



**CSL Finance
Limited**

CIN: L74899DL1992PLC051462

November 12, 2020

To,
The Manager
Department of Corporate Services
Bombay Stock Exchange Limited
Phiroze, Jeejeebhoy Towers
Dalal Street, Mumbai-400001

Scrip Code: 530067

Sub: Investor Update

Dear Sir/Madam,

Please find enclosed herewith the copy of the Investor Update of the Company highlighting the performance and recent developments of the company.

The Investor Update are also being disseminated on Company's website at www.csloffinance.in

This is for your information and records

Thanking you,
For **CSL Finance Limited**


Gunjan Khera
Company Secretary



Encl: A/a

FY21 Q2 - INVESTOR UPDATE

SEPTEMBER 2020

BSE: 530067 | ISIN: INE718F01018 | CIN: L74899DL1992PLC051462 | WWW.CSLFINANCE.IN

© 2020 CSL FINANCE LIMITED, ALL RIGHTS RESERVED



DISCLAIMER

This presentation may contain certain words or phrases that are forward - looking statements, which are tentative, based on current expectations and on certain assumptions of the management of CSL Finance Limited (“CSL”). Actual results may vary from the forward-looking statements contained in this presentations due to various risks, assumptions and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies and others that may impact the businesses of CSL. The information contained herein is as of the date referenced and CSL does not undertake any obligation to update these statements. CSL has obtained all market data and other information from sources believed to be reliable or are its internal estimates unless otherwise stated, although its accuracy or comprehensiveness cannot be guaranteed. Neither the Company nor anyone else accepts any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith. All information in this presentation has been prepared solely by the company and has not been independently verified by anyone else. This presentation is for information purposes only and does not constitute an offer or recommendation to buy or sell any securities of CSL. This presentation also does not constitute an offer or recommendation to buy or sell any financial products offered by CSL. Any action taken by you on the basis of the information contained herein is your responsibility alone and CSL or its directors or employees will not be liable in any manner for the consequences of such action taken by you. "

TABLE OF CONTENTS

Company Snapshot	04
Leadership Team	05
Our Presence	06
Product Portfolio	07
Q2 Key Business Highlights	08
Treasury Update	10
Wholesale Lending Book	11
SME Retail Book	16
AUM Composition	17
Financial Snapshot	20
Expected Credit Loss	22
Gross Non-Performing Assets	23
Financial Metrics	24

COMPANY SNAPSHOT



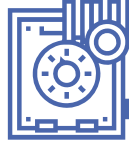
Listed on Bombay
Stock Exchange



Delhi based NBFC with AUM
of INR 335 Cr as on 30th
Sept-20



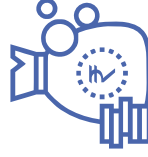
Wholesale Loan book of INR
270 Cr & SME Retail book of
INR 65 Cr.



98% of loan
book is secured



17 Branches spread
across North and West India



Raised Rs 51 Cr from
Marquee investors in Sep
2017



High CAR
of 73%



BBB rating
from CARE

LEADERSHIP TEAM



Rohit Gupta
Managing Director –
Founder & Promoter

Over 27 years of experience and a Chartered Accountant.



Naresh Varshney
Chief Financial Officer

Over 25 years of experience and a Chartered Accountant
Ex: RRI Finance consultants; Centrum Capital & Unicorn.



Chandan Kumar
Wholesale Credit Head

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



Divya Sharma
Legal Head

Over 6 years of work experience in legal field and is an advocate and LLM. Ex: ECL Finance Ltd, HMJ Mukta Gupta, Delhi High Court



Gunjan Kherra
Company Secretary

Over 6 years of work experience at CSL Finance Ltd and is a Company Secretary & LLB.



Ankit Jain
SME Zonal Credit Head

Over 9 years of work experience and a CA & CS.
Ex: ICICI bank, HDFC bank, AU small Finance Bank and IMGIC.



Anoop Saxena
ZBH North SME

Over 12 years of work experience and a Chartered Accountant
Ex: NCML Finance, Ujjivan Small Finance Bank, Shubham Housing Finance Bank & HDFC Bank.



Sachin Shah
State Head SME Gujarat

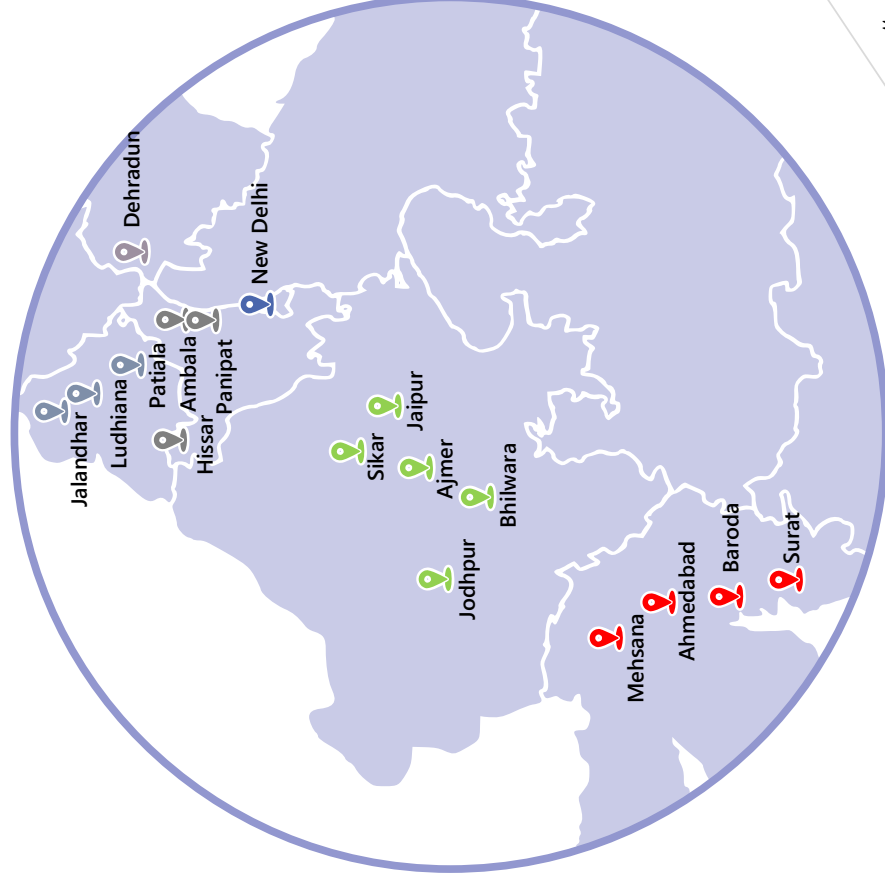
Over 16 years of work experience
Ex: Equitas Small Finance Bank, Fullerton India and Max life.



Ishwari Sharma
State Head SME Rajasthan

Over 15 years of experience and MBA Ex: Kotak Mahindra Bank, Ujjivan small finance bank, Tata Capital and Fullerton India.

OUR PRESENCE



States Present	
Delhi	
Haryana	
Punjab	
Uttarakhand	
Rajasthan	
Gujarat	

PRODUCT PORTFOLIO

Product Category	Book Size (Rs Cr) Q2 FY21	Product Description
Wholesale Lending		
Wholesale Large	114	Structured loans to developers of Mid Income/Affordable Group housing project
Wholesale Small	90	House Construction loans given against single plotted projects.
Wholesale LAP	19	Loans against SORP/SOCP properties
Wholesale LAS	47	Loan against Securities & Deposit which is highly liquidable
Total Wholesale Book	270	
Retail Lending		
		Micro/Small loan to Kirana stores, Traders, Schools and other boutique small shops and merchants backed by owned property as collateral
SME - Secured	59	
SME - Unsecured	6	Small ticket loans mainly to K-12 schools in Tier 2 and Tier 3 cities
Total SME Retail Book	65	
Total Gross AUM	335	

Q2: KEY BUSINESS HIGHLIGHTS

1

- Disbursals have started with cautious approach, post resumption of economic activities and business operations
- Benefits of Government initiatives like ECLGS Scheme and Interest Ex-Gratia have been passed to borrower to kick start their business operations
- Overall AUM numbers have not grown because the collections have been very strong and our cautious approach toward new sanctions and disbursals
- No stress has been observed on existing portfolio, except the school loan book with the AUM of INR 25 Cr where there are cash flow challenges as the business activities are yet to resume
- As a prudent Risk Management practice we have already provided the ECL Provision of INR 6.58 Cr under Stage-1 of & Stage-2 of INR 6.33 Cr and Stage -3 has been fully provided
- Wholesale Portfolio has performed exceptionally well, despite the stress in the economy and the collections are better than our targeted numbers

Q2 KEY BUSINESS HIGHLIGHTS

2

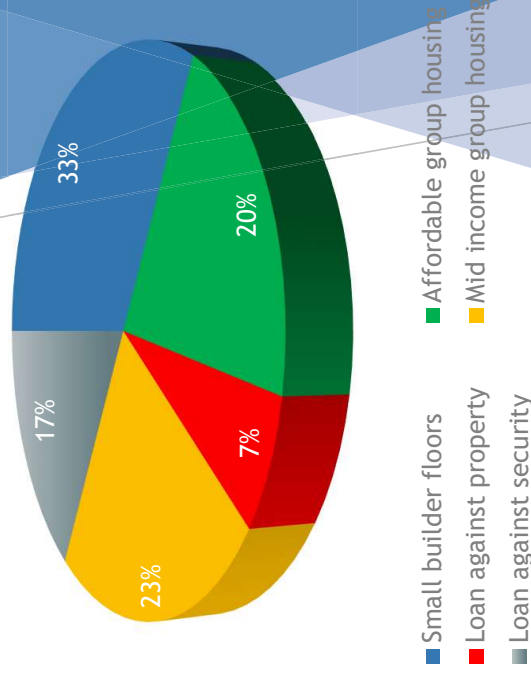
- Performance of SME Portfolio is as per our expectation and collections have improved to 75% post lockdown, out of which 85% collection is from SME-Retail book except school loans. Some challenges have been observed in school loans, where business operations are yet to be resume, however, we are confident that these loans will be on track post re-opening of schools
- Our disbursements has been increased to pre-lockdown levels. New Loans of INR 90 Cr has been disbursed in Q2FY21 against disbursements of INR 79.96 in Q4FY20
- In order to increase operational efficiency and head count productivity employee strength has been rationalized and some consolidation of branches has been done. We expect our employee count to increase next quarter with increase in business activities
- Sufficient liquidity has been maintained in form of Cash & Cash Equivalents (including undrawn credit limits) of INR 19.63 crores as on 30th September 2020
- Cautious approach on New Sanctions and Disbursal with a focus to maintain the portfolio performance standards intact

TREASURY UPDATE

- We have diversified our borrowing mix by issuing NCDs via private placement of INR 30 Crores
- Sufficient cash flow cushion to service existing debts with no ALM mismatch is foreseen for next 24 months
- Replacement of high-cost debt with low-cost debt led to a decline in interest costs by 20.95% as compared to the previous quarter in FY 21
- We have a Clear Business Plan to utilize the excess liquidity buffers. However, as a Prudent Measure we have been maintaining excess liquidity levels to take care of any unforeseen circumstances
- Adequate liquidity of INR 19.63 crores in form of Cash & Cash Equivalents including Undrawn Credit facilities.
- Total repayment of Debt in Q2 FY2021 of INR 12.91 Crores including prepayment of existing loans INR 7 Crore as on 30th September 2020

WHOLESALE LENDING BOOK

WHOLESALE LOAN BOOK	GROSS AUM (INR Cr)	% OF WS AUM	NO. OF LOAN ACCOUNTS
MID-INCOME GROUP HOUSING	62.83	23%	8
AFFORDABLE GROUP HOUSING	51.47	20%	7
SMALL BUILDERS	90.51	33%	31
LOAN AGAINST PROPERTY	19.03	7%	10
LOAN AGAINST SECURITY	46.59	17%	3
TOTAL	270.43	100%	59



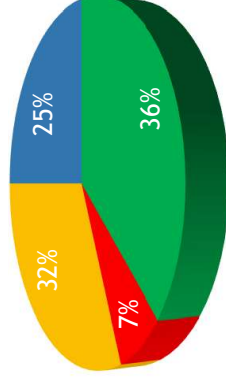
- The Real Estate industry in NCR Region has seen strong trends in Sales & Collections in Sep & Oct, specially in the Affordable Housing Segment and that is also evident from our collections
- Mid-Income Group Housing & Affordable Group Housing is part of Wholesale Large which is 43% of Total Wholesale 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.

WHOLESALE LENDING BOOK: MID-INCOME GROUP HOUSING

Figures in Cr

Project Completion	No. of Cases	Sanction	POS as on 30.09.20	% to AUM	POS as per Repayment Schedule	Pre-payment Received	Account Conduct	Average Ticket Size
Completed (100%)	3	39.25	15.53	25%	26.38	10.85	Satisfactory	Less than 50 lacs
Nearing Completion (90% to 100%)	1	45.00	22.50	36%	29.85	7.34	Satisfactory	Less than 50 lacs
More than 70%	2	9.00	4.39	7%	5.46	1.06	Satisfactory	Less than 50 lacs
Less than 50%	2	26.00	20.41	32%	24.11	3.69	Satisfactory	Less than 50 lacs
Total	8	119.25	62.83	100%	85.79	22.95		

- 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 23% of Wholesale loan book
- 61% of AUM under Mid-Income Group Housing belongs to 4 projects which are either 100% complete or are nearing completion
- Average ticket Size of units is less than INR 50 Lacs
- Projects which fall under less than 50% complete are boarded in Nov-2019 and are partially complete & due to various reasons including NGT Ban & Covid-19 outbreak the pace of construction has been relatively slow.
- Committed Receivables is 4x of existing POS



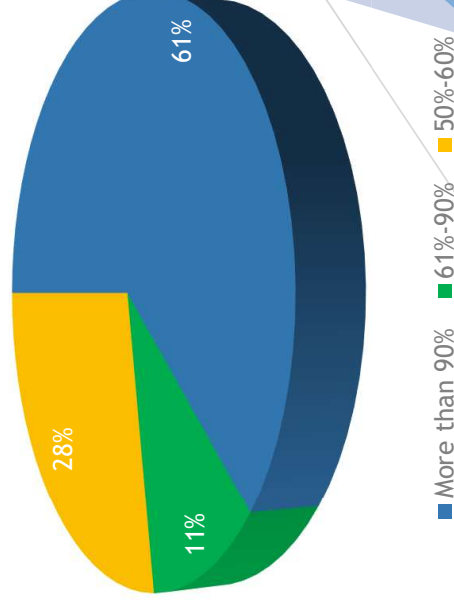
■ Completed (100%)
■ Nearing Completion (90%-100%)
■ More than 70%
■ Less than 50%

WHOLESALE LENDING BOOK: AFFORDABLE GROUP HOUSING

Figures in Cr

%age Sold	No. of Cases	Sanction	POS as on 30.09.20	% to AUM	POS as per Repayment Schedule	Pre-payment Received	Account Conduct	Average Ticket Size
More than 90%	5	70.00	31.33	61%	47.52	16.19	Satisfactory	Less than 25 lacs
61% to 90%	1	3.50	2.14	11%	3.08	0.94	Satisfactory	Less than 25 lacs
50% to 60%	1	20.00	18.00	28%	18.82	0.82	Satisfactory	Less than 25 lacs
	7	93.50	51.47	100%	69.42	17.95		

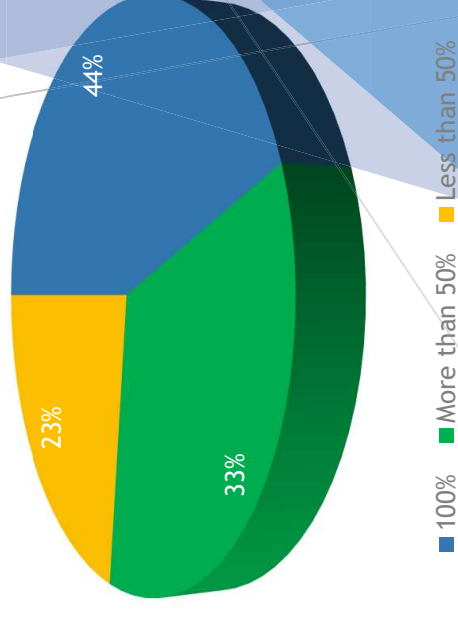
- Affordable Group Housing includes project which are approved under the Affordable Housing Policy of Haryana Government
- Time-linked payment plan
- AUM under Affordable Group Housing consists of 20% of Wholesale loan book
- 61% of AUM under Affordable Group Housing belongs to 5 projects which are more than 90% Sold
- Average ticket Size of units is less than INR 25 Lacs
- Committed Receivables is 3.1x of existing POS



WHOLESALE LENDING BOOK: SMALL BUILDERS

Figures in Cr

Project Completion	No. of Cases	Sanction	POS as on 30.09.20	% to AUM	POS as per Repayment Schedule	Pre-payment Received	Account Conduct
100%	13	52.92	39.53	44%	41.99	3.76	Satisfactory
More than 50%	12	44.02	30.08	33%	38.18	8.31	Satisfactory
Less than 50%	6	50.25	20.90	23%	28.30	7.40	Satisfactory
	31	147.19	90.51	100%	108.46	19.47	



- 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 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

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

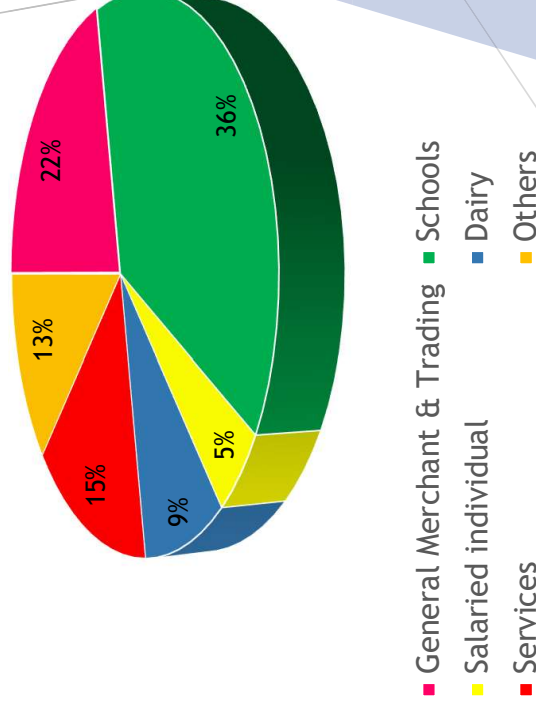
3 Constant monitoring/review

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

SME RETAIL BOOK

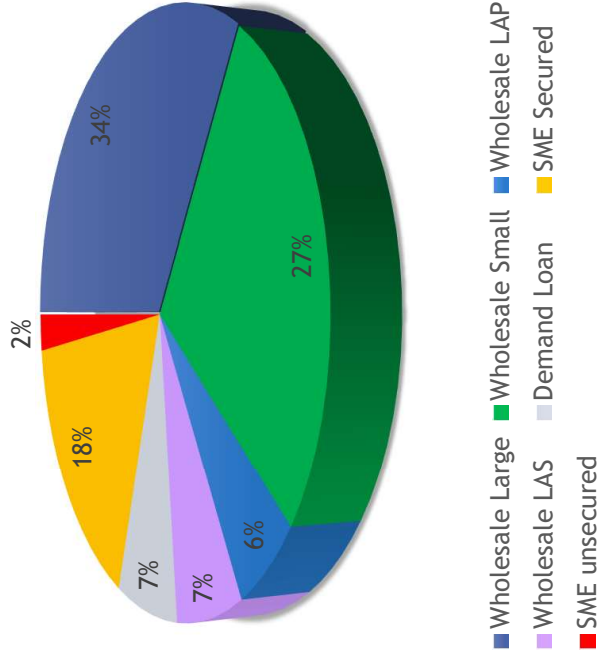
- SME retail book includes both secured and unsecured loans with an AUM of INR 65 Cr as on 30th September 2020
- SME disbursements have started picking up by the end of second quarter and we expect much better numbers by December 2020
- Focus on increasing market presence and sustainability in current geographies of north and west India
- Continuous focus on minimizing operational costs along with consolidation of two branches
- Tailored product offerings to target customers in less penetrated and profitable geographies.
- 90% of the SME book is secured.
- These unsecured loans are capped to a ticket size of INR 5 Lacs

Industry-wise AUM Composition

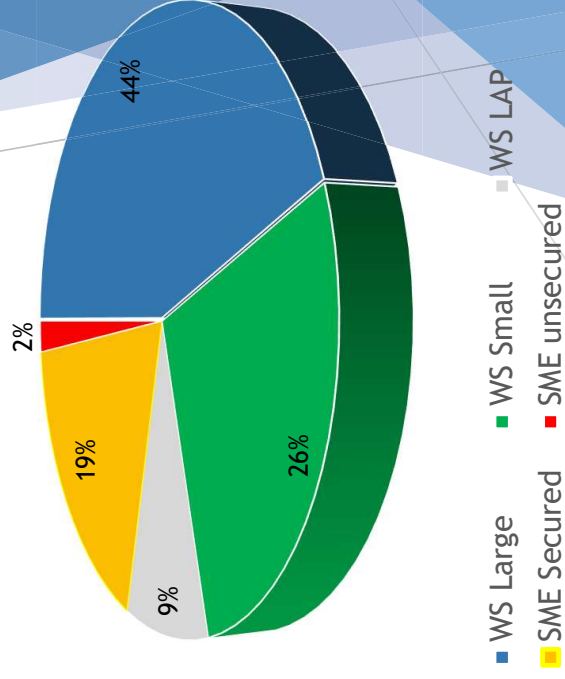


AUM COMPOSITION

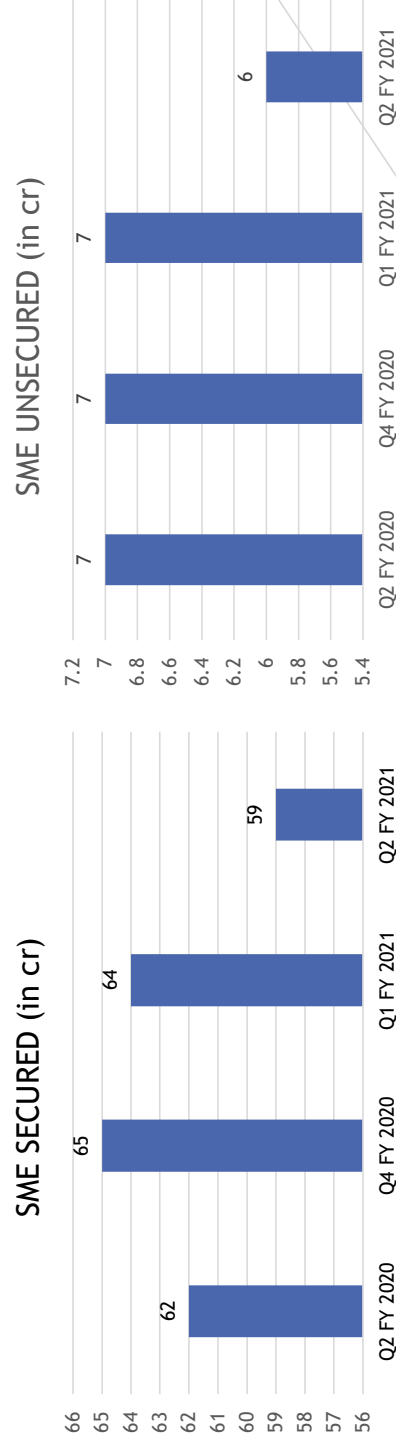
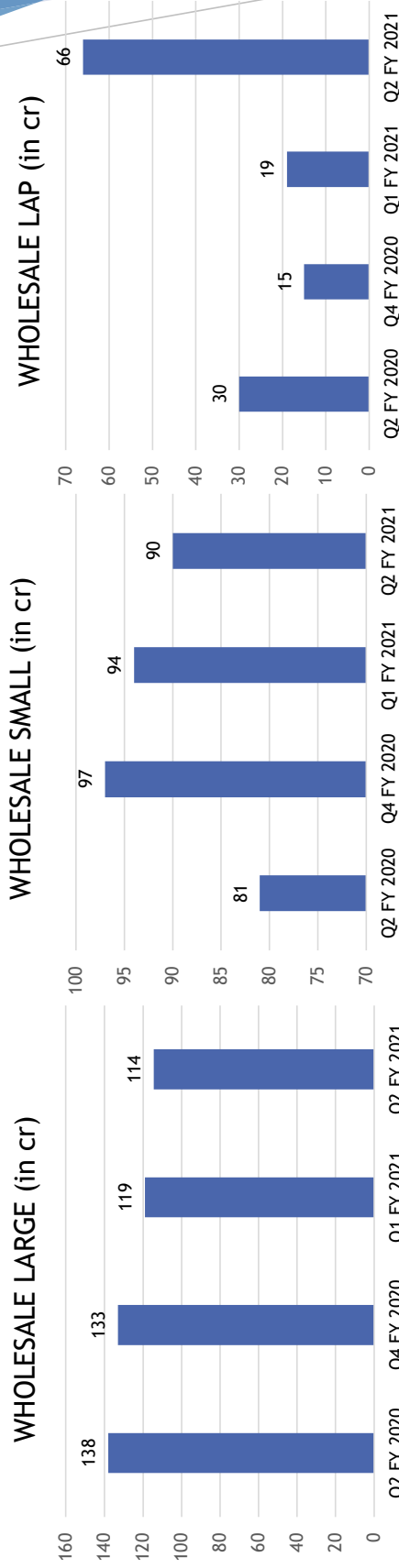
Q2 FY21



Q2 FY20

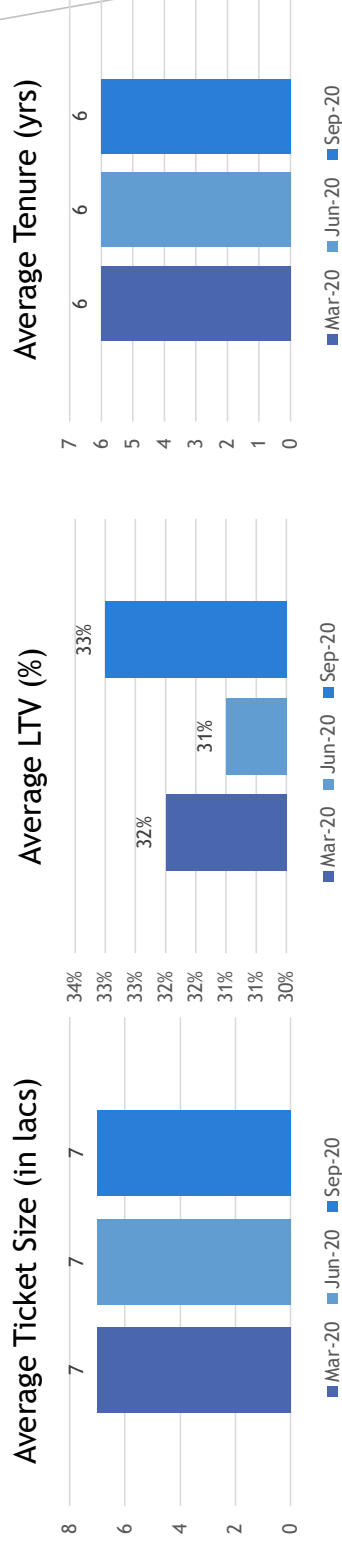


AUM - PRODUCT BREAKUP

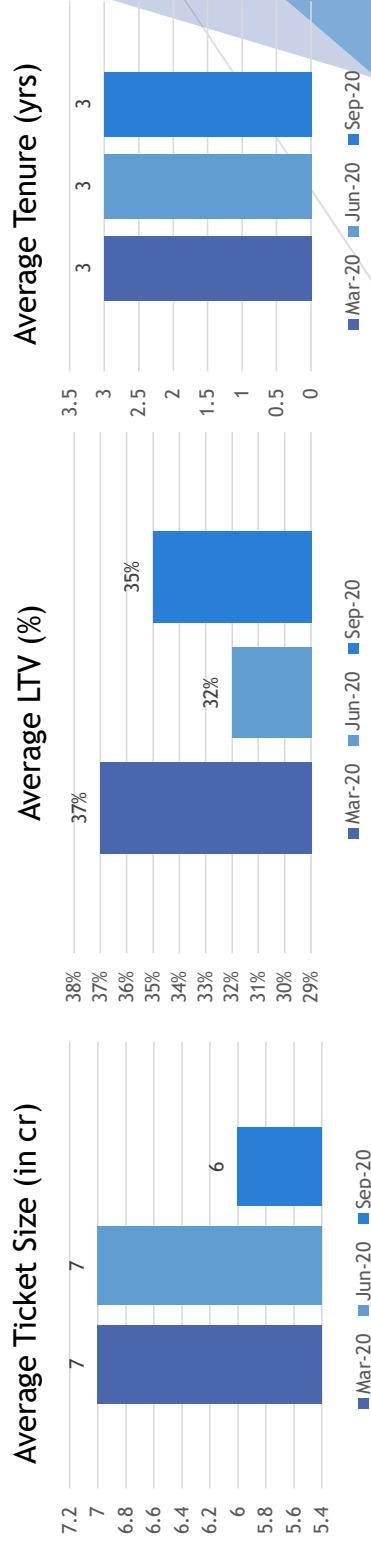


LOAN MATRIX

SME Loan Matrix



Wholesale Loan Matrix



FINANCIAL SNAPSHOT- Q2 FY21 vs Q2 FY20

Net Interest Income 10.21%



Q2 FY21
Q2 FY20

Rs 13.60 Cr
Rs 12.34 Cr

Total Income 0.06%



Q2 FY21
Q2 FY20

Rs 15.12 Cr
Rs 15.13 Cr

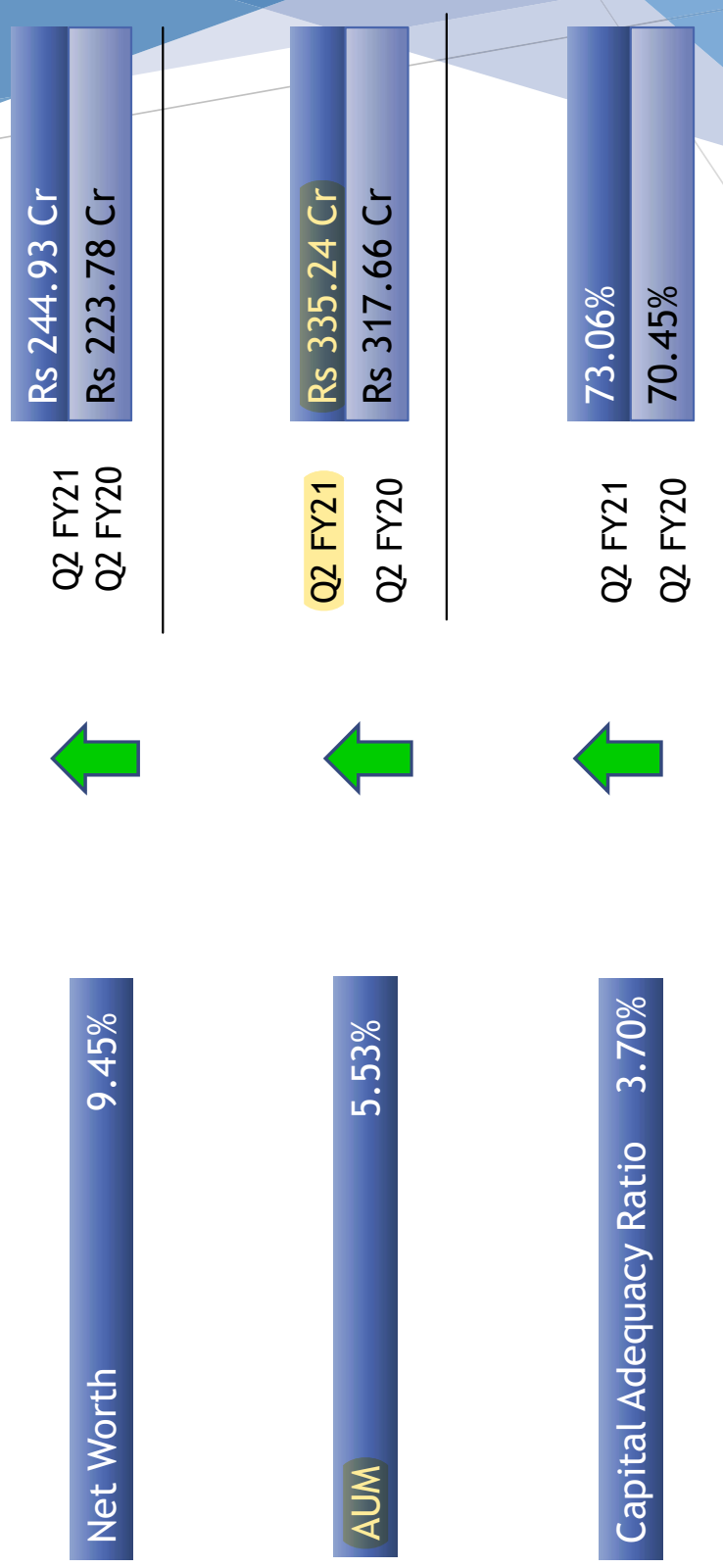
Profit After Tax 5.38%



Q2 FY21
Q2 FY20

Rs 6.86 Cr
Rs 7.25 Cr

FINANCIAL SNAPSHOT- Q2 FY21 vs Q2 FY20



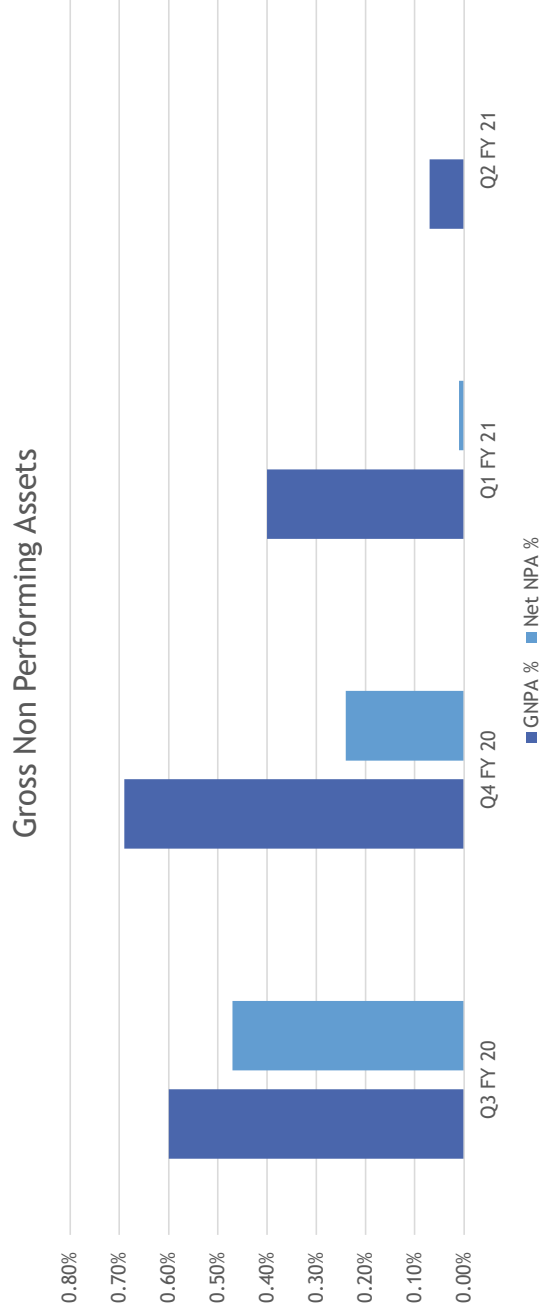
Expected Credit Losses (ECL)

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

(in cr)

Particulars	30-09-2020	30-06-2020	31-03-2020
Gross Stage 3 (GNPA)	0.25	1.21	2.18
% portfolio in Stage 3	0.08%	0.40%	0.69%
ECL provision Stage 3	0.25	1.19	1.41
Net Stage 3	0.01	0.02	0.77
Total Provision Coverage Ratio	97.73%	98.47%	64.64%
Gross Stage 1 & 2	334.99	298.56	315.67
% portfolio in Stage 1 & 2	99.92%	99.60%	99.31%
ECL provision Stage 1 & 2	6.33	5.38	5.48
Net Stage 1 & 2	328.66	293.17	310.19
Total Provision Coverage Ratio	1.89%	1.80%	1.74%
Total Assets	335.24	299.77	317.86
% portfolio	100%	100%	100%
ECL Provision	6.58	6.58	6.90
Net Stage	328.66	293.19	310.96
TOTAL ECL Provision %	1.96%	2.19%	2.17%

GROSS NON-PERFORMING ASSETS



As on 30-Sept-2020

Gross NPA
Total ECL Provision
Regulatory provision including Standard Asset & NPA

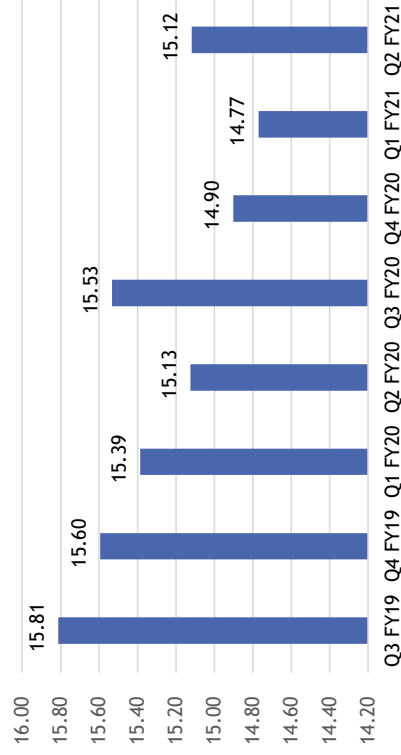
INR Crore

0.25
6.58
1.35

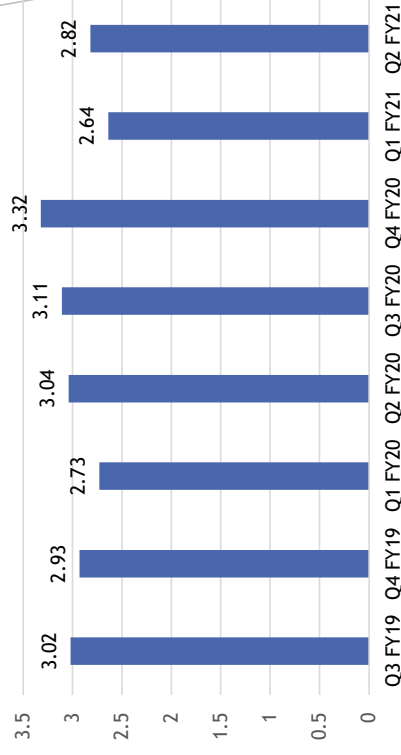
FINANCIAL METRICS

1

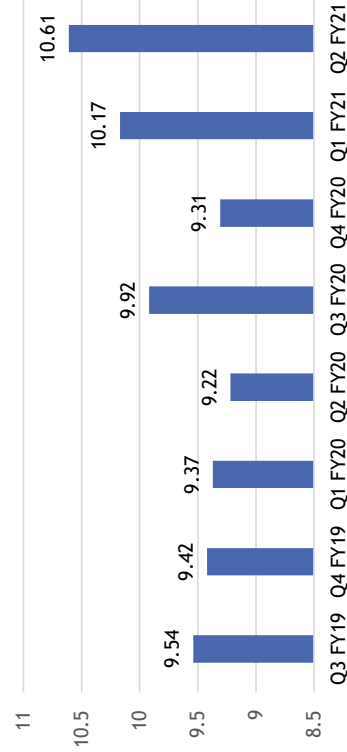
Total Income (Rs cr.)



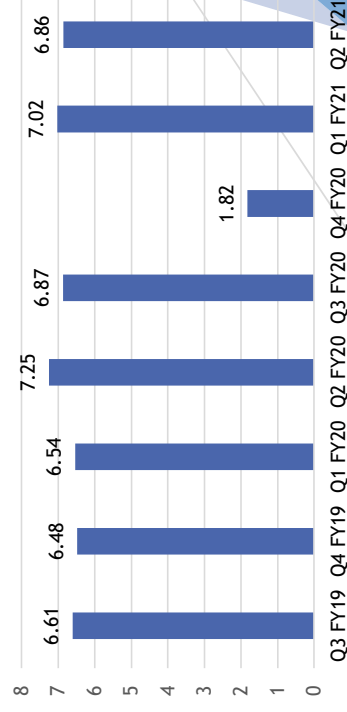
Operating Expenses without ESOP (Rs cr.)



Pre Provisioning Profit Before Tax (Rs cr.)



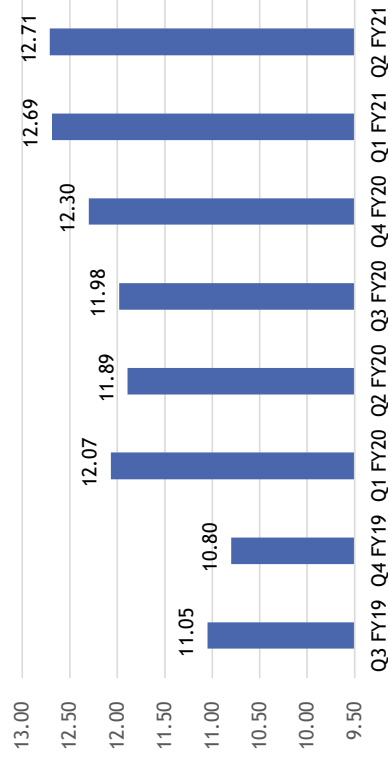
Net Profit (Rs cr.)



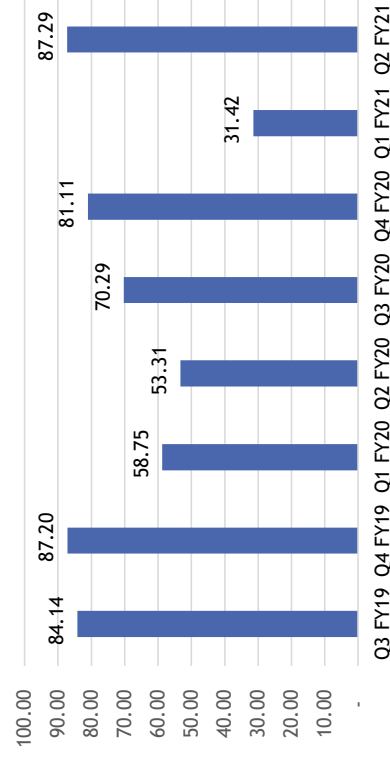
FINANCIAL METRICS (contd..)

2

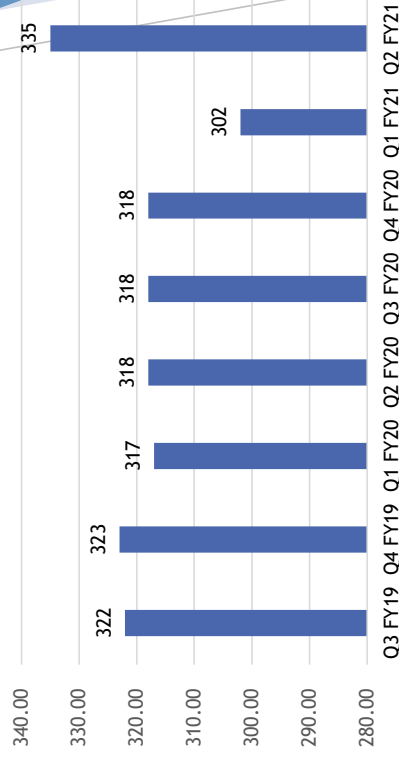
Net Interest Income (in cr.)



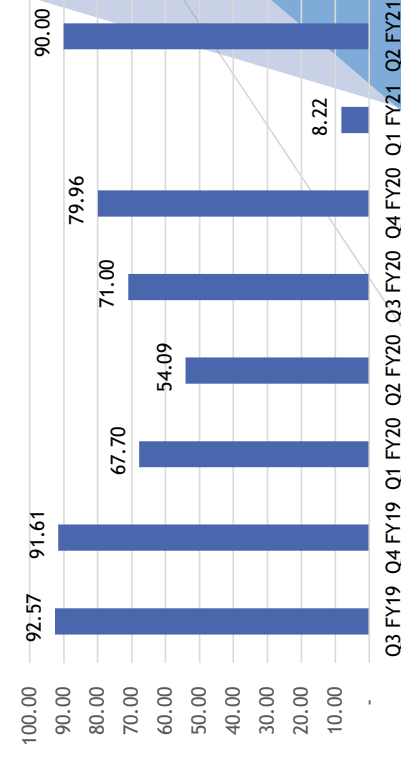
Collection (in cr.)



AUM End of Quarter (in cr.)



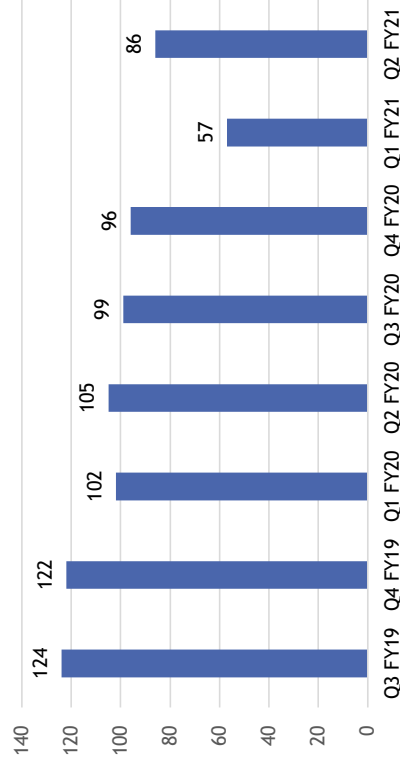
Disbursements (in cr.)



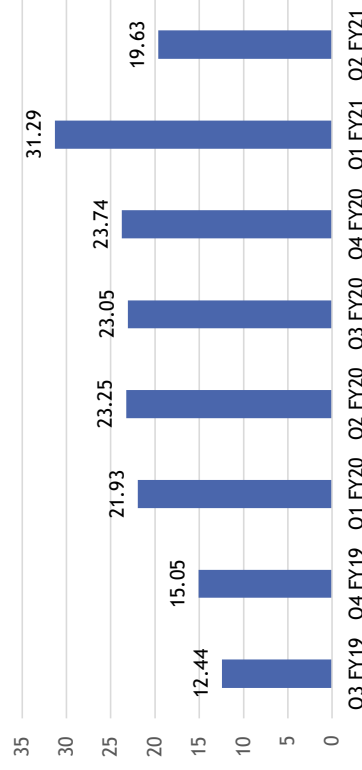
FINANCIAL METRICS (contd..)

3

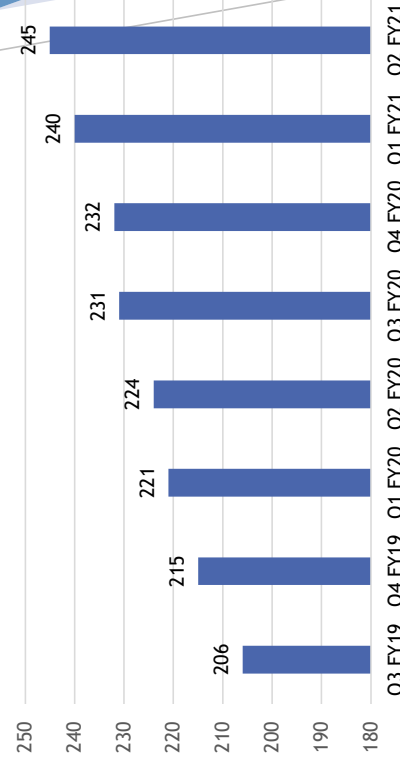
Borrowings (in cr)



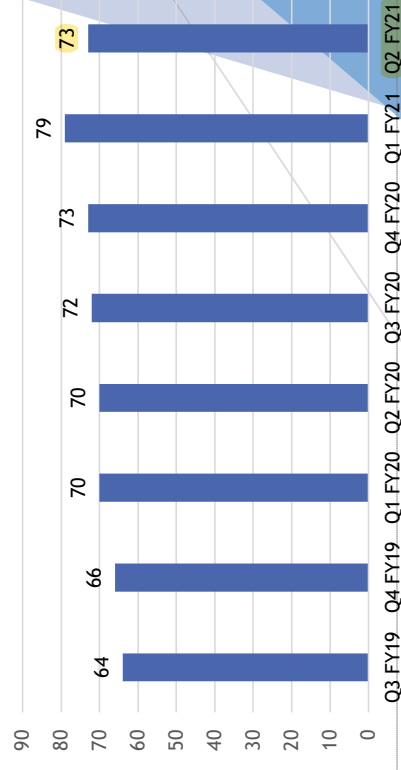
Cash & cash equivalents including undrawn CC limits (in cr.)



Net Worth (in cr.)



Capital Adequacy Ratio (%)



Thank You



Corporate Office:
716-717, 7th floor, Tower B,
World Trade Tower, Sector 16,
Noida - 201301

Investor Contact:
Gunjan Khara
Phone: 0120 4290650-52-53-54-55
Email: investor@cslfinance.in
Email: gunjan.khara@cslfinance.in

Registered Office: 410-412, 18/12, 4th floor, WEA, Arya Samaj Road, Karol Bagh, New Delhi - 110005

© 2020 CSL Finance Limited., All Rights Reserved.
CSL Finance Logo is a trademark of CSL Finance Limited. In addition to Company data, data from market research agencies, Stock Exchanges and industry publications has been used for this presentation. This material was used during an oral presentation; it is not a complete record of the discussion. This work may not be used, sold, transferred, adapted, abridged, copied or reproduced in whole or in part in any manner or form or in any media without the prior written consent. All product names and company names and logos mentioned herein are the trademarks or registered trademarks of their respective owners.

