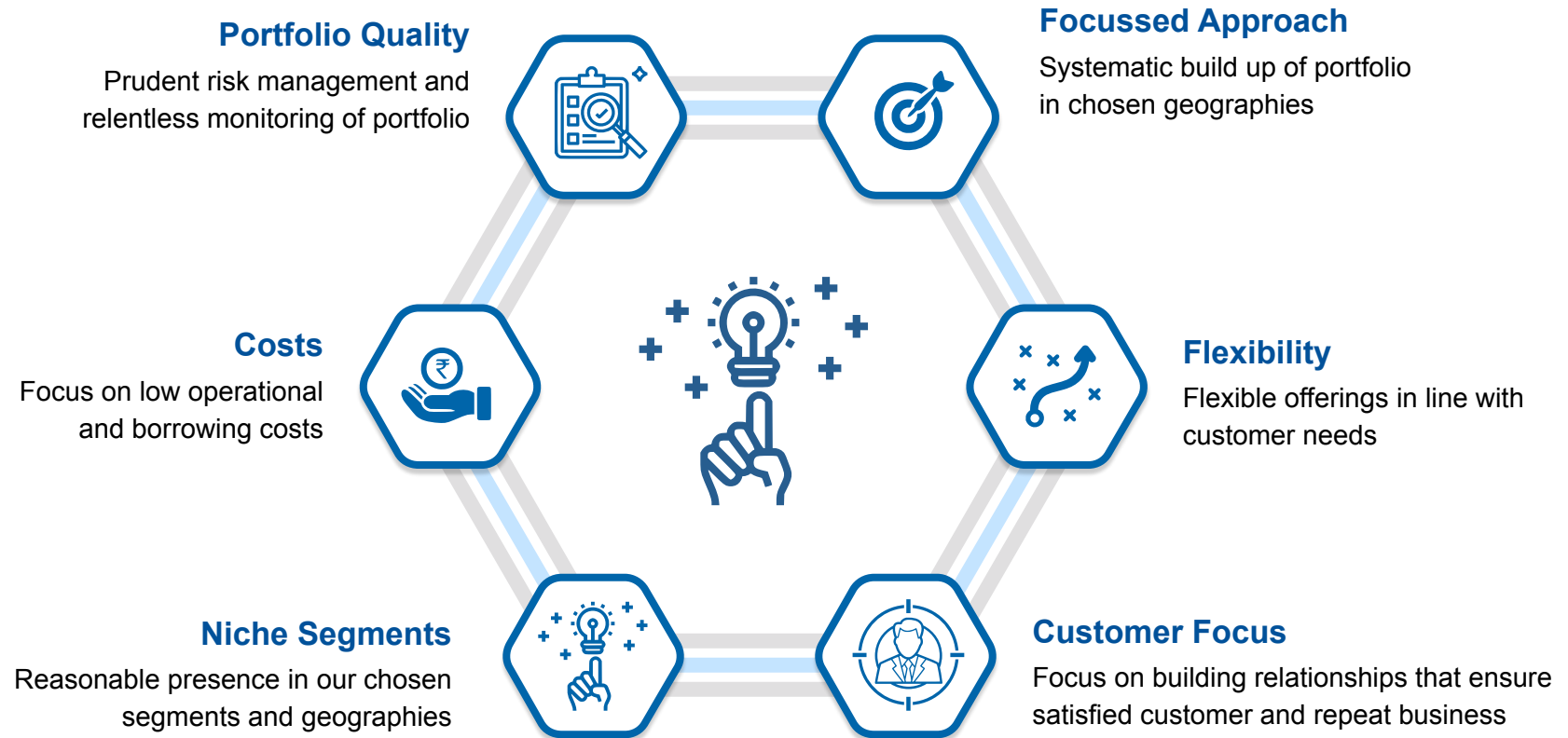


**Raised 51 Cr from Marquee  
investors in Sep 2017**

# Milestones



# Business Strategy



# Product Portfolio

## Product Portfolio



### Wholesale Financing

**Wholesale Mortgage – Large (Group Housing)**

**Wholesale Mortgage – Small (Builder Floor Financing)**

**Wholesale Mortgage - LAP (Corporates and Education Sector)**



### Retail Financing

**Secured Business Loans**

**Unsecured Business Loans**

# 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



99% 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

# Branches



**Existing Branches**



**Proposed Branches**



*Map not to scale, for representation purposes only*



# 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

# 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 to build pressure

# Operational Update

- ✓ 5 New branches were opened in this quarter. The company now has 12 operational branches in Haryana, Punjab, Rajasthan and Uttaranchal
- ✓ The company has strengthened its sourcing, credit and monitoring function by adding requisite resources in the wholesale lending vertical and partnering with specialized consultants for sourcing quality deals
- ✓ The company has also made additions in the team to strengthen the human resource management, credit function and portfolio monitoring
- ✓ The company added 27 new employees taking the total employee strength increased to 85
- ✓ Operational team is working on standardisation of processes and operational procedures
- ✓ The company successfully funded few affordable housing projects along with its continued focus on last mile funding in NCR region and builder floor projects in South Delhi
- ✓ Launched a new loan product targeting the school segment in Tier 2 & 3 cities
- ✓ The SME Retail AUM ended the year with Rs 16.02 Cr with no delinquencies
- ✓ The company faces a challenging environment to raise debt due to the lending freeze among the PSU banks and rising interest rates

# Financial Update

- ✓ Total Revenue increased by 113.39% to Rs 13.23 Cr in Q4 FY2017-18 from Rs 6.20 Cr in Q4 FY2016-17
- ✓ Net Profit increased by 110.51% to Rs 5.01Cr in Q4 FY2017-18 from Rs 2.38 Cr in Q4 FY2016-17
- ✓ AUM increased by 108.43% to Rs 281.31 Cr in Q4 FY2017-18 from Rs 134.96 Cr in Q4 FY2016-17
- ✓ Net Interest Income (NII) increased by 82.01% to Rs 10.72 Cr in Q4 FY2017-18 from Rs 5.89 Cr in Q4 FY2016-17
- ✓ Employee Costs increased by 86.89% to Rs 1.14 Cr in Q4 FY2017-18 from Rs 0.61 Cr in Q4 FY2016-17  
(This excludes Rs. 0.84 Cr of compensation cost on account of ESOPs granted to the key employees)
- ✓ The company wrote off Rs 0.12 Cr as the Fintech lending platforms loan book was wound down. There will be no further write-off in this book going forward

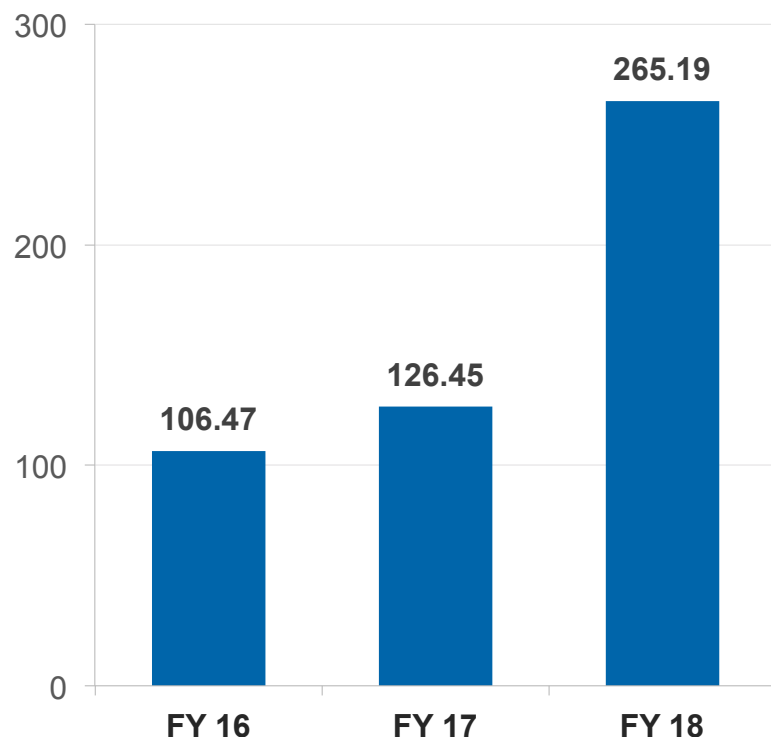
# Credit Business Mix

| Product Category           |     | Book Size (Rs Cr)   |
|----------------------------|-----|---|
| Corporate Lending          |     |   |
| Wholesale Mortgage – Large | 180 | Loans to Group Housing Projects consisting both of standard loans and structured collateralised loans |
| Wholesale Mortgage – Small | 50  | Builder Floor & Site Redevelopment Loans  |
| Wholesale Mortgage – LAP   | 35  | Mezzanine loans given to Educational institutions and other corporate                                 |
| Retail Lending             |     |   |
| SME - Secured              | 14  | Kirana Shops, Traders & School with the Shop/ Home as collateral                                      |
| SME - Unsecured            | 2   | Small ticket loans to traders & fabricators   |

# Wholesale Credit – Leveraging our Relationships

## Assets Under Management (AUM)

Figures in INR Crores



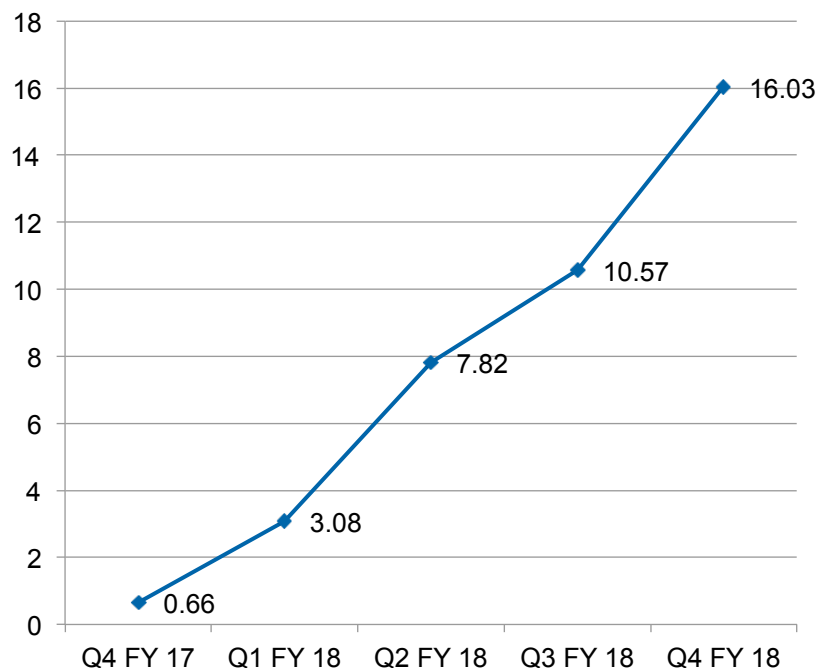
## Business Approach

- ✓ 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 2.5 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



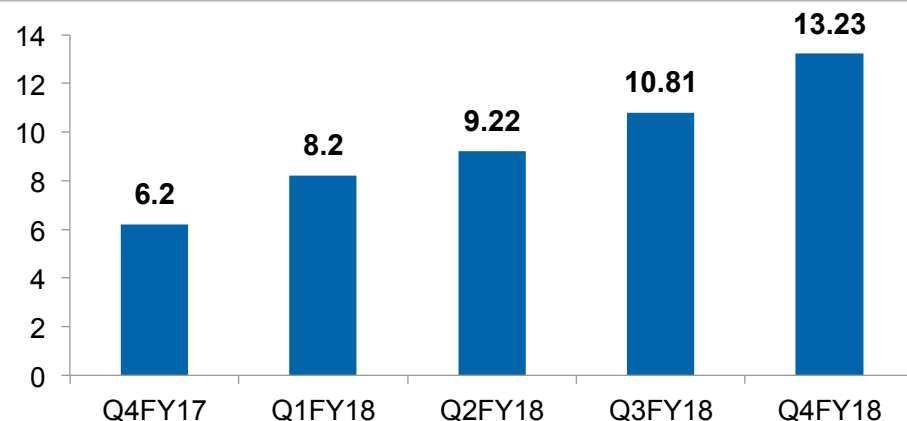
## Business Approach

- ✓ 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 12 operational branches
- ✓ Focus on having low operational costs
- ✓ Products are tailored for target segments that are large, underpenetrated and profitable
- ✓ 90% of the lending is secured

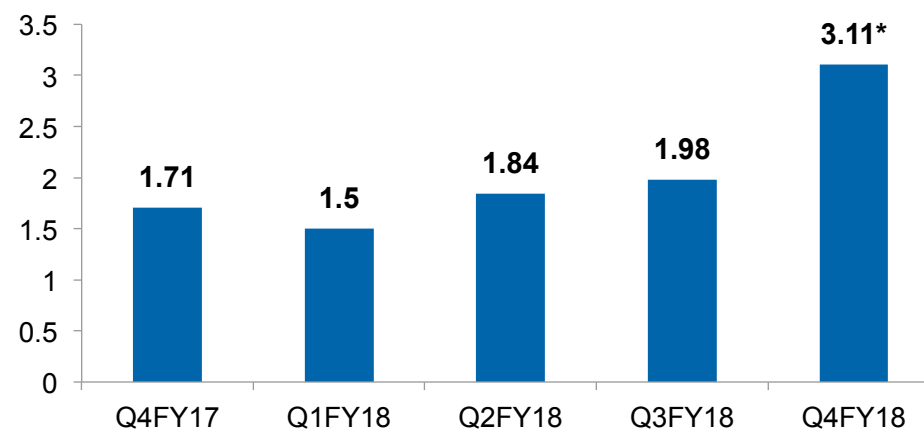
# Financial Metrics

1

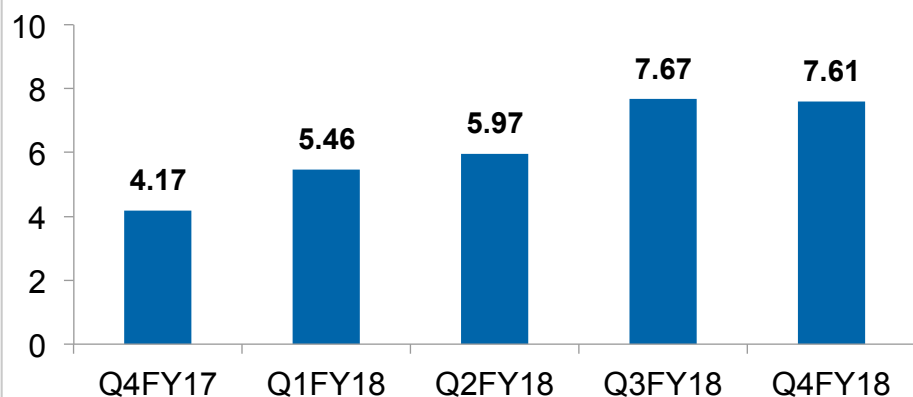
## Total Income



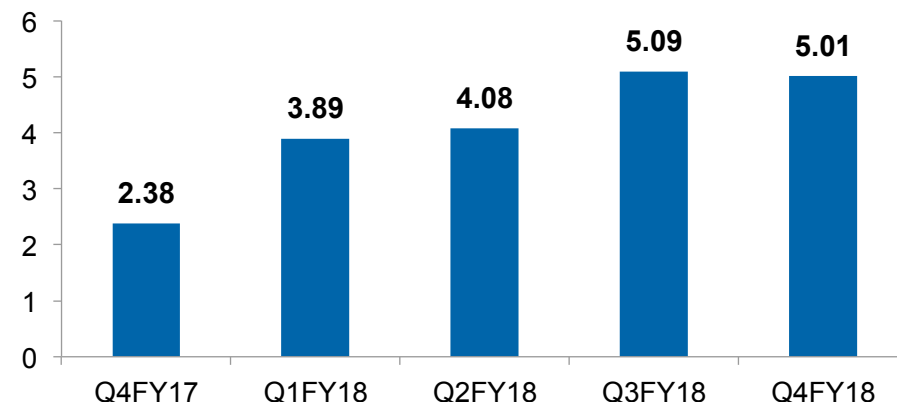
## Operating Expenses (Rs Cr)



## Pre Provisioning Profit Before Tax (Rs Cr)



## Net Profit (Rs Cr)

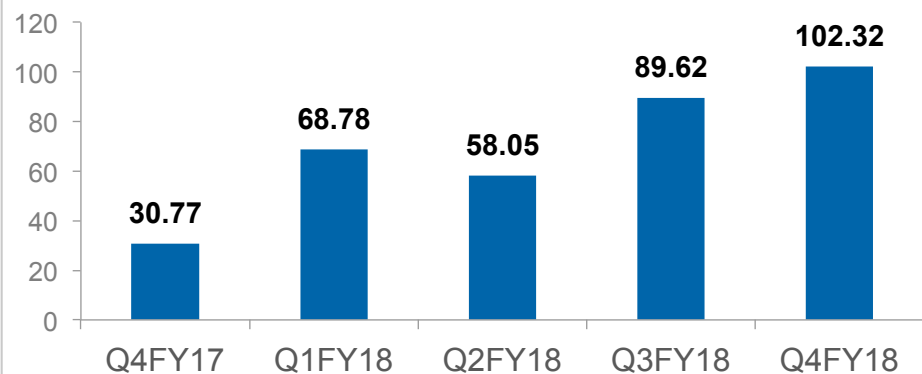




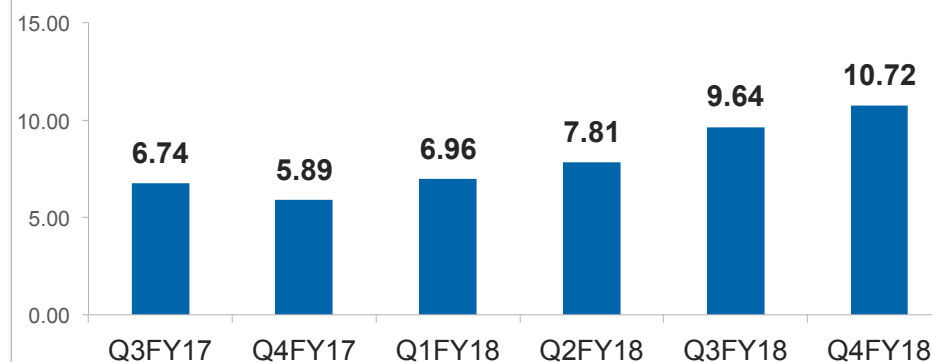
# Financial Metrics (contd..)

2

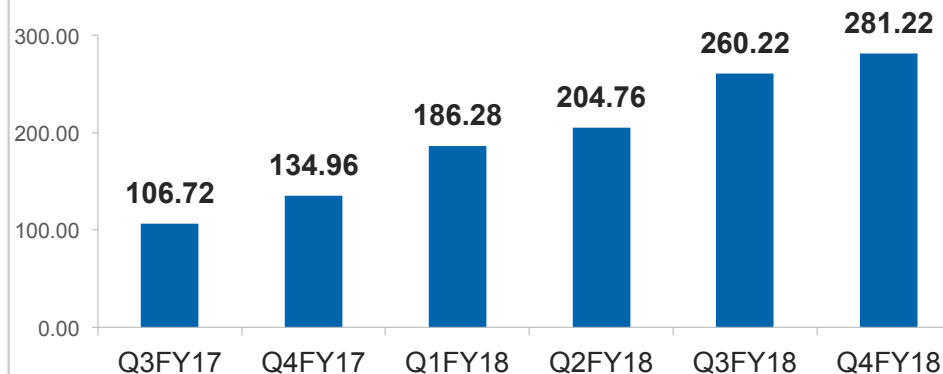
## Borrowings (Rs Cr)



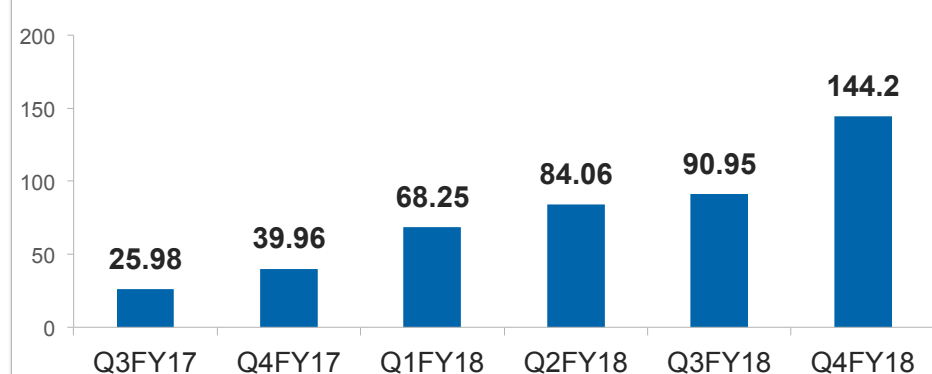
## Net Interest Income (Rs Cr)



## AUM – End of Quarter (Rs Cr)



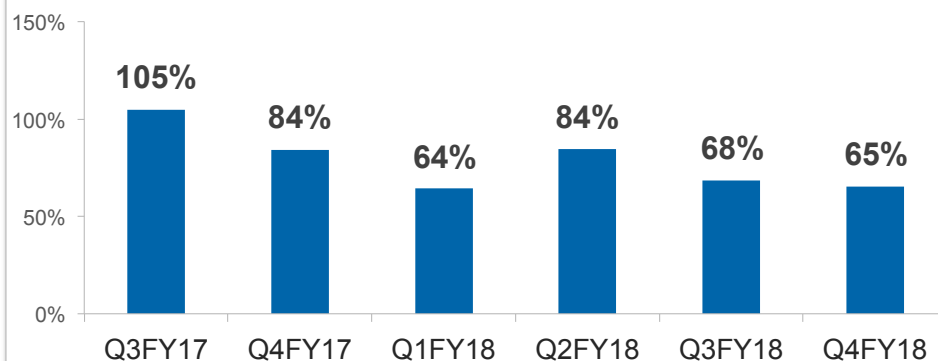
## Disbursements (Rs Cr)



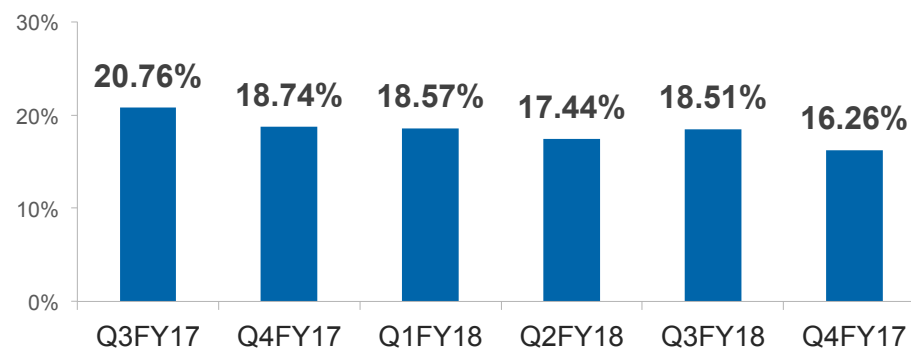
# Financial Metrics (contd..)

3

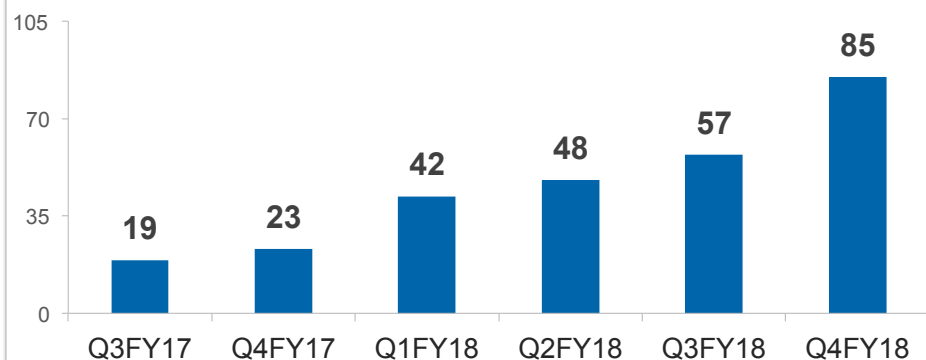
## Capital Adequacy Ratio (%)



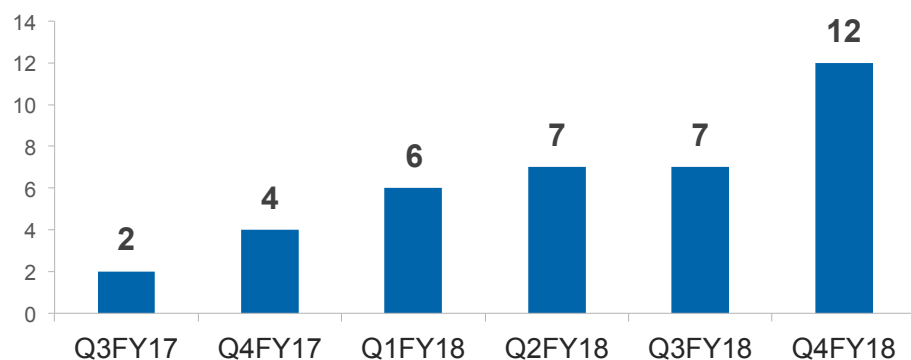
## Net Interest Margin (%)



## Number of Employees



## Number of Branches



# Our future growth strategy

## Portfolio Mix

- ✓ Consolidate our wholesale lending book and diversify into Retail SME lending
- ✓ Aim to achieve a mix of 60:40 between Wholesale and Retail lending over 3 years



## Wholesale Mortgage – Large

- ✓ Broaden our loan target segment with better deterrents, like escrow account linkage
- ✓ Maintain our USP in mezzanine and 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
- ✓ Improved deal-sourcing & pipeline build-up

## Wholesale mortgage – LAP

- ✓ Continue 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

## 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
- ✓ Building up a dedicated team to focus on demand of formal financing in this space.
- ✓ With larger scale and competitive cost of funds we aim to build-upon our strength an presence in this space.

## SME Lending

- ✓ Expand footprints in select cities in North and West India – (expanding to Gujarat later in the year)
- ✓ Develop deeper penetration in select markets
- ✓ Focus on small businesses, traders and schools with consistent cash flows
- ✓ Aim to have 90% of the loans secured



# Thank You



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