



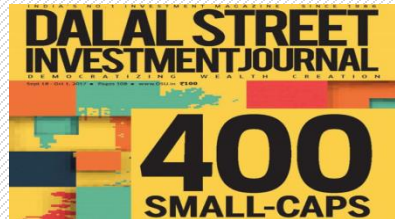
Capital Trust

INVESTOR PRESENTATION Q3 FY19








Enriching Lives



Empowering Enterprises



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COMPANY OVERVIEW



ABOUT THE COMPANY

BACKGROUND

- Incorporated in 1985
- Promoted by prominent bankers including former Governor RBI, Chief Justice of India
- Initial business was advisory to foreign banks
- Listed on BSE (in 1985) and NSE (in 2016)
- Started providing Micro loans in 2008

As on 31.12.2018

AUM:
Rs. 741 Crores

Clients:
1.70 Lacs

Branches:
251

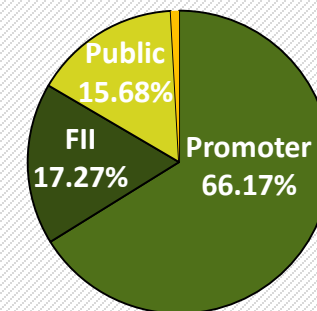
Employees:
1747

Bank Borrowings:
Rs. 513 Crores

Quarterly PAT:
Rs. 8 Crores

Net Worth:
Rs. 208 Crores

Credit Rating:
BBB+



RECENT UPDATES



1. COMPANY UPDATE



Highlights

Agreement signed with a **Private Sector Bank** for **Joint-Lending**

Launch of company's digital loan, **Capital Magic**

Capital Trust Limited **"BBB+"** rating maintained by CARE

Capital Trust Microfinance assigned **"BBB+"** rating and **"MFI 3+"** grading by CARE

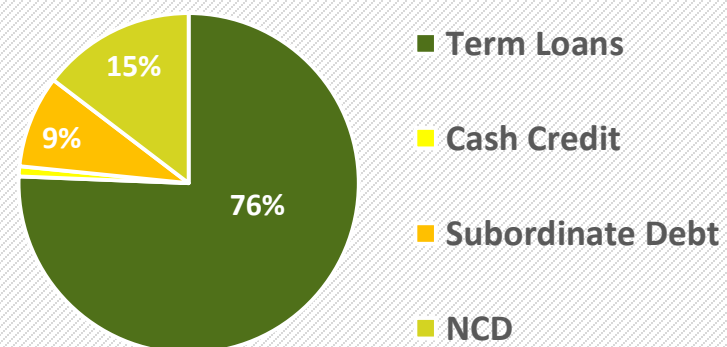
Appointment of **Amit Kumar** as company's **Chief Strategy Officer**

➤ 2. ASSET LIABILITY POSITION UPDATE

	Q1 FY19 (Actual)	Q2 FY19 (Actual)	Q3 FY19 (Actual)	Q4 FY19 (Expected)
Quarterly Collection (Cr.)	164.5	180.1	169.2	166.8
Quarterly Repayment (Cr.)	85.8	90.9	91.1	85.0
Quarterly Surplus (Cr.)	78.7	89.2	78.1	81.8
Monthly Surplus (Cr.)	26.2	29.7	26.0	27.3

- Average Tenure of Borrowings: 50 months
- Average Tenure of Loans Given: 32 months
- No exposure to Commercial Paper or any other short term borrowing

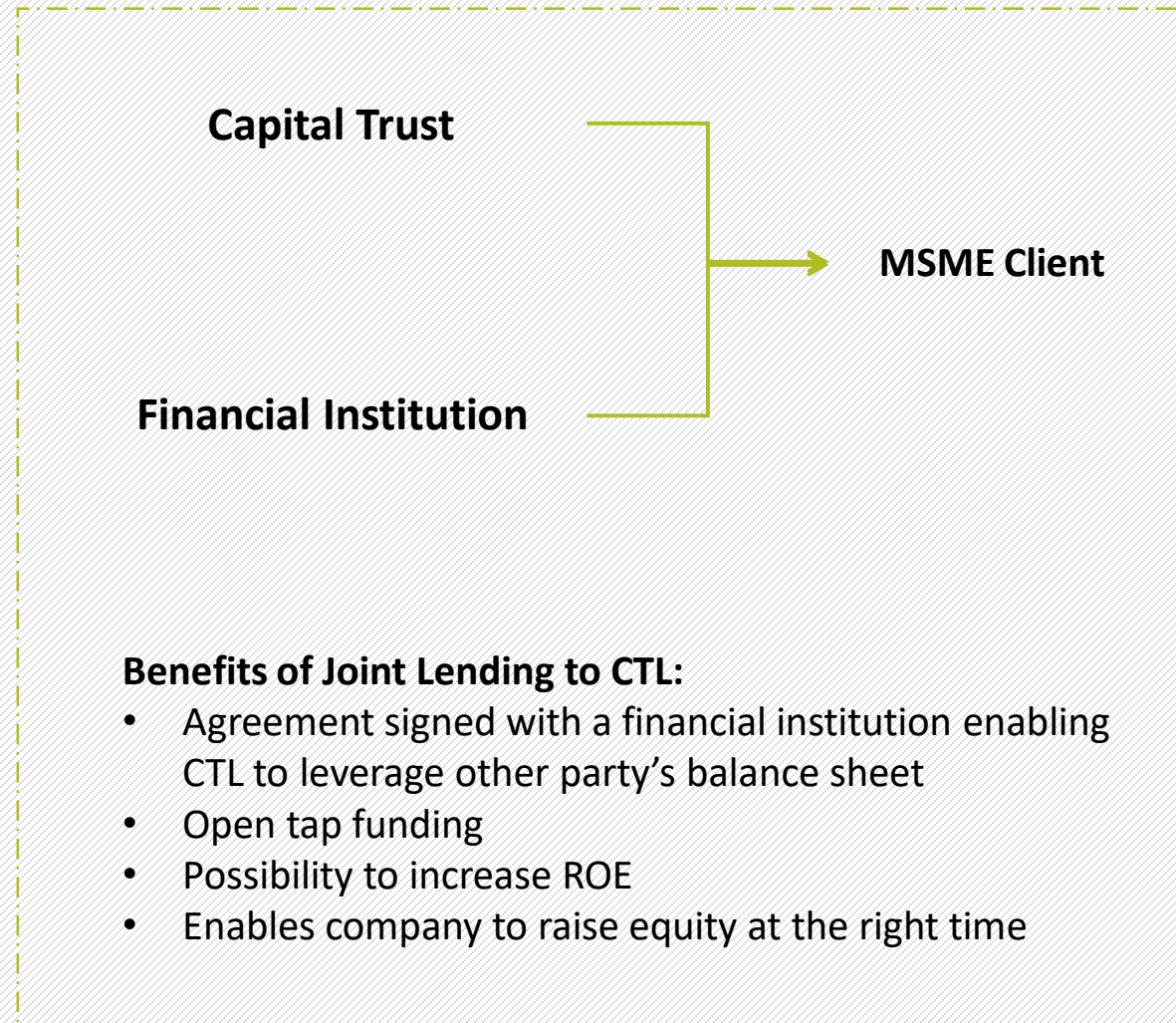
Borrowing Profile:





3. FUNDING UPDATE

Apart from **untapped sanctions of Rs. 120 Crores**, the company has signed an agreement with a Private Sector Bank to joint-lend to prospective MSME clients



BUSINESS MODEL



UNIQUE BUSINESS MODEL

Capital Trust Microfinance

Capital Trust Limited

Banks and large NBFCs

MFIs
(Rs. 25K – Rs. 1Lac)

MISSING MIDDLE
(Rs. 1Lac – Rs. 10Lacs)

ASSET FINANCING
(Rs 10Lacs onwards)



Rs. 1.05Lac loan
Footwear Business (Saharanpur)



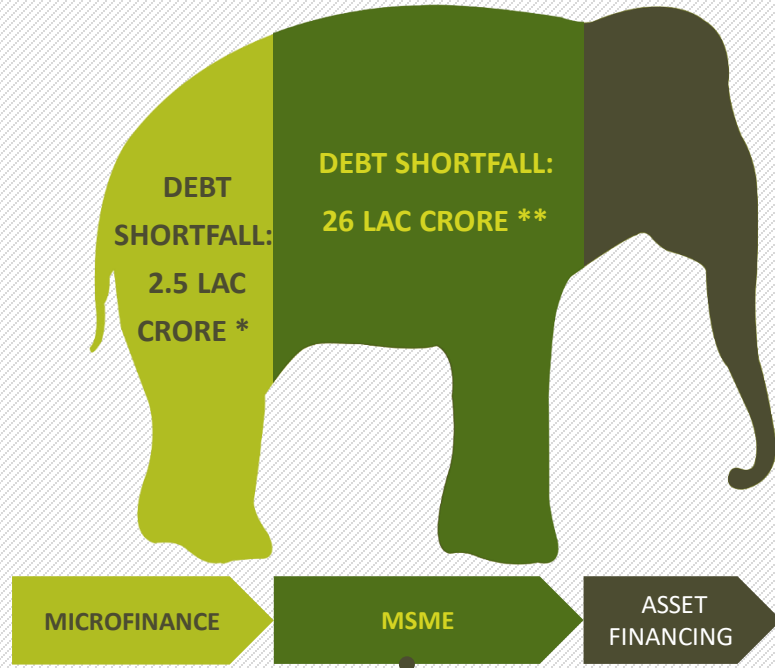
Rs. 2Lac loan
Yarn Production (Hapur)



Rs. 3Lac loan
Cloth Store (Bareilly)



Rs. 5Lac loan
Handloom Business (Hathras)



MSME SECTOR

94% of India's 2.65 Crore MSME's are **unregistered**, hence don't have access to traditional banking

8% of all Microfinance clients graduate to the next economic level each year but do not have access to traditional forms of funding (Mfin)

* Axis Securities Microfinance Report 2016
** IFC Report on Indian MSMEs (2015)



WHO

Typically family-run organizations that employ 1 - 10 people



WHY

MFIs not allowed to provide loans in this ticket size by RBI

Lack of comprehensive formal documentation of accounts, income and business transactions



WHY US

Methods and products designed to meet the customer requirement

Timely credit; feet-on-street model with transparent policies



LOAN PRODUCTS

MICROFINANCE INDUSTRY

- Loans from Rs. 25,000 – Rs. 40,000
- Tenure: 24 months
- Joint Liability
- Interest Rate: 24.5%

MSME INDUSTRY

Magic Loan

- Loans from Rs. 10,000 – Rs. 50,000
- Tenure: 3 – 12 months
- Individual digital loan
- Interest Rate: 30% - 32%

Micro-Enterprise Loan

- Loan of Rs. 1,05,000
- Tenure: 36 months
- Joint Liability
- Interest Rate: 26% - 30%

Secured-Enterprise Loan

- Loans from Rs. 1,00,000 – Rs. 10,00,000
- Tenure: 36 – 48 months
- Secured by original property documents of client
- Interest Rate: 28% - 32%

OPERATING MODEL



GEOGRAPHICAL PRESENCE

DELHI
Branches: 4
Portfolio: 10 Crores

UTTARAKHAND
Branches: 17
Portfolio: 41 Crores

PUNJAB
Branches: 40
Portfolio: 156 Crores

UTTAR PRADESH
Branches: 65
Portfolio: 180 Crores

RAJASTHAN
Branches: 33
Portfolio: 100 Crores

BIHAR
Branches: 27
Portfolio: 71 Crores

MADHYA PRADESH
Branches: 25
Portfolio: 89 Crores

ODISHA
Branches: 22
Portfolio: 65 Crores



CHHATISGARH
Branches: 8
Portfolio: 10 Crores

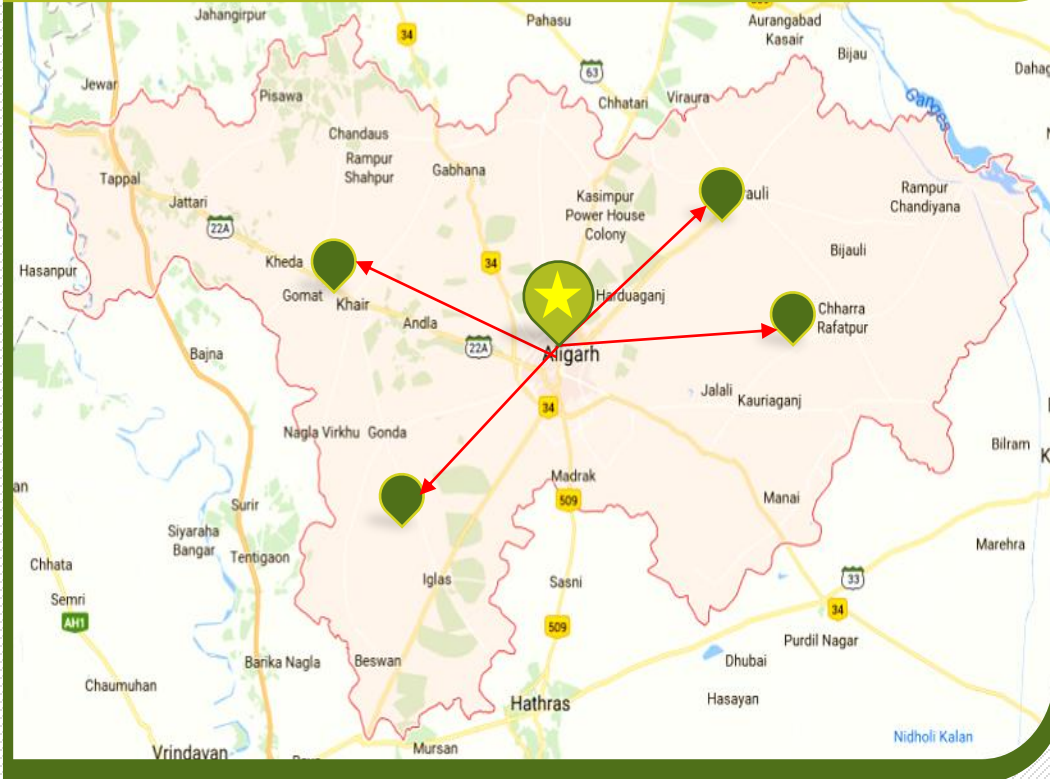
JHARKHAND
Branches: 10
Portfolio: 19 Crores



BRANCH NETWORK

HUB-AND-SPOKE MODEL

ALIGARH DISTRICT

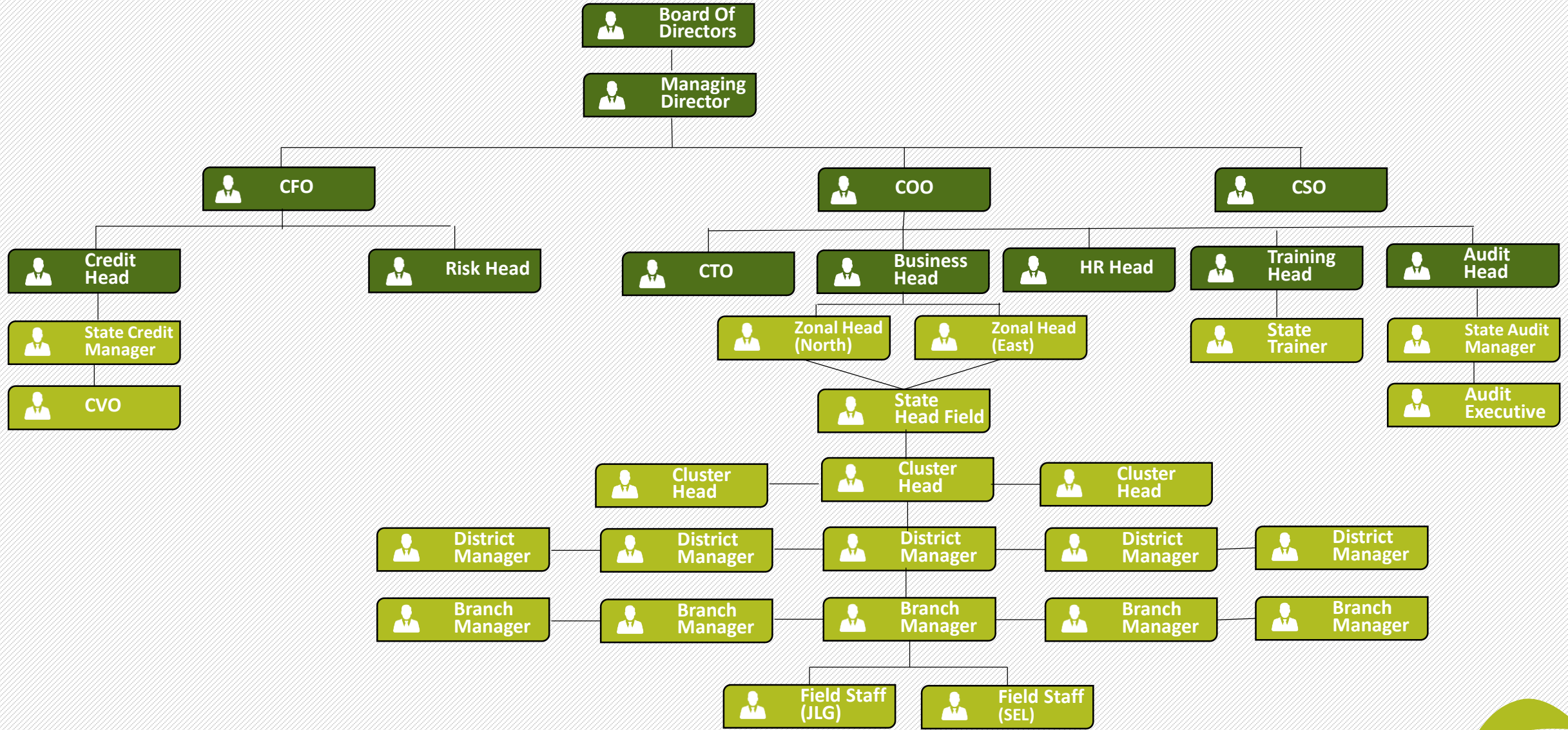


DISTRICT LEVEL BRANCH



BLOCK LEVEL BRANCH

ORGANIZATIONAL STRUCTURE



OPERATIONAL AND IT PROWESS



100% Cashless Disbursement for all products since April 2015



Staff empowered with smartphones with access to customized mobile application



Client on-boarding and in-principle approval from scanning of client's Aadhar card



Information available to staff for collections on real-time basis at remotest location in country



Paperless Audit and closing of EOD cashbook branch-wise at 6PM

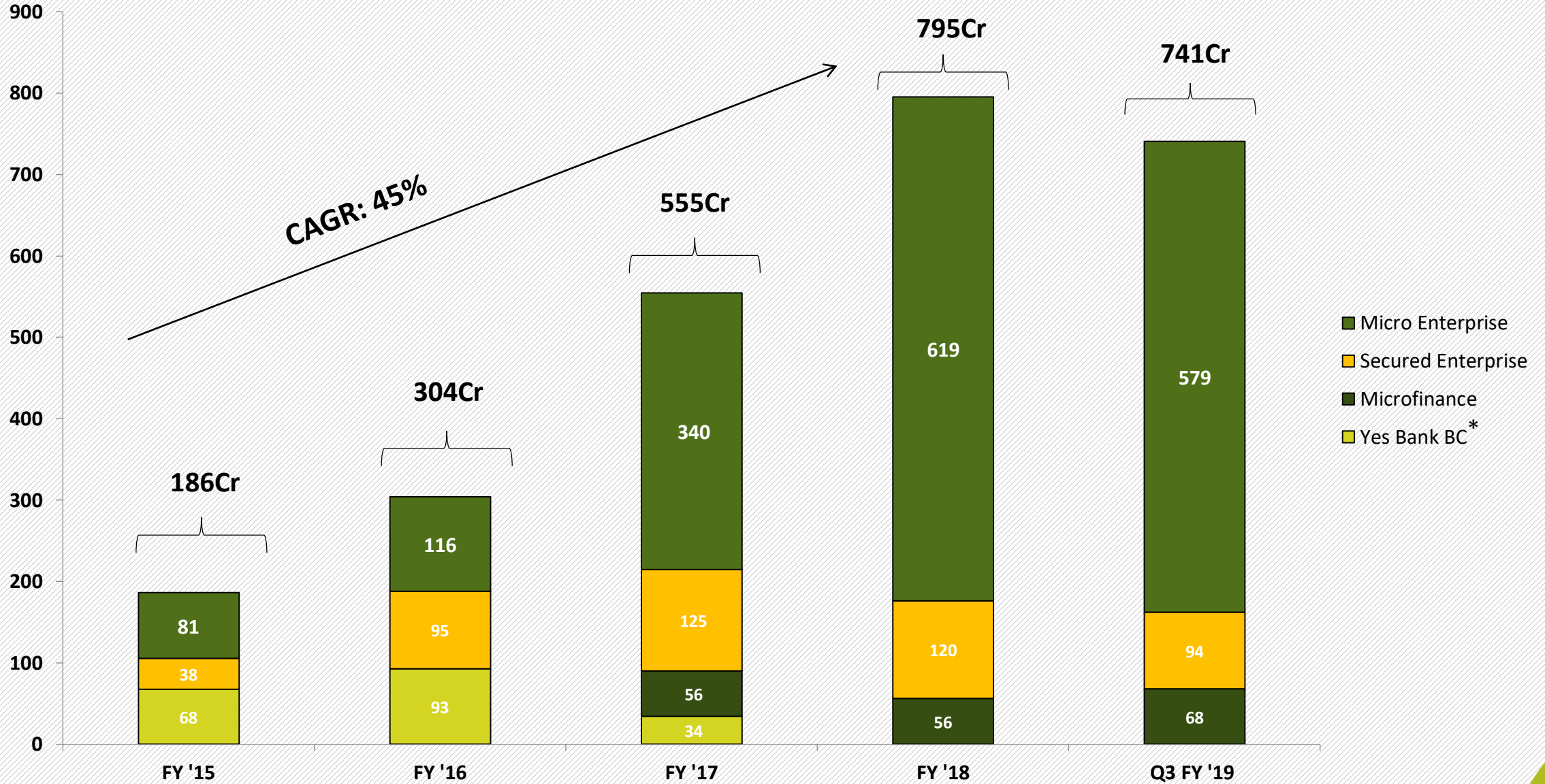


One of the most technologically advanced NBFCs in this sector

PORTFOLIO



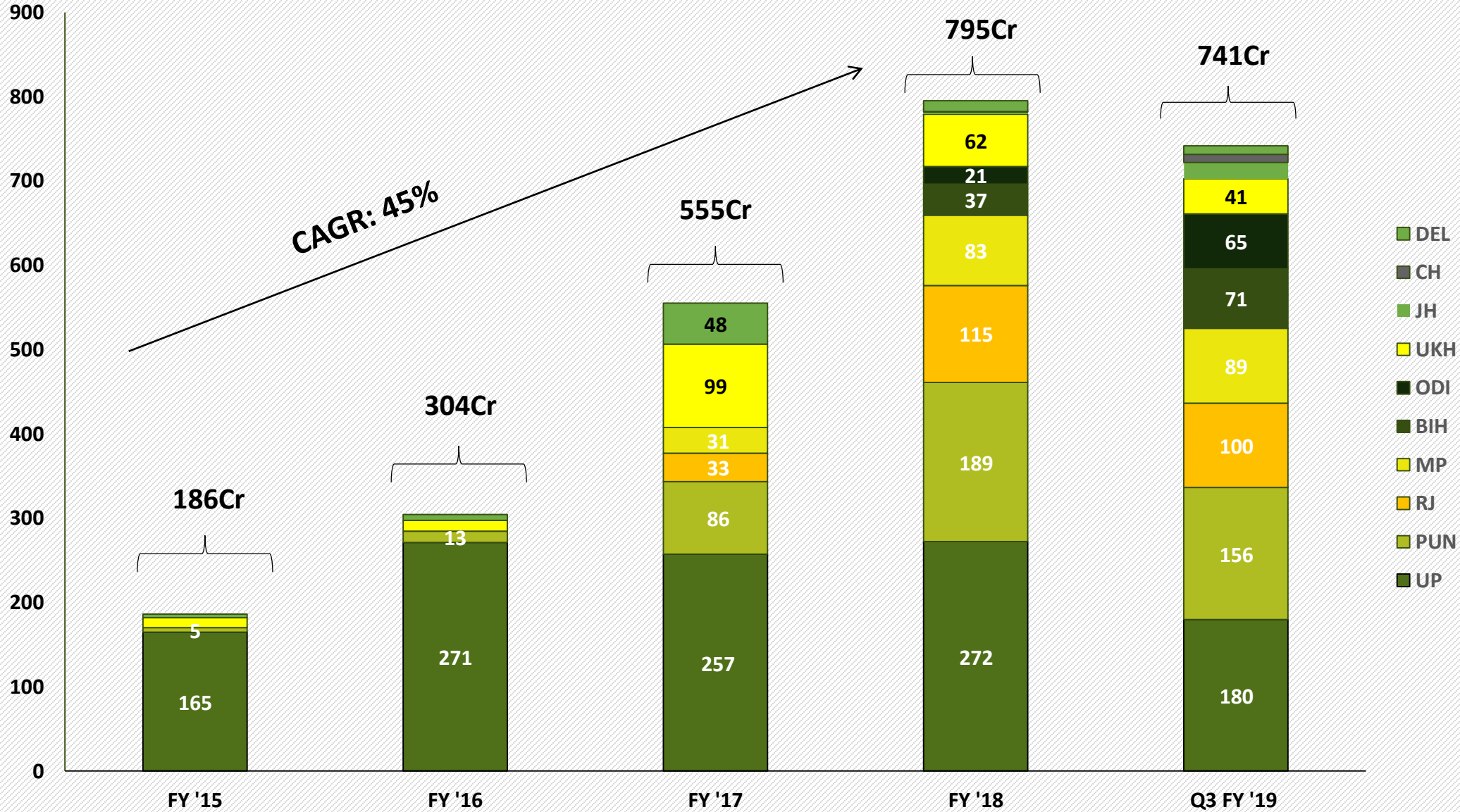
PRODUCTWISE PORTFOLIO



* Microfinance Loan as a Business Correspondent (All values in Crores)



STATEWISE PORTFOLIO



(All values in Crores)



WHY PORTFOLIO GROWTH IS RESTRAINED IN FY19

- **FUNDING CONSTRAINTS**

- 4 out of 7 Public Sector Banks on board under Prompt Corrective Action (PCA)
- IL&FS Crisis

- **ELECTIONS AND FARM LOAN WAIVER RUMOURS**

- Rajasthan (100 Crore portfolio), Madhya Pradesh (89 Crore portfolio) and Chhattisgarh (10 Crore portfolio) legislative assembly elections in December
- Forthcoming Lok Sabha elections in 2019

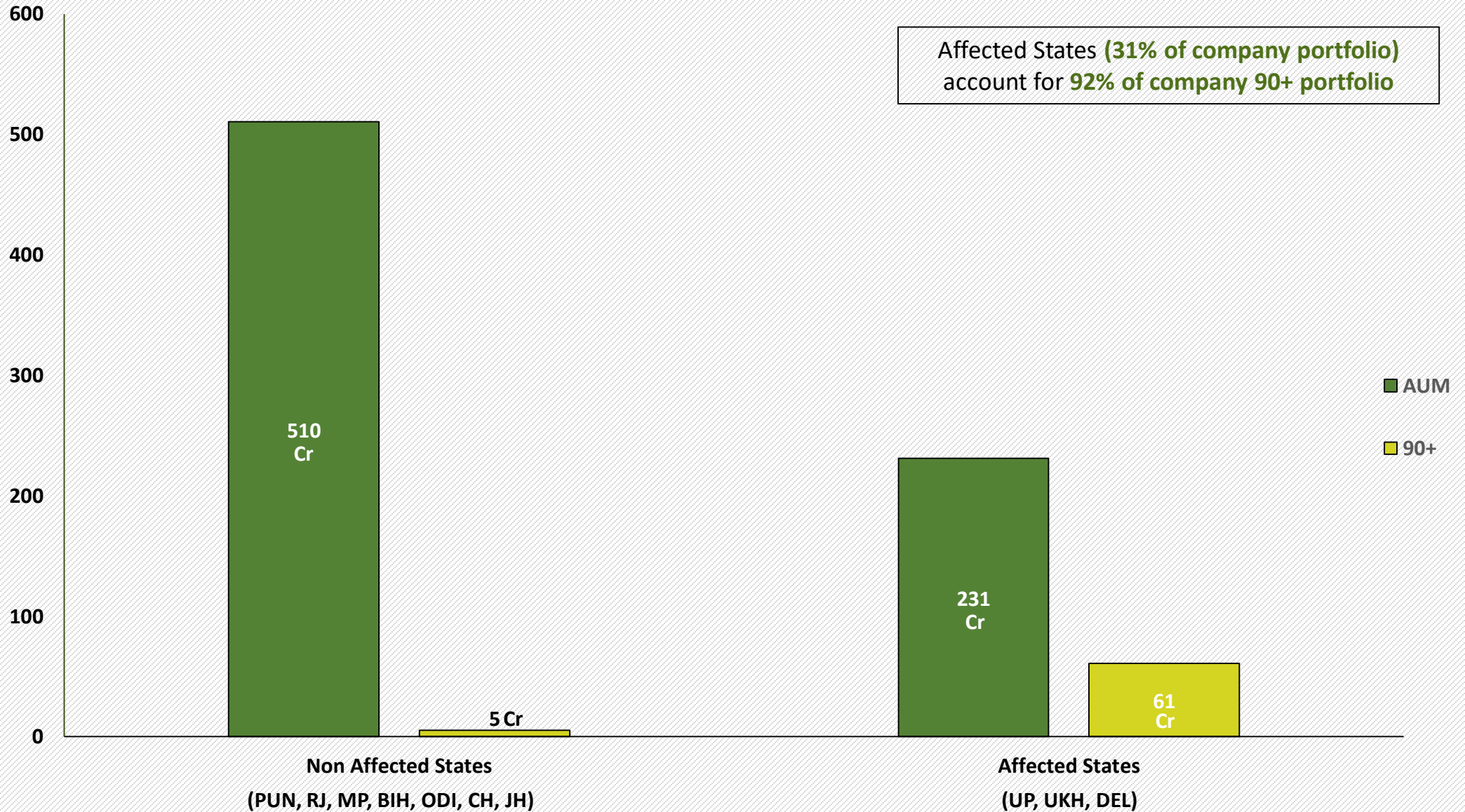
- **INTERNAL RISK POLICY**

- Reduced disbursement in Punjab (156 Crore portfolio) owing to 20% single state exposure norm

- **CONSOLIDATION OF BRANCHES AND STAFF**

PORTFOLIO QUALITY

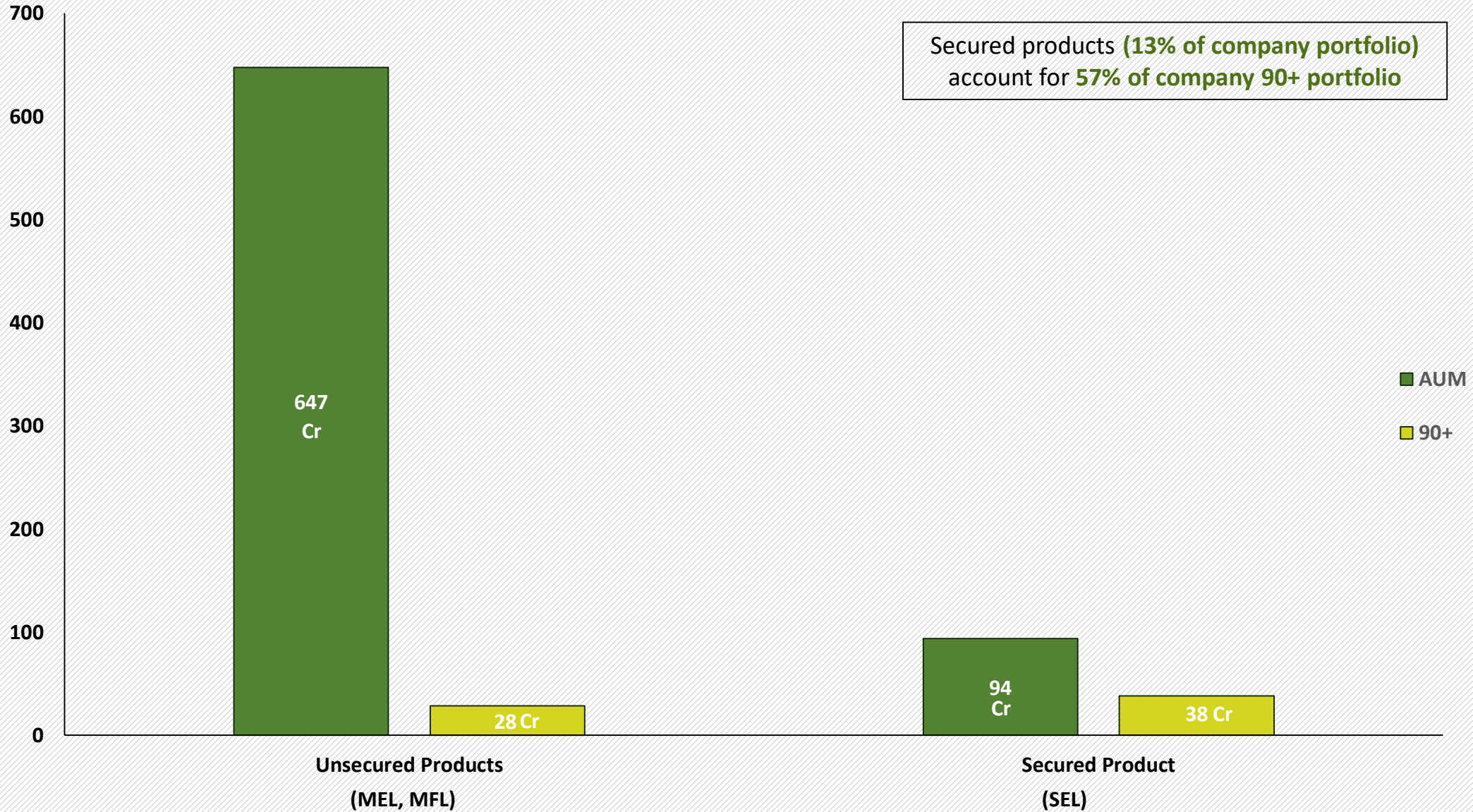
STATEWISE PORTFOLIO AND 90+



(All values in Crores)

	AUM (Cr.)	90+ (Cr.)	90+ (%)
Non-Affected States (PUN, RJ, MP, BIH, ODI, CH, JH)	510.5	5.4	1.1
Affected States (UP, UKH, DEL)	230.9	61.0	26.4
Company-Wide	741.4	66.4	8.9

PRODUCTWISE PORTFOLIO AND 90+

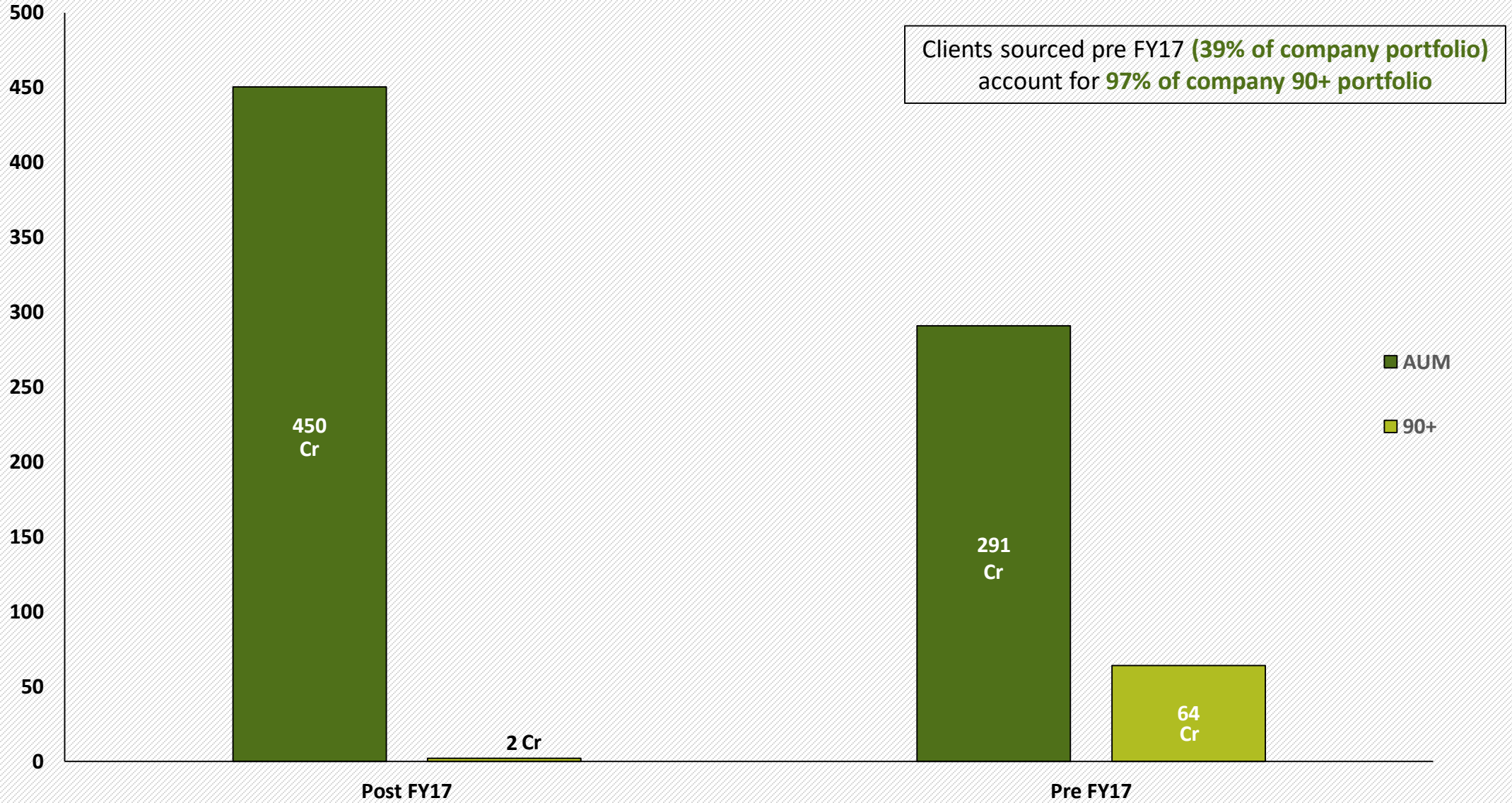


(All values in Crores)

	AUM (Cr.)	90+ (Cr.)	90+ (%)
Unsecured Products (Micro-Enterprise, Microfinance Loan)	647.5	28.4	4.4
Secured Product (Secured-Enterprise Loan)	93.9	38.0	40.5
Company-Wide	741.4	66.4	8.9



NEW CLIENTS SOURCED PRE / POST FY17 PORTFOLIO AND 90+



(All values in Crores)

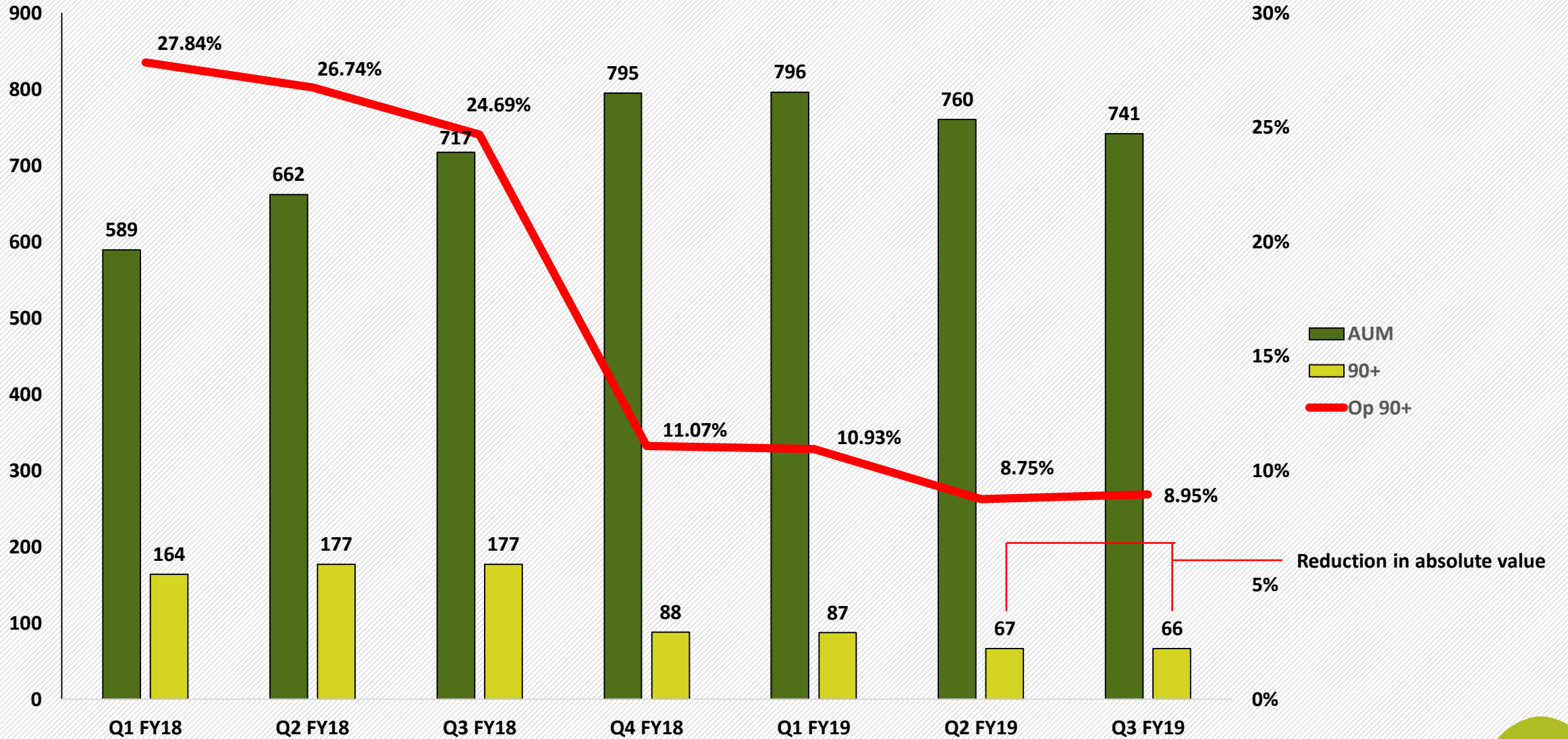


NEW CLIENTS SOURCED PRE / POST FY17 PORTFOLIO QUALITY



	AUM (Cr.)	90+ (Cr.)	90+ (%)
Sourced Post FY17	450.5	2.2	0.5
Sourced Pre FY17	290.9	64.2	22.1
Company-Wide	741.4	66.4	8.9

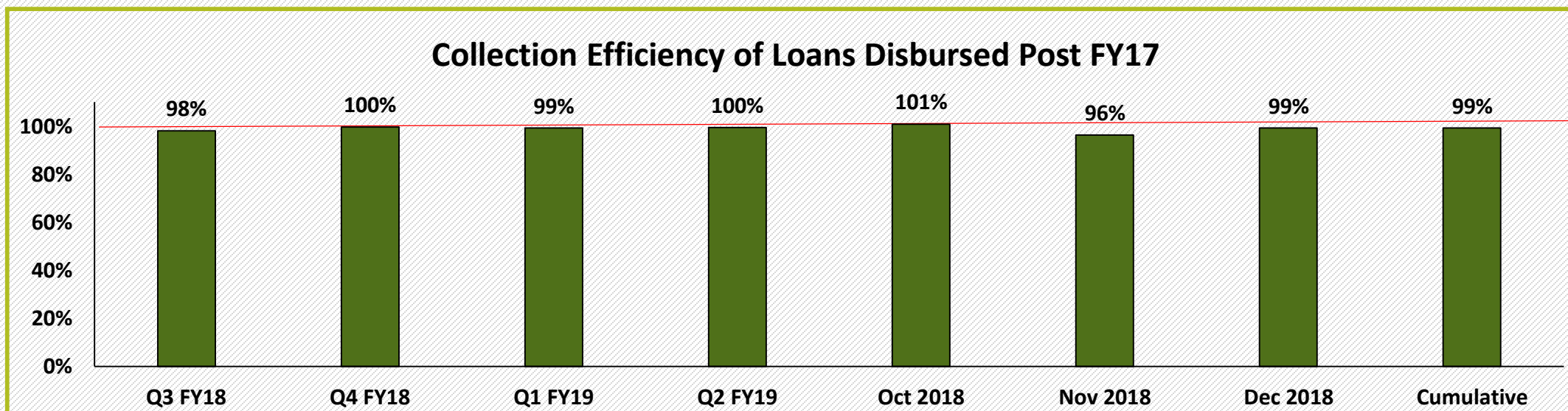
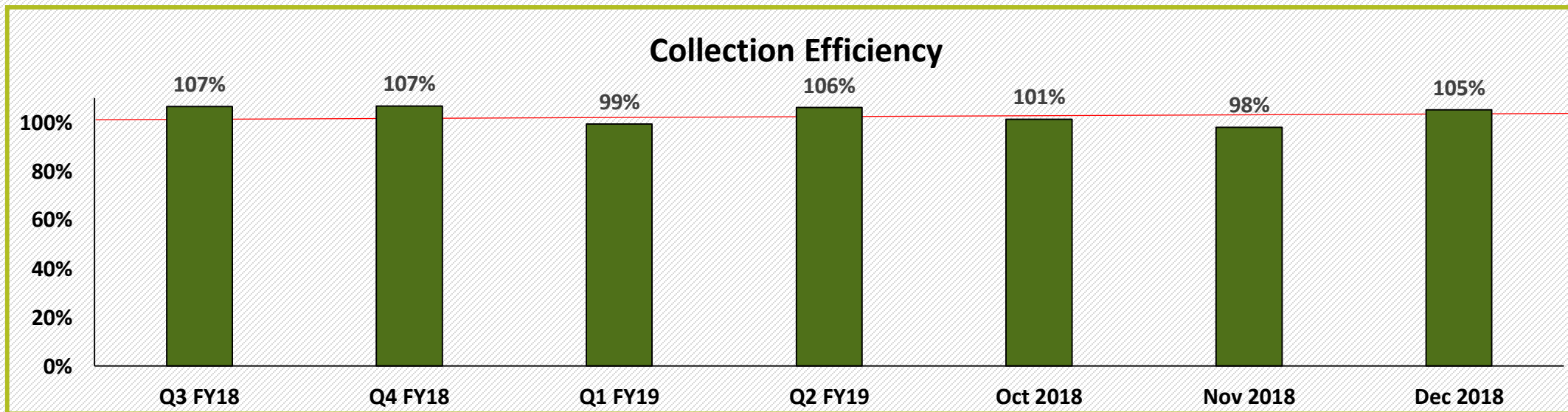
90+ PORTFOLIO MOVEMENT



(All values in Crores)



CUMULATIVE COLLECTION





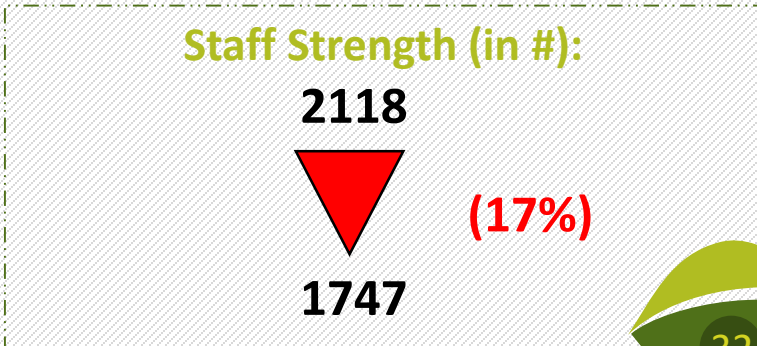
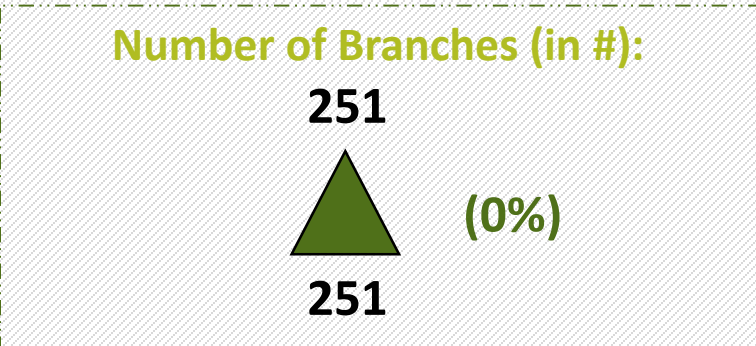
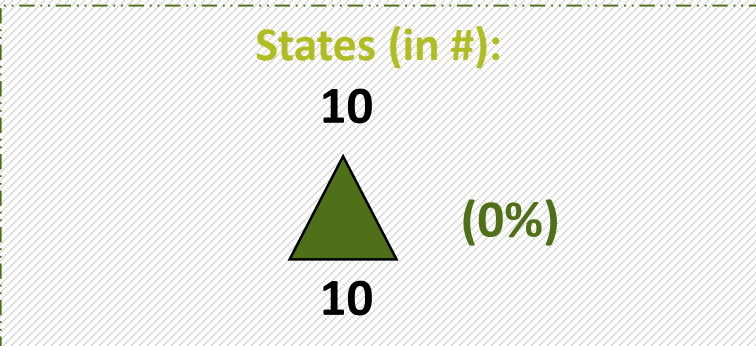
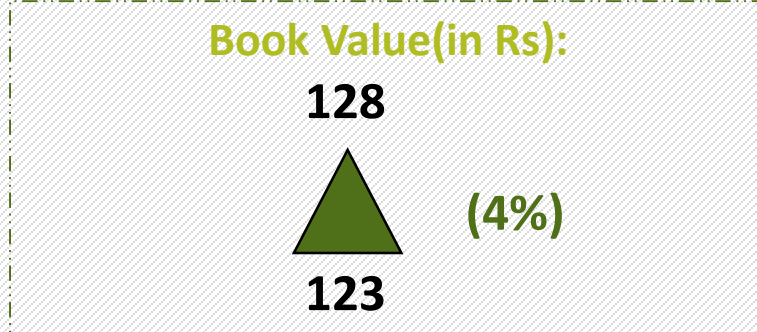
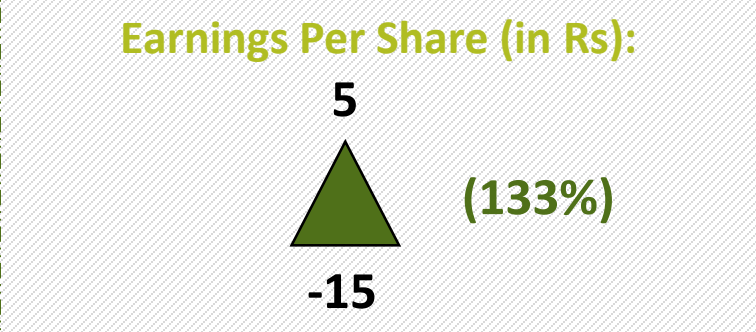
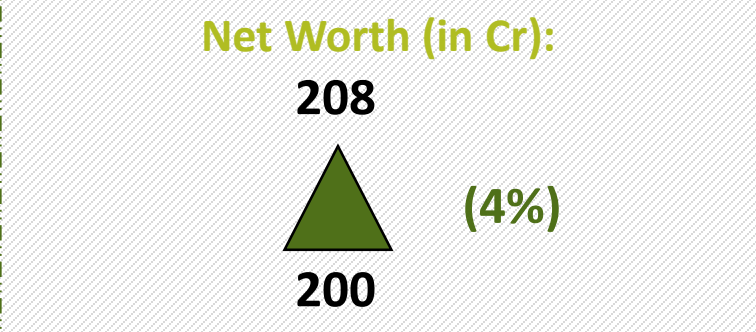
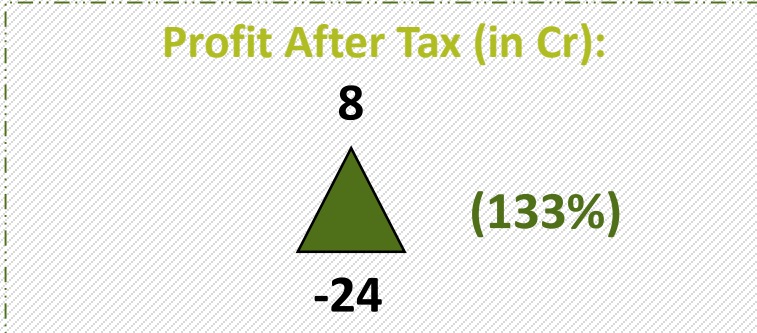
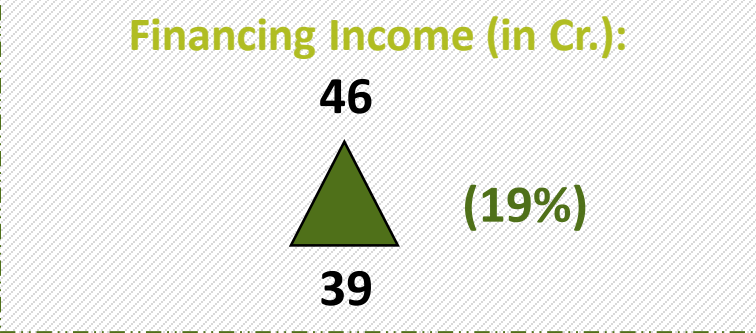
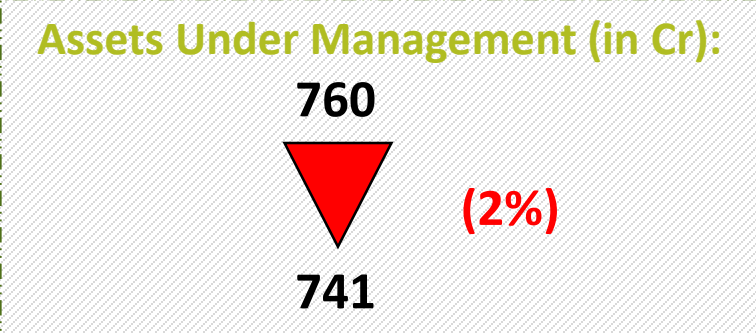
Even though there is a higher NPA in this product compared to the others, the risk is mitigated because of the following reasons:

- Secured by self occupied residential or commercial properties with an maximum LTV of 50%
- Average LTV of 22% (property with 4.45 times value provided as security)
- 3 / 4 year tenure loans where tenure of loans given pre-demonitization not over yet
- Psyche of clients different wherein after a default, they are more likely to foreclose the case
- Company pursuing default causes under Section 138 of Negotiable Instruments Act / Arbitration / Lok Adalats

FINANCIALS



QUARTER-OVER-QUARTER GROWTH (Q3FY19 vs Q2FY19)





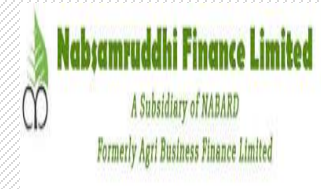
KEY FINANCIALS AND RATIOS

Line Item / Ratio	Q3FY18	Q3FY19	(YoY)	Q2FY19	Q3FY19	(QoQ)
Total Income	49.7	46.4	-7%	39.1	46.4	19%
Total Expense (excluding tax)	33.7	36.1	7%	72.6	36.1	-50%
Profit / (loss) after tax	9.4	7.9	-17%	-24.1	7.9	133%
Net Worth	220.0	208.3	-5%	200.4	208.3	4%
Micro-Enterprise Loan	538.2	579.1	8%	591.4	579.1	-2%
Secured Enterprise Loan	117.9	93.8	-20%	100.6	93.8	-7%
Microfinance Loan	60.9	68.5	12%	68.4	68.5	0%
Total Assets Under Management (AUM)	717.0	741.4	3%	760.4	741.4	-2%
Net Interest Margin*	13.5%	13.9%	3%	13.2%	13.9%	5%
Operating Cost to AUM Ratio*	8.0%	10.0%	25%	9.5%	10.0%	5%
Earnings Per Share (Diluted) (Rs.)	5.8	4.8	-17%	-14.7	4.8	133%
Book Value Per Share (Rs.)	134.5	127.3	-5%	122.5	127.3	4%
Return on Assets*	5.7%	4.8%	-17%	-14.1%	4.8%	134%
Return on Equity*	17.5%	15.4%	-12%	-11.3%	15.4%	236%
Gross 90+ Operational NPA (%)	13.2%	8.9%	-32%	8.8%	8.9%	2%
Provision Coverage	19.9%	19.2%	-3%	18.7%	19.2%	3%
Cost of Borrowing	13.4%	13.9%	4%	13.8%	13.9%	1%
Capital Adequacy Ratio	35.8%	35.3%	-1%	32.6%	35.3%	9%

(* Annualized)

PARTNERS

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