



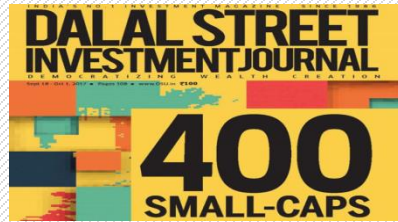
Capital Trust

INVESTOR PRESENTATION Q3 FY20

Enriching Lives



Empowering Enterprises



COMPANY OVERVIEW



COMPANY OVERVIEW

- Incorporation
- Advisory to foreign banks
- Listing on BSE

Ventured into Microfinance

Ventured into MSME funding

- \$10M PE investment
- Acquisition of Microfinance subsidiary
- Listing on NSE



1985



2008



2012



2016



2019

As on 31.12.2019

AUM:
₹ 509 Crores

Clients:
1.57 Lacs

Branches:
251

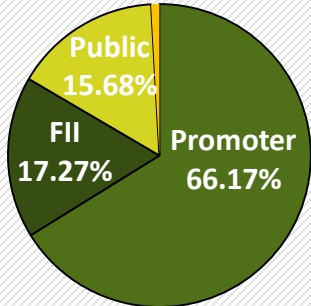
Employees:
1805

Bank Borrowings:
₹ 325 Crores

Q3 Profit:
₹ 8.2 Crores

Operational GNPA:
6.37%

Net NPA:
3.5%



Hybrid Fintech Model With Dual Credit
 Automated credit (credit bureau checks and preset algorithms) is supplemented with traditional safeguards of branch banking (physical verification of residence, business premise and cash flow analysis)

One Stop Financial Institution
 Strategically placed rural focused NBFC with a 100% owned Microfinance subsidiary. Operating in a sector with high entry barriers, company provides loans from ₹10,000 - ₹1,05,000

Publicly Listed NBFC
 Listed on BSE and NSE and following highest levels of corporate governance

Technology
 Automated systems and processes from on-boarding to disbursement with no exceptions. Auto-generation of branch cash books through collation of issued Digital Receipts



Pioneer in Cashless Policies
 Among the first NBFCs in the sector to undertake 100% cashless disbursement since April 2015 and conduct 100% cashless repayments for all loans disbursed post May 2019 (except Microfinance)

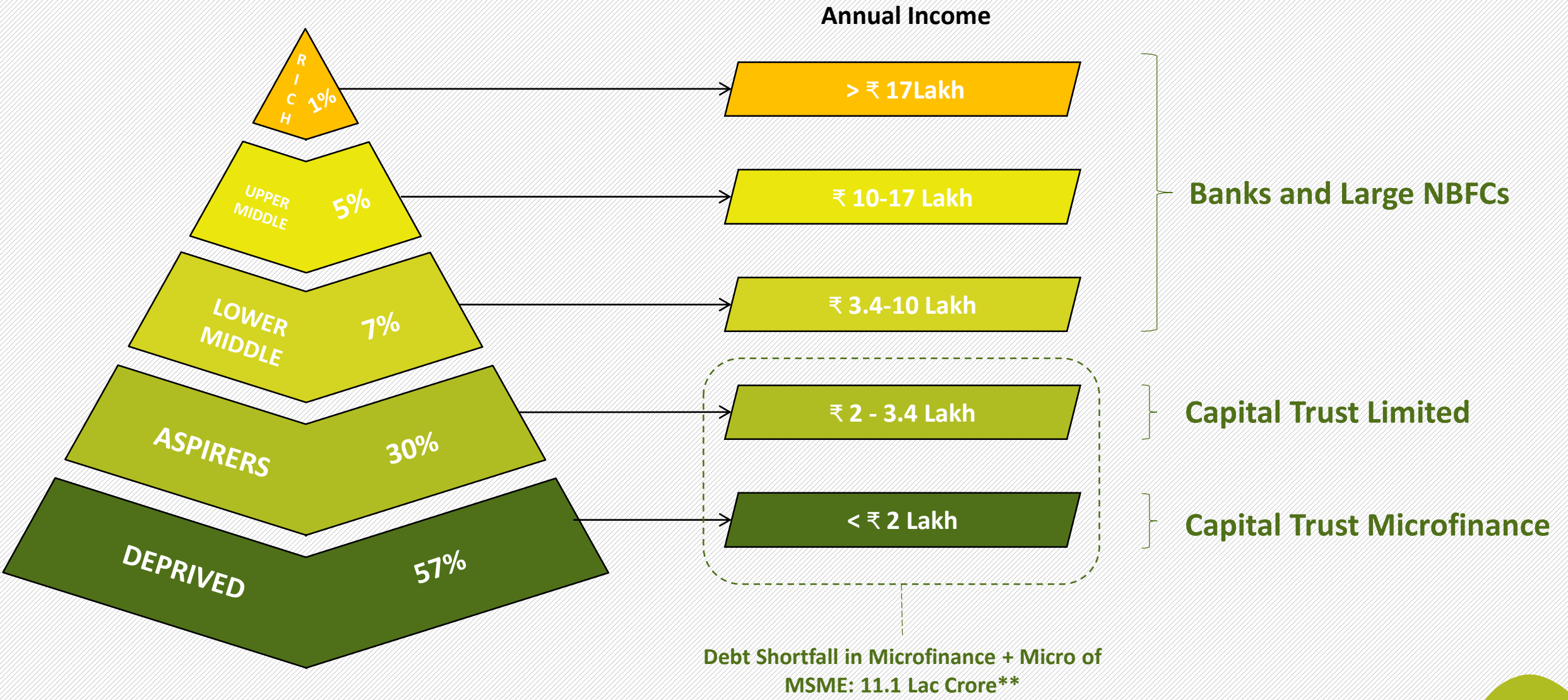
Extensive Rural Branch Network
 251 branches in 68 districts and 10 states encapsulating 'feet on street' model

Existing Client Engagement Potential
 2,00,000 live clientele can act as referral-cum-agent for on-boarding and collection

TARGET SEGMENT



SERVING THE UNSERVED



*NCAER-CMCR Annual Income Data
 **IFC Report on MSMEs (Nov 2018)

➤ FINANCIAL INCLUSION?



- Formal Income ❌
- Income Proof ❌
- Filing Taxes ❌





TARGET CLIENTELE

MISSING MIDDLE

Microfinance

Through Capital Trust Microfinance, its 100% owned subsidiary

Graduated from Microfinance

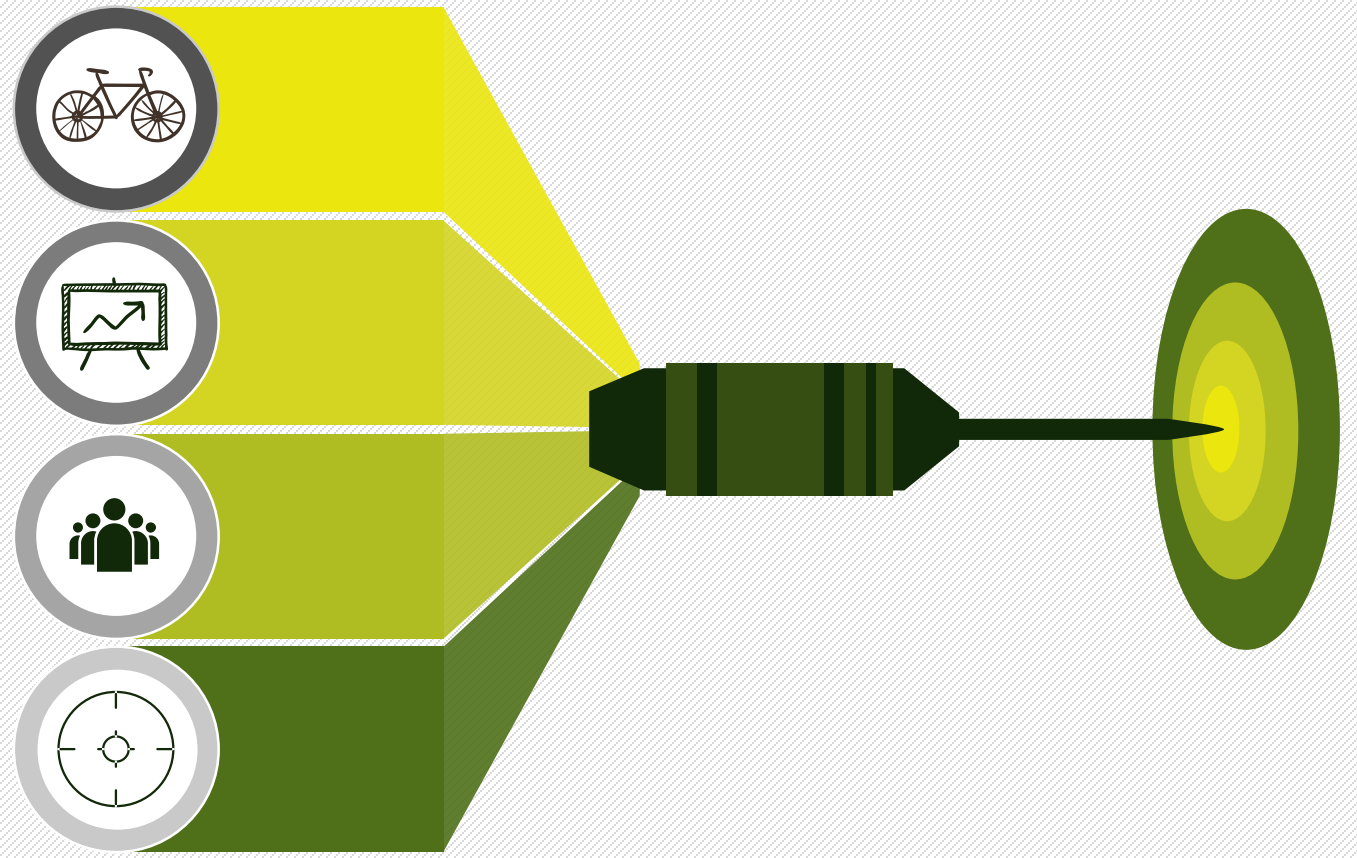
8% of the Microfinance clients graduate from the Microfinance sector each year and come and hit a wall

New to Organized Credit

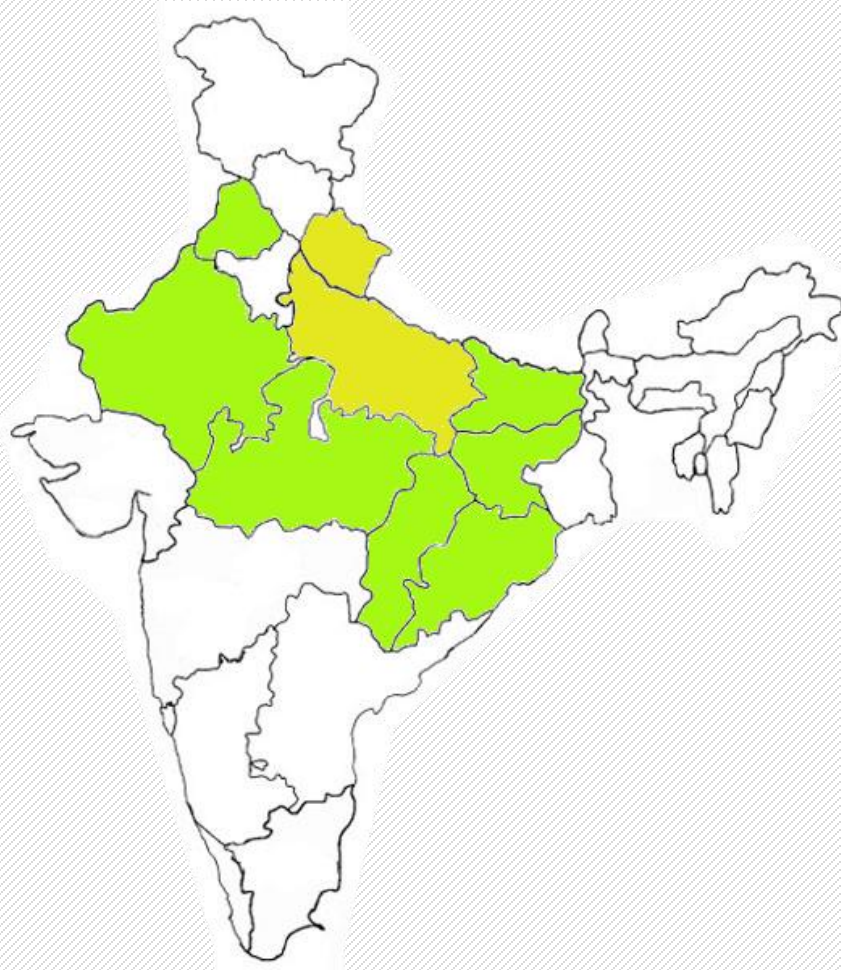
Replacing traditional informal sources of financing (local moneylenders) which currently account for 84% of all financing to MSMEs

'Micro' of the MSME

Clients who cannot be served by Microfinance institutions (owing to RBI guidelines) and are unable to be served by banks / large NBFCs (owing to lack of formal income documentation)



BUSINESS MODEL



-  Non-Demonetization Impacted States (Growth Focused: New client sourcing)
-  Demonetization Impacted States (Collection Only: No new client sourcing)

Branches: 251
Districts: 68
States: 10

Micro Rural Loan*

AUM: ₹440 Crore
Ticket Size: ₹30,000 - ₹1,05,000
Interest Rate: 26+%
Tenure: 1 year – 3 years
All new disbursements through banking channels
Monthly Cashless NACH Repayment (older variant cash collection)

Microfinance Loan

AUM: ₹41 Crore
Ticket Size: ₹20,000 - ₹30,000
Interest Rate: 25%
Tenure: 2 years
Joint Liability
Fortnightly Cash Repayment



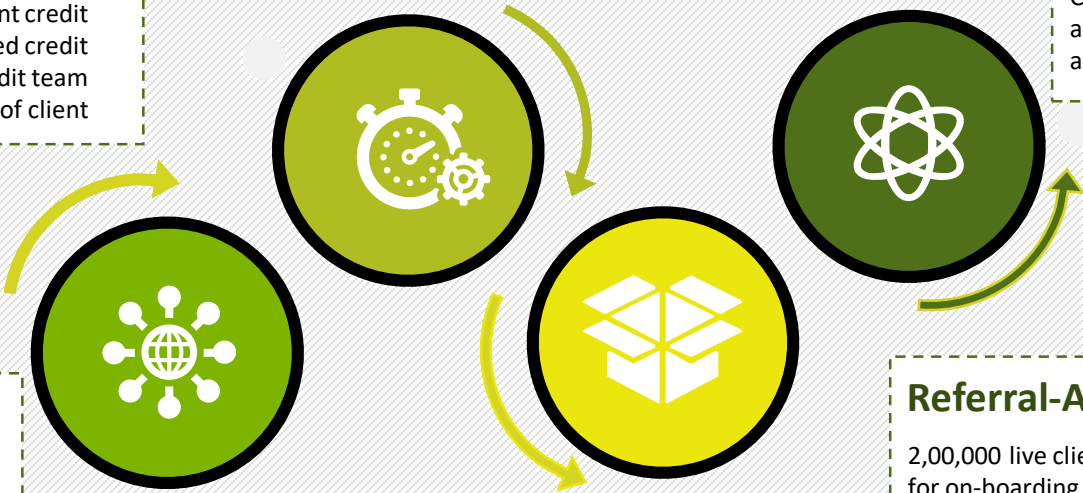
Secured Enterprise Loan

AUM: ₹28 Crore
Ticket Size: ₹1,00,000 - ₹5,00,000
Interest Rate: 28-30%
Tenure: 3 – 4 years
Individual Loan
Fortnightly / Monthly Cash Repayment
Portfolio Rundown

*Further Classified into Micro-Enterprise, Micro-Business and Capital Magic Loan

Quick Disbursement within 24 hours
 Automated credit decision based on analysis of client credit bureau data, alternative data and internally developed credit algorithms. Followed by physical visit by credit team analyzing cash flow and disposable income of client


First of Its Kind Digital Loan in Rural India
 Created owing to client demand for faster turn-around-time, non availability of short term loans and antiquated rigid financial offerings




Hybrid of Fintech & Traditional Banking
 Credit analysis using technology but safeguarded by physical visit of staff within 24 hours of bank return to collect missed installment in cash

Referral-Agent Model
 2,00,000 live clientele can act as referral-cum-agent for on-boarding and collection


Requirement to have self occupied residence within 25kms of branch premise


Geo-tagging and mapping of client to a particular branch as part of on-boarding process


Strong collection focus with legal action initiation through Section 138 of NI Act on client becoming 31 DPD



SMART CREDIT

Instant in-principal approval by automated credit decisioning system with no manual intervention at client doorstep. Final approval subject to positive physical verification of cash flow and disposable income



Disbursement

No exceptions or manual intervention permitted



Telephonic Verification by HO Credit Team

Verification of documents uploaded into system and re-assessment of cash flow of client during call



Physical Verification by Field Credit Team

Ground level authentication by physical verification of home, business and income. All details uploaded into app



Algorithmic Credit Rule Engine

Automatic rejection in case of any deviation from prescribed credit policies. System provides in-principal approval at this stage



Automated Credit Bureau Check

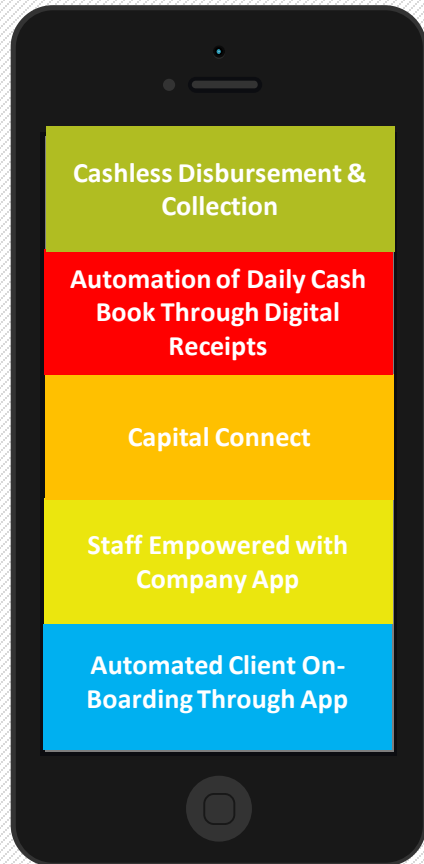
Link-up with Equifax to review past credit history. Hard rejection in case of negative credit bureau history



QR Code Scanning of Aadhaar By Field Team

Automatic uploading of client data into system. Location geo-tagged and case rejected if client residence is beyond 25kms from branch

- Decision communication flow and all processes are automated
- Technology used at all stages of loan cycle eliminating requirement of physical movement of documents
- All processes time stamped and tracking of cases available on live basis



Cashless Disbursement & Collection

One of the first NBFCs to start cashless disbursement of all loans since 2015. Also started process of cashless repayment for all loans (except Microfinance) in 2019

Automation of Daily Cash Book Through Digital Receipts

Automated closing of company and all branch books at 6PM daily through collation of issued Digital Receipts (SMSs sent to client on collection of any repayment)

Capital Connect

Client application with access to all details regarding the loan to promote transparency and authenticity

Staff Empowered with Company App

All staff have access to Capital Sales, the company application, that provides real-time information in even the most remote locations. All warehousing of information on cloud

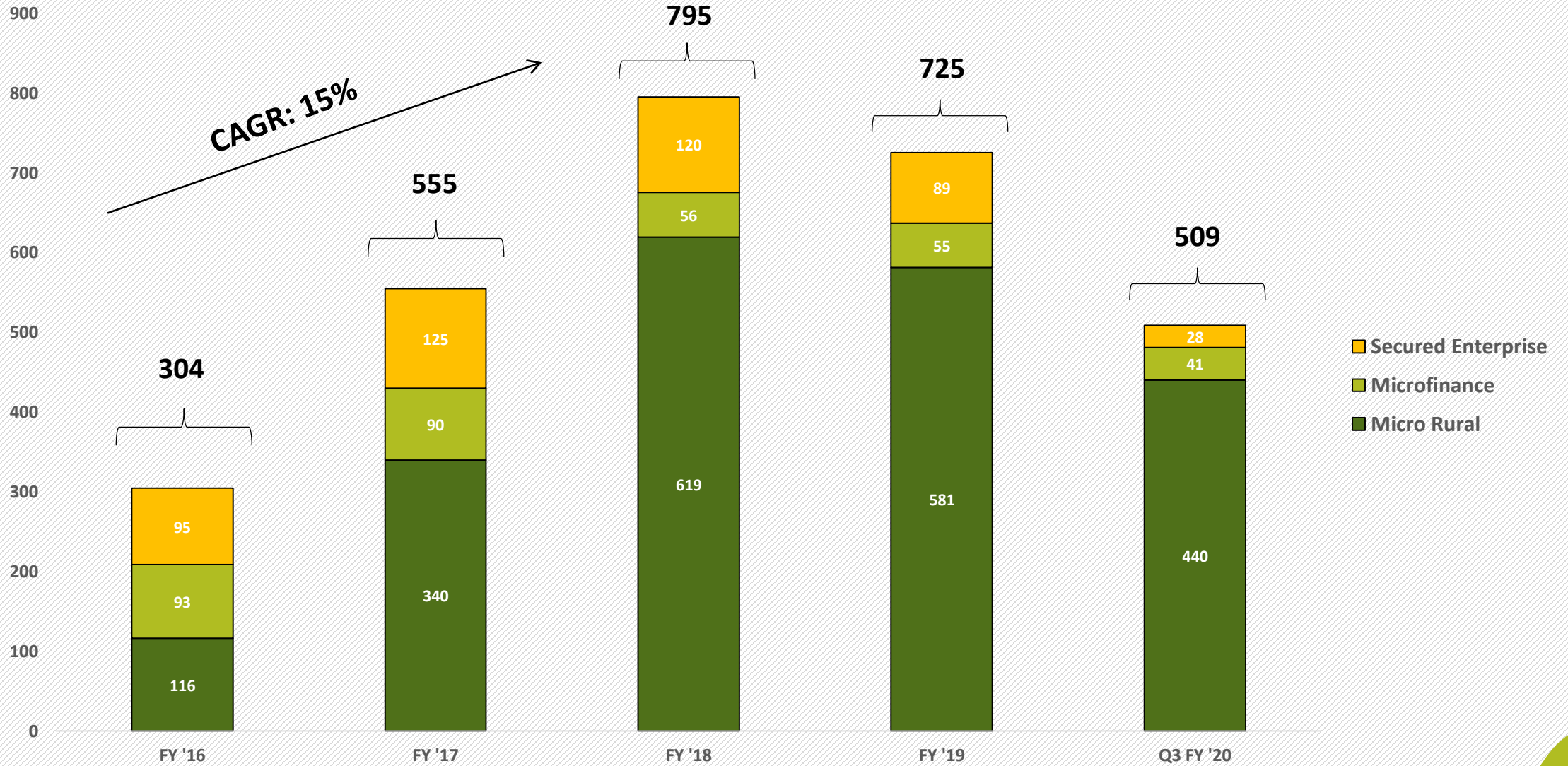
Automated Client On-Boarding Through App

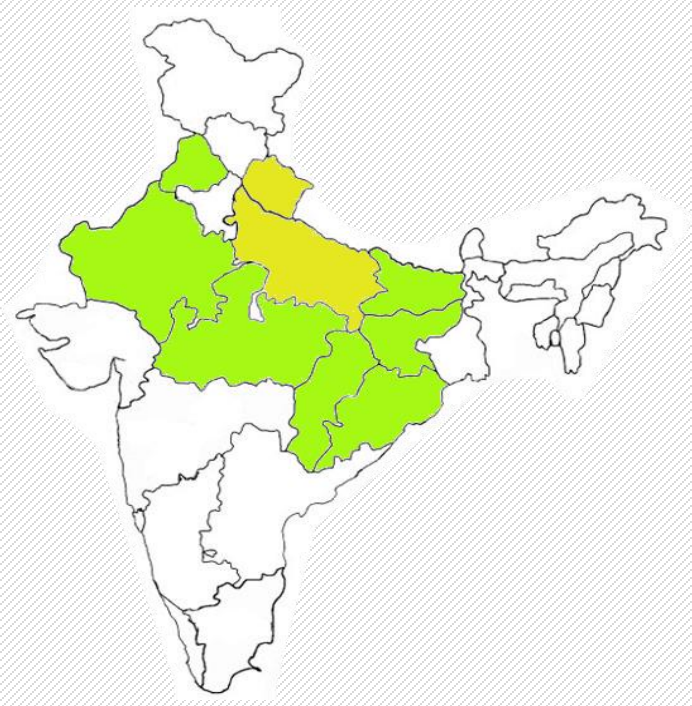
Smart credit enabling client on-boarding and in-principle approval from scanning of client's Aadhar card at his doorstep. No manual entry allowed for any clients

PORTFOLIO UPDATE



PRODUCTWISE PORTFOLIO





COMPANYWIDE			
As on 31.12.19	AUM (₹ Cr.)	Operational GNPA (₹ Cr.)	Operational GNPA (%)
Non-Demonetization Impacted States*	430.9	15.0	3.5%
Demonetization Impacted States**	77.6	17.4	22.4%
Total	508.5	32.4	6.4%

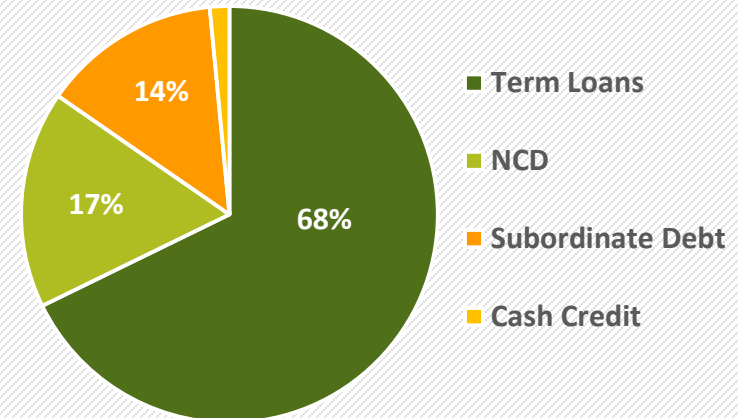
*Punjab, Rajasthan, Madhya Pradesh, Bihar, Odisha, Chhattisgarh, Jharkhand
 ** Uttar Pradesh, Uttarakhand, Delhi

LIQUIDITY POSITION

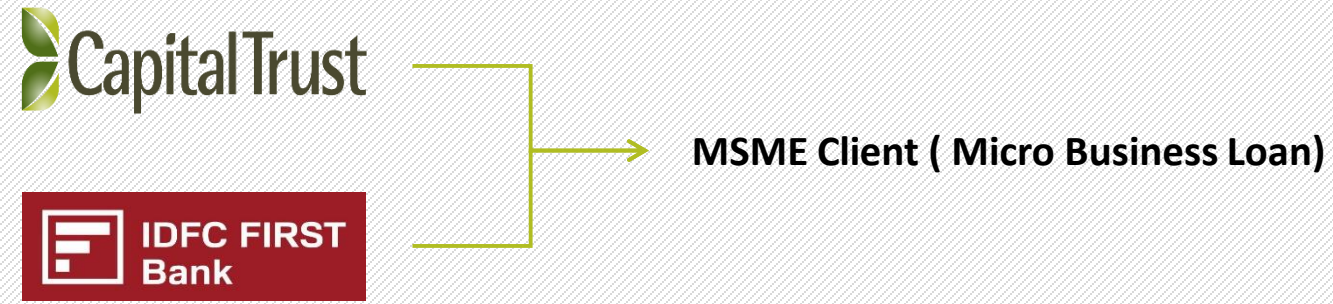
	Q3 FY20 (Actual)	Q4 FY20 (Expected)	Q1 FY21 (Expected)	Q2 FY21 (Expected)
Quarterly Collection (Cr.)	145.9	142.4	131.6	110.1
Quarterly Repayment (Cr.)	98.1	88.1	76.3	70.6
Quarterly Surplus (Cr.)	47.8	54.2	55.2	39.5
Monthly Surplus (Cr.)*	15.9	18.1	18.4	13.2

- Average Tenure of Borrowings: 49 months
- Average Tenure of Loans Given: 31 months
- No exposure to Commercial Paper or any other short term borrowing

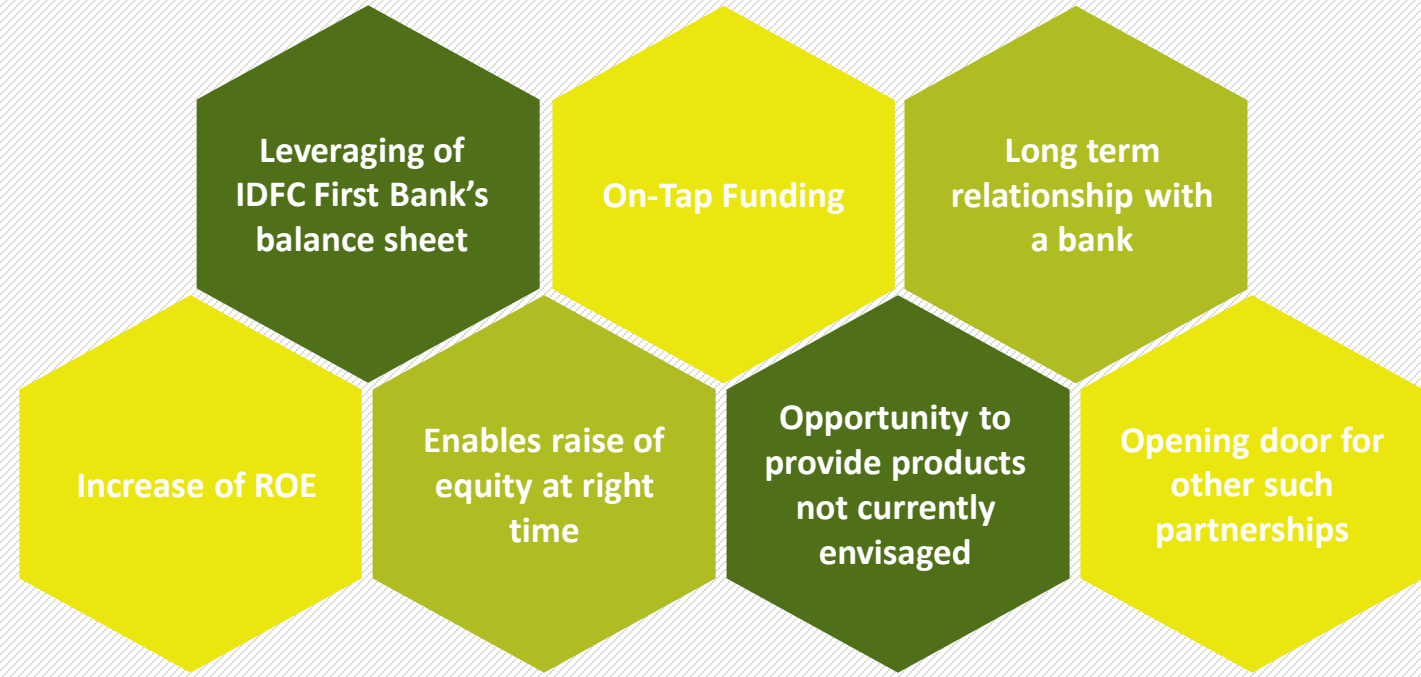
Borrowing Profile:



*Assuming no incremental disbursements



Benefits to CTL:

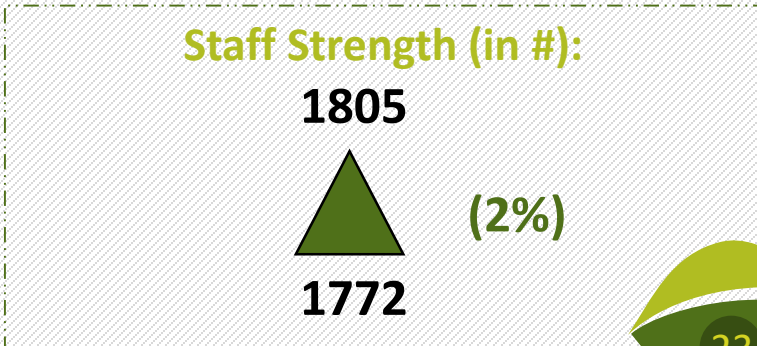
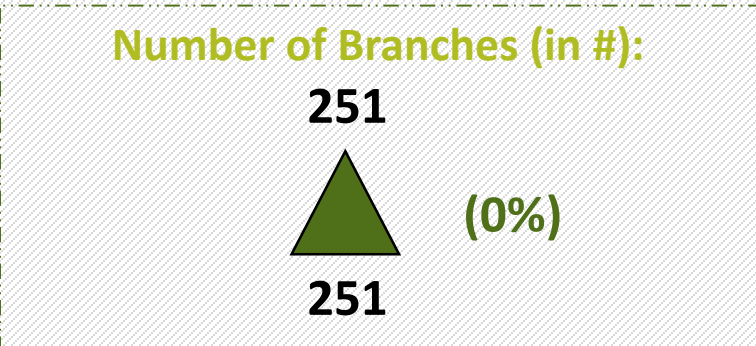
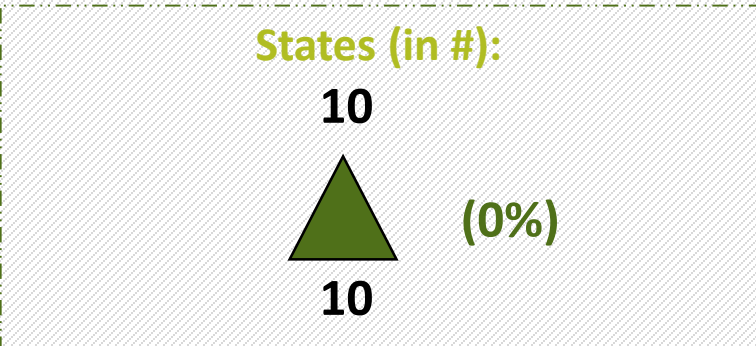
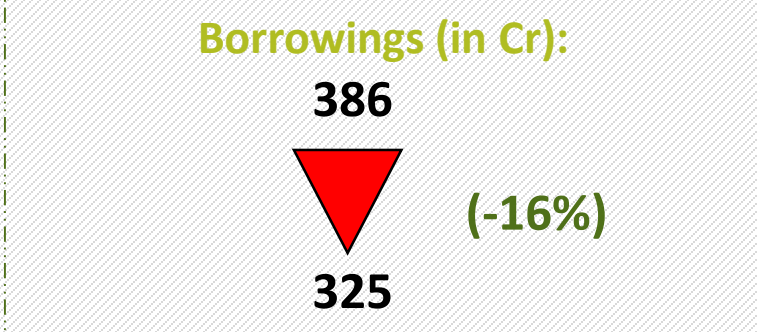
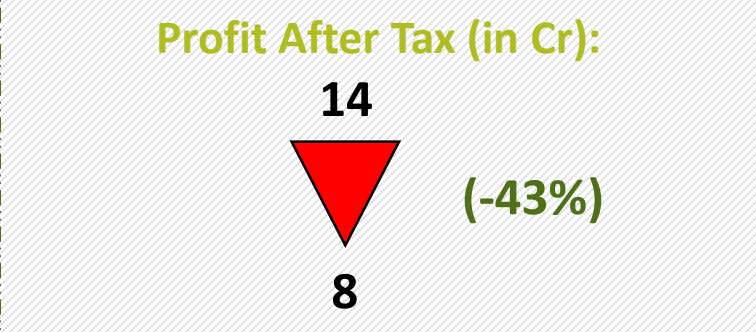
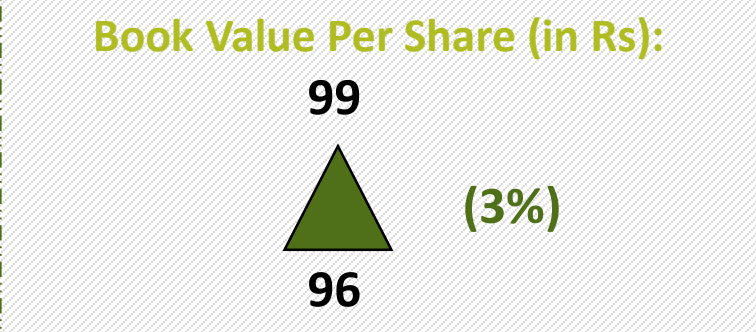
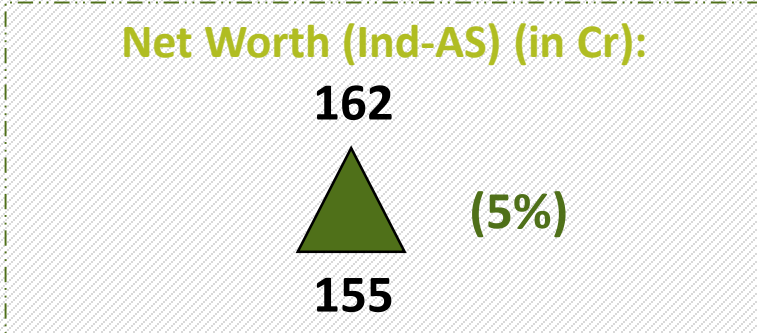
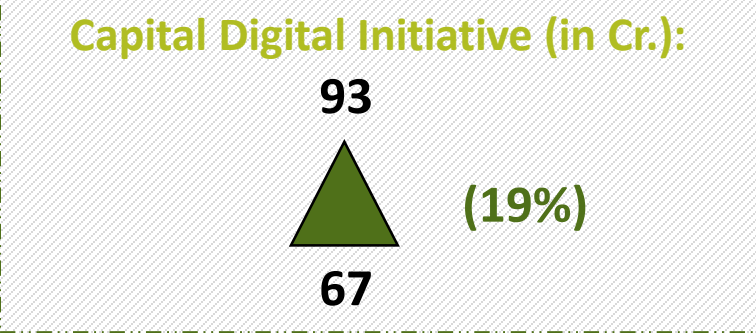
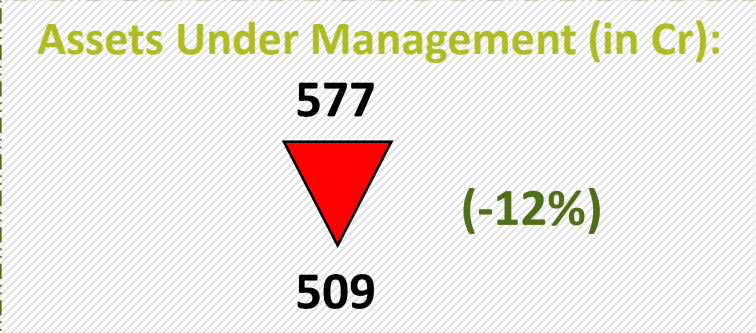


	AUG '19	SEP '19	OCT '19	NOV '19	DEC '19	JAN '20
Disbursed till.. (Cr.)	2.7	11.9	18.9	28.0	37.6	43.8
Portfolio (Cr.)	2.6	10.0	18.7	26.3	36.0	41.1
No. of Clients	130	1665	3148	4514	6253	7262
No. of 30+ DPD Clients	0	0	0	1	6	14
First Time Clearance (%)	90%	90%	88%	83%	77%	78%

FINANCIALS

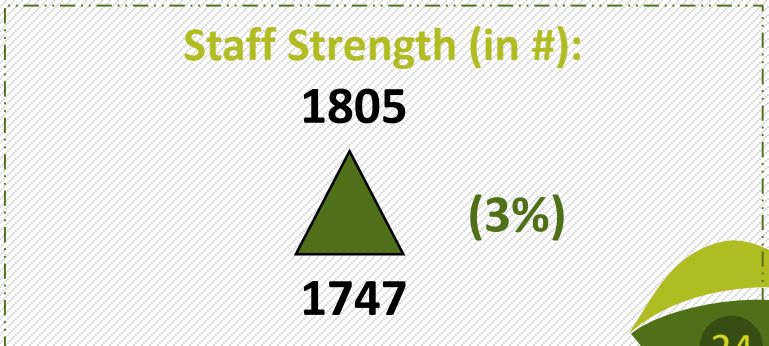
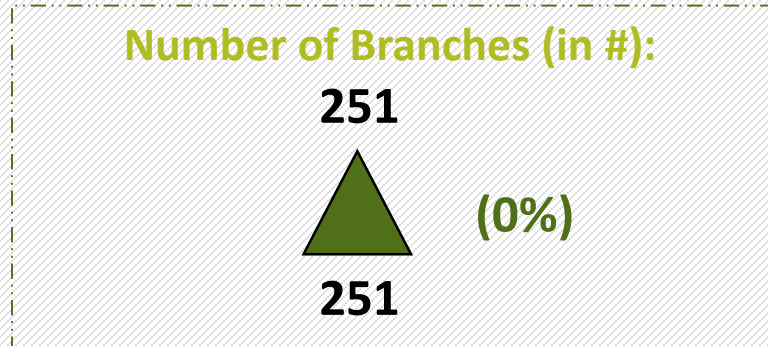
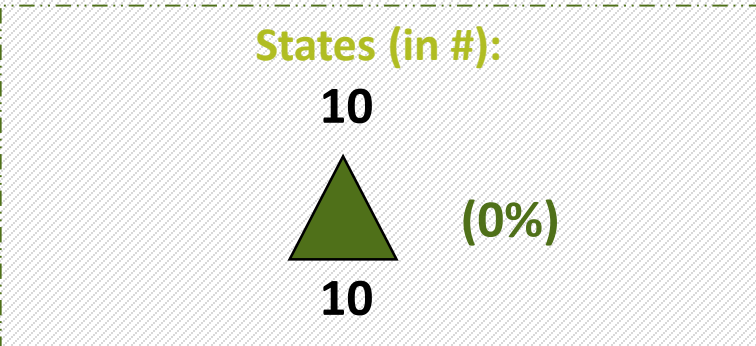
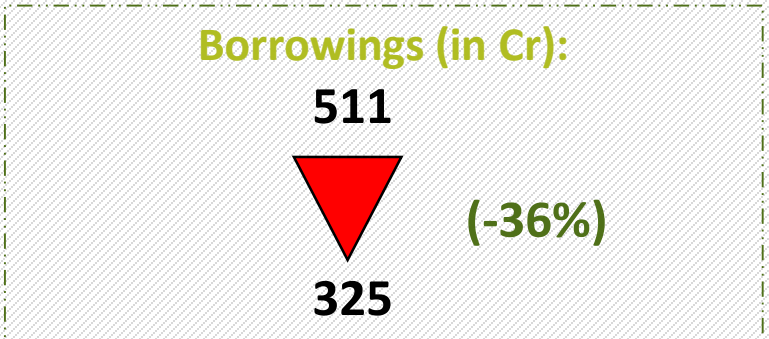
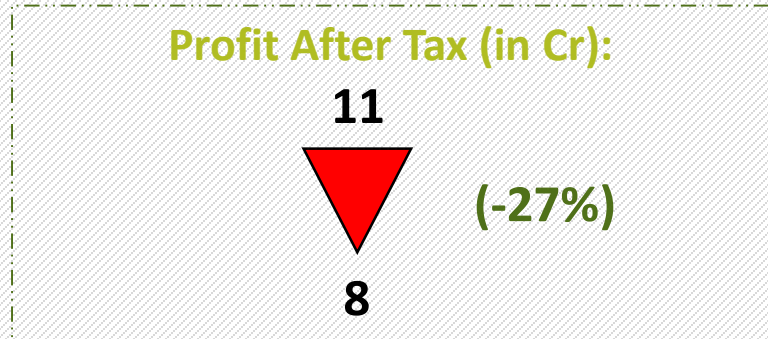
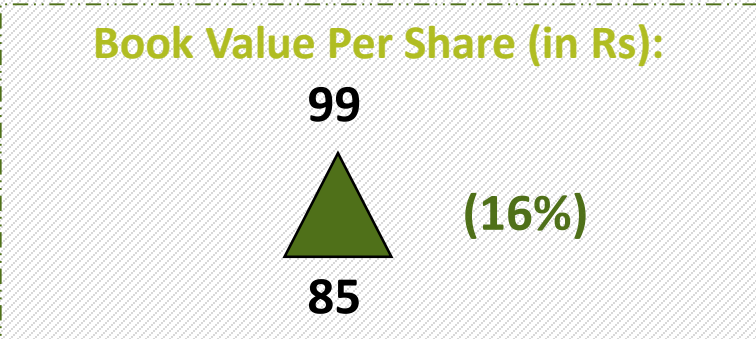
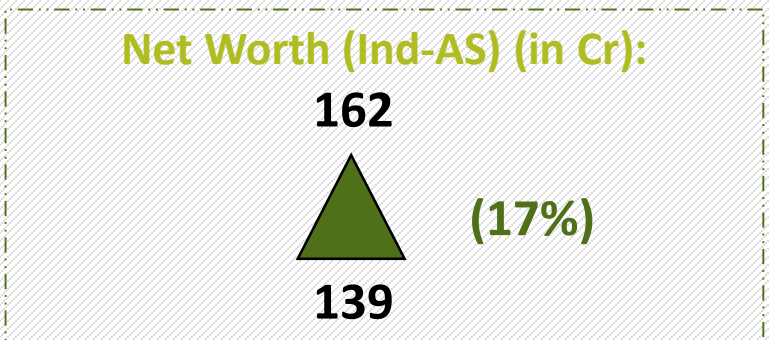
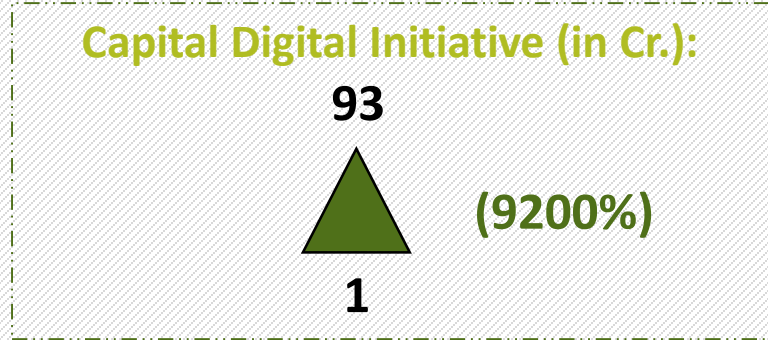
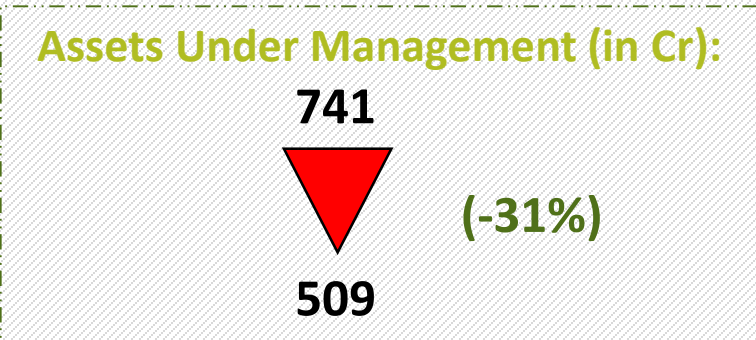


QUARTER OVER QUARTER CHANGE (Q2FY20 vs Q3FY20)





YEAR OVER YEAR CHANGE (Q3FY19 vs Q3FY20)





KEY FINANCIALS

Line Item (IND-AS)	Q2 FY20	Q3 FY20	(QoQ%)
Total Income	52.1	41.5	-20%
Total Expense (excluding tax)	31.9	30.4	-5%
Profit / (loss) after tax	13.8	8.2	-41%
Net Worth	155.1	162.1	5%

Micro-Enterprise Loan	422.1	347.1	-18%
Micro-Business Loan	17.5	55.1	215%
Capital Magic Loan	49.5	38.0	-23%
Total Micro-Rural Loan	489.0	440.3	-10%
Secured Enterprise Loan	32.4	27.7	-15%
Microfinance Loan	55.8	40.6	-27%
Total Assets Under Management (AUM)	577.2	508.5	-12%
On-Book Portfolio	461.6	374.1	-19%
Off-Book Portfolio	115.6	134.4	16%
Total Assets Under Management (AUM)	577.2	508.5	-12%

➤ QUARTER OVER QUARTER PBT CHANGE

Significant Factors (In Cr)	Q2 FY20	Q3 FY20	QoQ Change	Remarks
INCOME				
Interest Income	33.9	28.2	-5.7	Reduction in portfolio size
Reversal of Impairment on Financial Instruments	7.8	4.2	-3.6	Reduction in provision reversal due to ECL
Fees and Commission Income	5.1	3.2	-1.9	Reduction in portfolio disbursement
Non Significant Factors	4.2	3.7	-0.5	
Write-Off Recovery	1.1	1.8	0.7	Increase in write-off recovery
Gain on Derecognition of Financial Instruments	0.0	0.4	0.4	24 Cr. DA in Q3 FY20
TOTAL INCOME	52.1	41.5	-10.6	
EXPENSE				
Finance Costs	15.6	13.6	-2.0	Decrease in borrowing from 386 Cr to 325 Cr
Employee Benefit Expense	9.8	9.9	0.1	Increase in staff count
Non Significant factors	6.6	7.0	0.4	
TOTAL EXPENSE	31.9	30.4	-1.5	
PROFIT BEFORE TAX	20.2	11.1	-9.1	



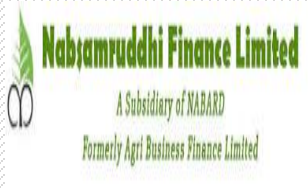
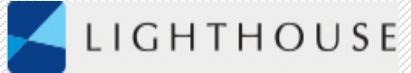
KEY RATIOS

Ratio (IND-AS)	Q2 FY20	Q3 FY20	(QoQ%)
Net Interest Margin*	12.1%	10.7%	-12%
Operating Cost to AUM Ratio*	10.8%	12.4%	15%
Earning Per Share (Rs.)*	34.1	20.3	-41%
Book Value Per Share (Rs.)	95.6	99.1	4%
Return on Assets*	9.2%	6.1%	-34%
Return on Equity*	35.7%	20.7%	-42%
Gross NPA (%)	4.7%	6.4%	35%
Net NPA (%)	1.4%	3.5%	155%
Capital Adequacy Ratio	37.1%	41.6%	12%
Provision Coverage Ratio	68.5%	46.9%	-32%
Cost of Borrowing	14.2%	14.2%	0%
Leverage	2.5	2.0	-20%

*Annualized

PARTNERS

➤ PARTNERSHIPS



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