



Capital Trust

INVESTOR PRESENTATION Q1 FY21

Enriching Lives



Empowering Enterprises



COMPANY OVERVIEW

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MARKET SEGMENT & CLIENT PROFILE

UNIQUE SELLING PROPOSITION

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ABOUT CAPITAL TRUST



STORY

Capital Trust pioneers **digitalization of the rural financing model.**

While maintaining the robustness of a decade-old disciplined lending model, CTL supplements it with advanced technologies to create a one-of-a-kind business that finds the perfect balance between technology and traditional financing



ORIGINS

Capital Trust is a publicly listed **Systematically Important Non Banking Finance Company with 35 years of rich legacy.**

Initial promoters of the company include former Governor Reserve Bank of India, Deputy Governor Reserve Bank of India and the Chief Justice of India



MISSION

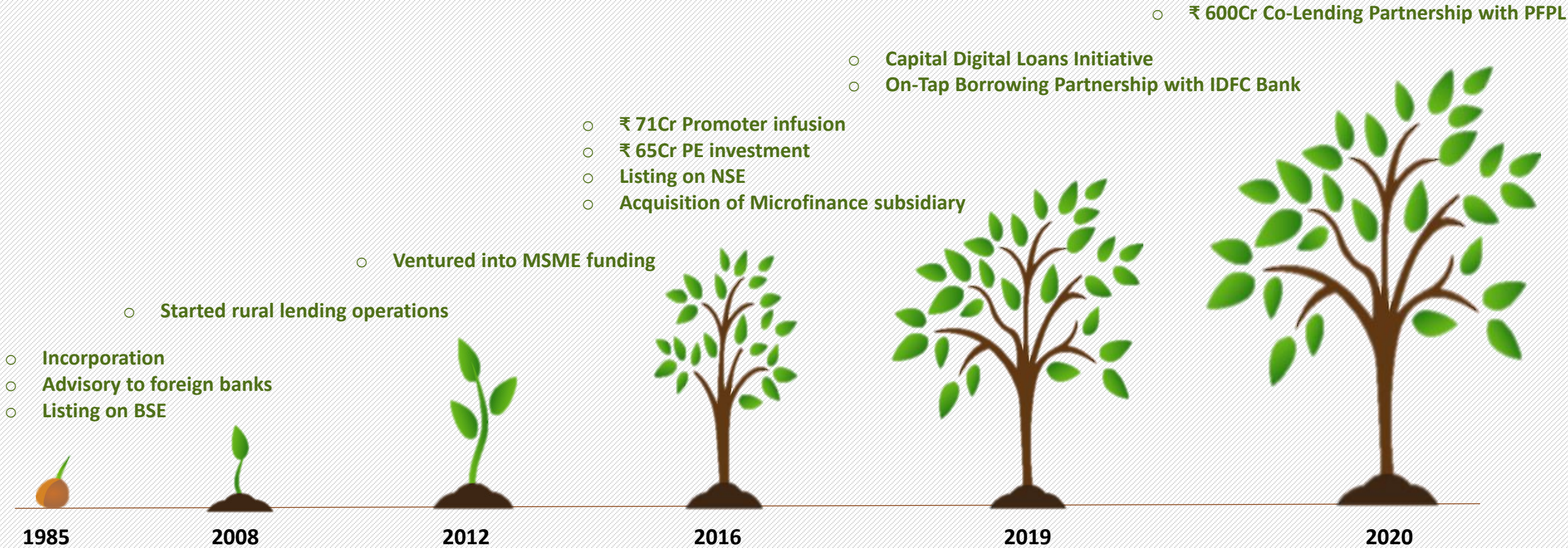
To provide financial assistance to the **unbanked in deep interiors of rural India using "low-cost, high-tech" digital processes**



VISION

To become the first fully digital and cashless lending model in rural India that **redefines the rules of MSME financing**

PERFORMANCE MILESTONES



Company Position as on 30.06.2020

Portfolio:
₹ 467Cr

Clients:
1,50,268

Branches:
241

States:
10

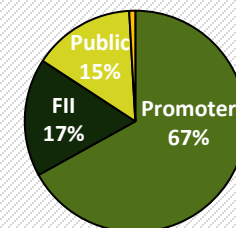
Employees:
2010

Q1 FY21 PAT:
₹ 2.1Cr

Net Worth:
₹ 157Cr

₹ 5.9Cr
Provision Increase

Shareholding:



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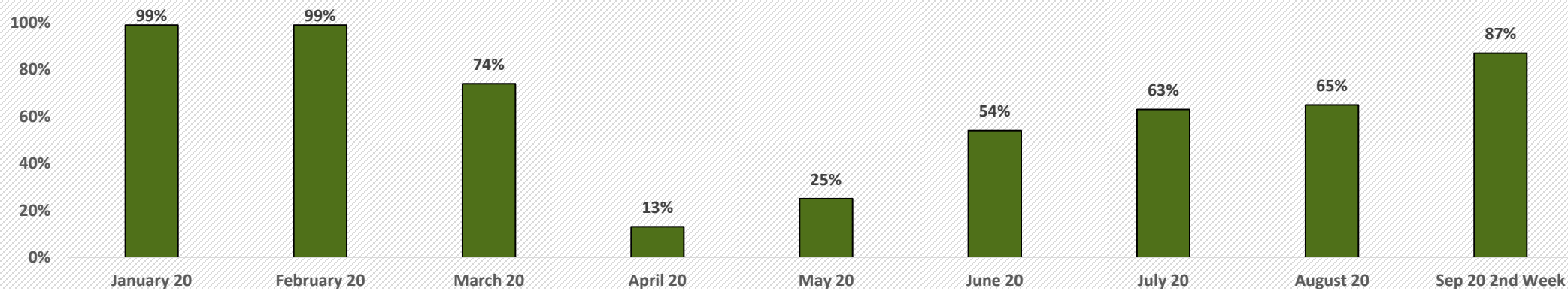
PARTNERS



COVID-19 BUSINESS UPDATE

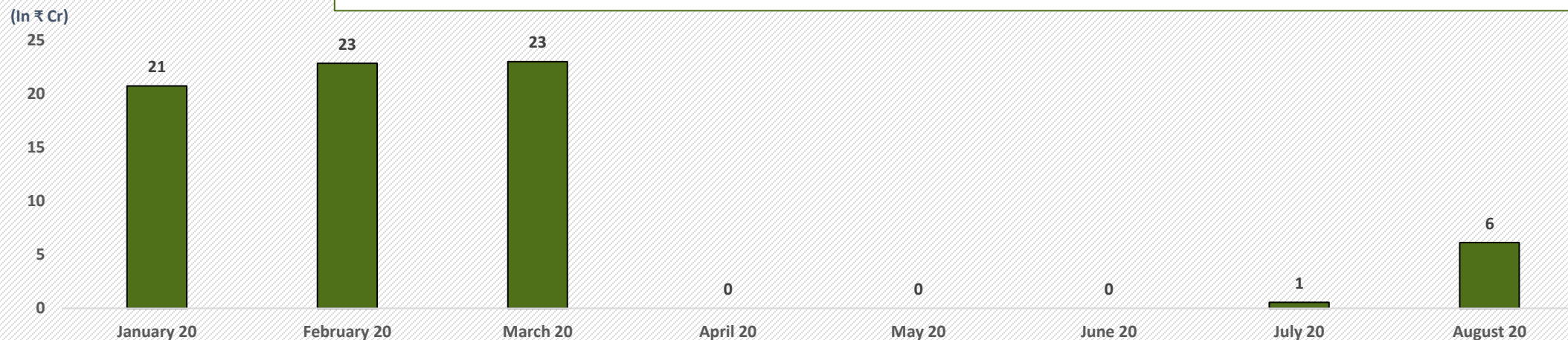
Collections *

- Have increased month-on-month
- Have touched 87% in the second week of September



Disbursements

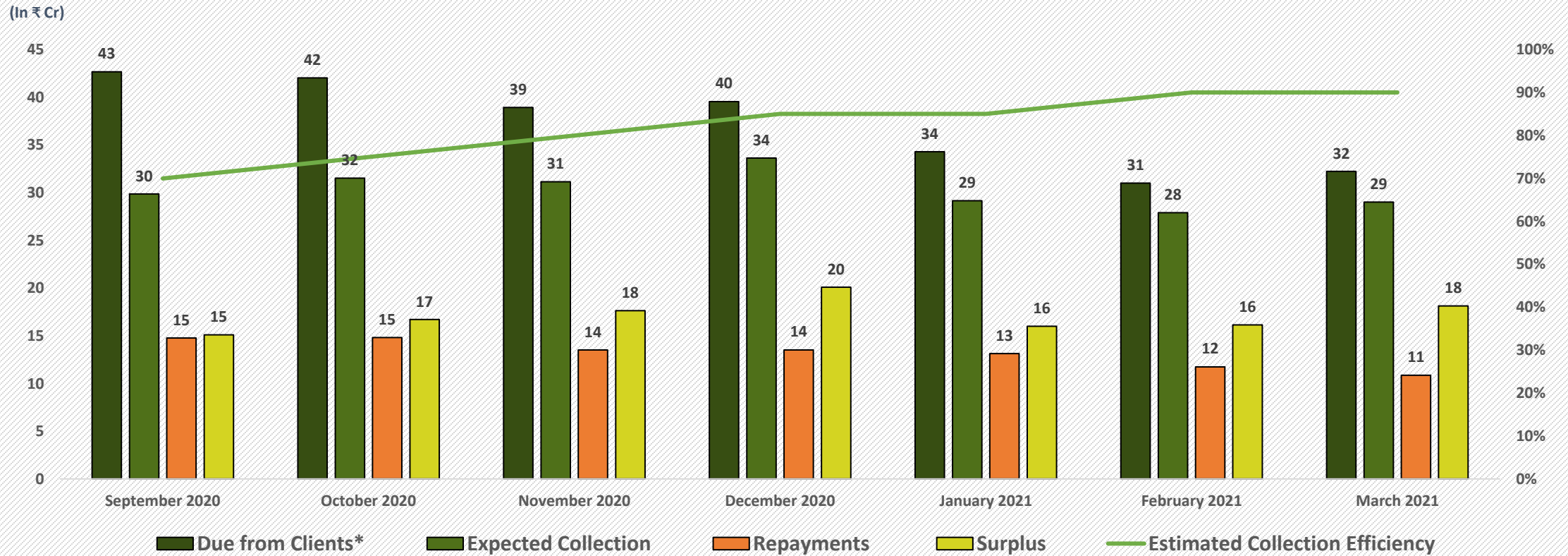
- Selective disbursement to existing and new clients who are providing essential services
- Subject to newly developed automated disbursement engine and algorithmic credit scorecard



* Without factoring Moratorium given to clients

Liquidity

- High Liquidity Buffers (actual and systematic)
- Positive ALM
- ₹ 25Cr Opening Cash Balance in September
- ₹ 30Cr Fresh NCD Disbursement from SBI in August 2020
- Business Correspondent Relationship with IDFC First Bank
- Signed ₹600Cr Co-Lending Agreement with Poonawalla Finance during pandemic times



* Assuming no incremental disbursements

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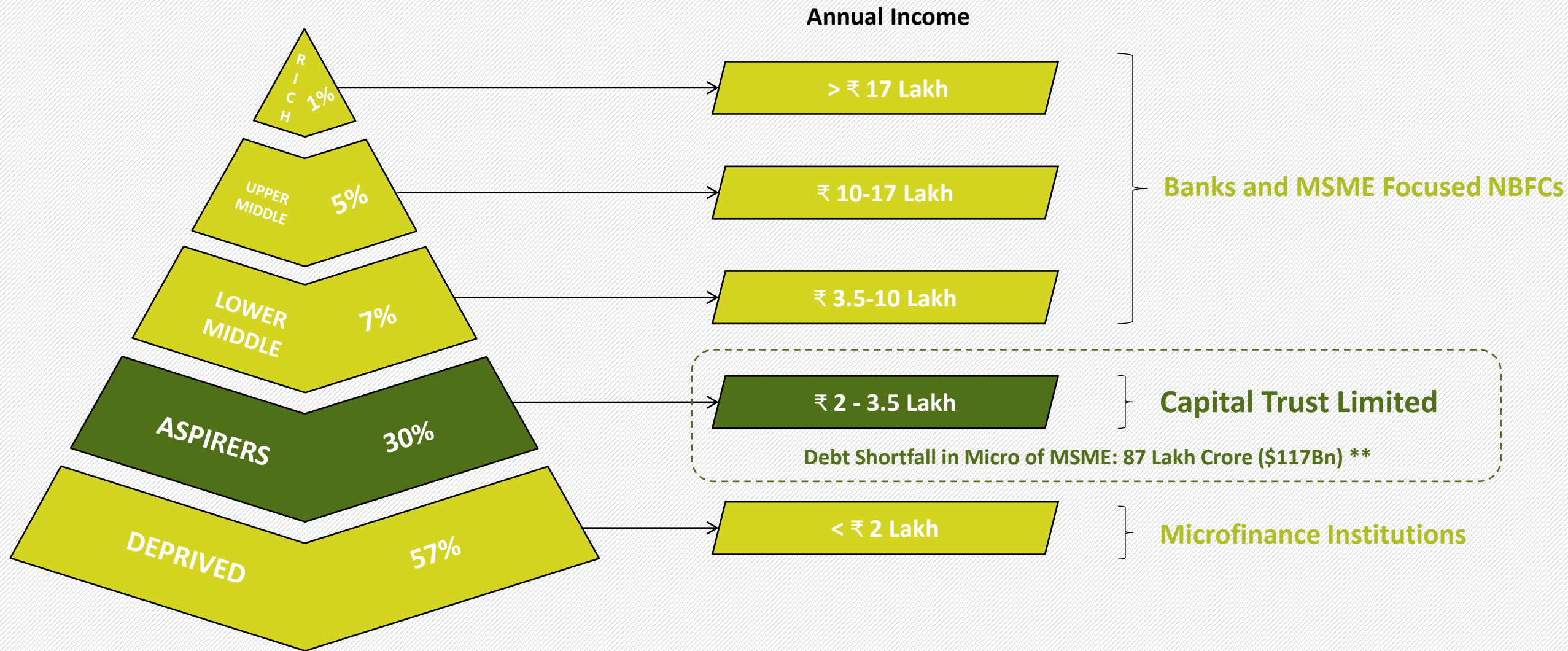
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➤ SERVING THE UNSERVED MISSING MIDDLE



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



TARGET CLIENTELE

MISSING MIDDLE

Graduated from Microfinance

8% of the Microfinance clients graduate yearly from the Microfinance sector



New to Organized Credit

Replacing traditional informal sources of financing (local moneylenders)



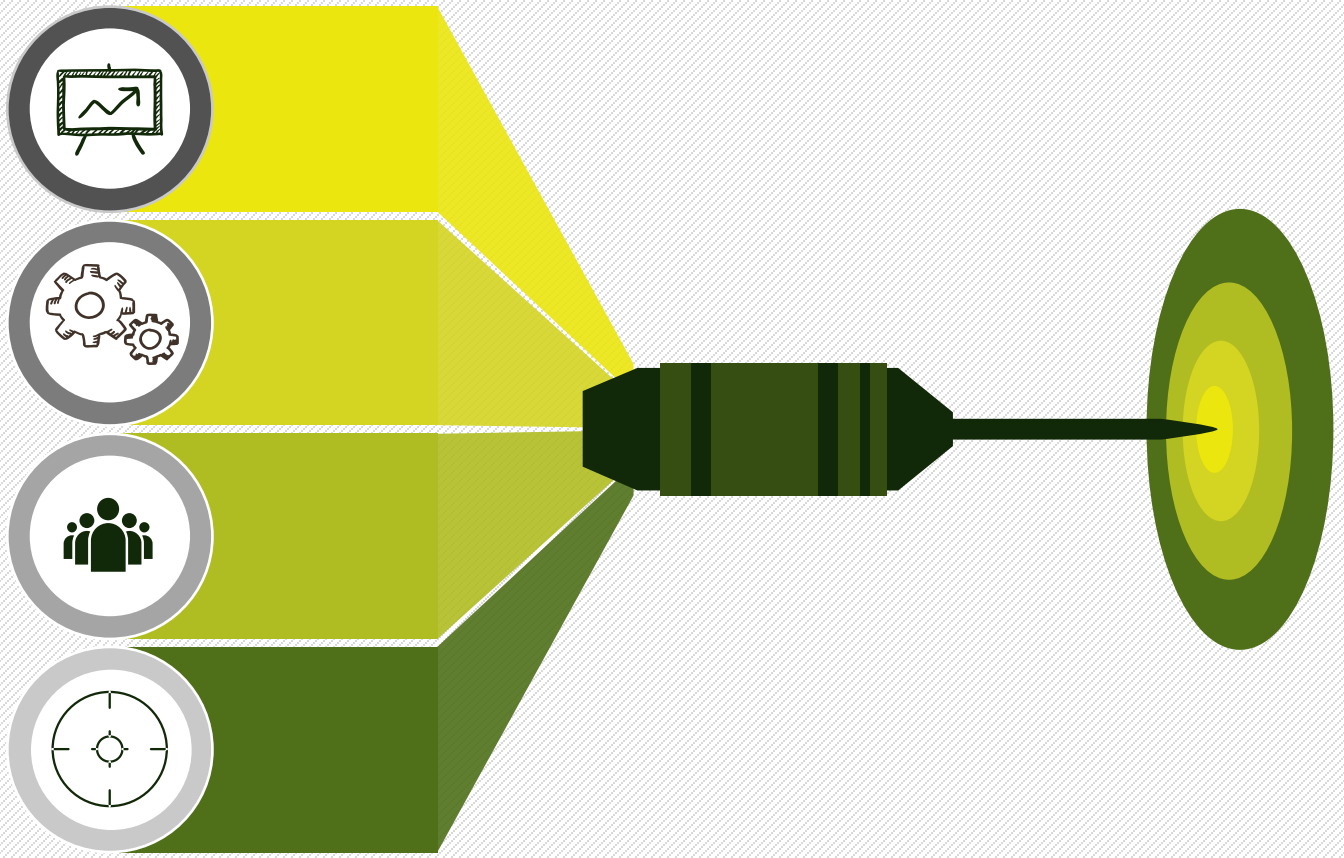
'Micro' of the MSME

Unserved by MFIs (owing to RBI guidelines) and banks / large NBFCs (owing to no formal income documentation)



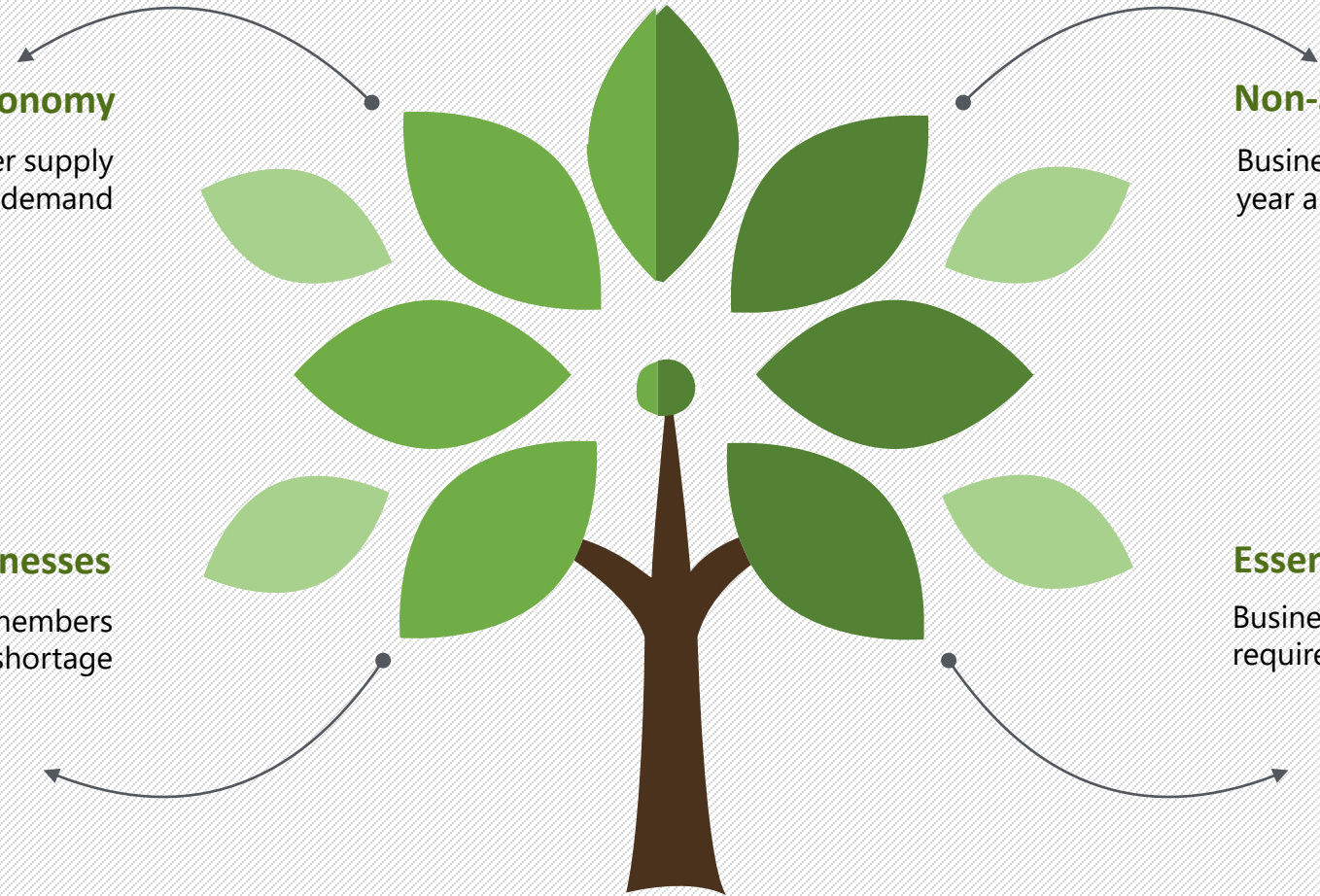
Instant Credit

With 100% digital processes, company is able to disburse loans in a matter of hours from onboarding





73% of clients are part of Essential Services
Fresh disbursements only to clients in Essential Services



Linked To Local Economy

Businesses which are not part of larger supply chain economies but depend on local demand

Non-Seasonal Businesses

Businesses which are active throughout year and not seasonal

Self-Run Businesses

Businesses which are run by family members and are not affected by labor shortage

Essential Services

Businesses which provide services that are required for everyday needs



TYPICAL CLIENTELE



Kirana Stores



Dairy and Livestock Farmers



Grocery Vendors



Small Eateries



Textile Stores



Local Handicraft Producers



Utensil Stores



Hair Salons



Flower Sellers

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UNIQUE SELLING PROPOSITION

RURAL DOORSTEP-FINTECH COMPANY:

One-of-a-kind business that finds the perfect balance between technology and traditional financing

Hybrid Fintech-Physical Credit Model

Use of a credit decision scorecard that merges automated credit (credit bureau and alternate data) with physical credit (on-site cash flow analysis)



Deep Rural Penetration
241 brick-and-mortar branches in 63 districts and 10 states allowing company to reach where other NBFCs cannot

Business Intelligence
Use of advanced statistical models and predictive analysis before sanctioning a loan and after for performance evaluation

Digitally Assisted Rural Collection Model
Incentivized digital repayment with cashback for clients and staff. Followed up by physical visit for cash collection in case of non-clearance

Transparency For Clients
Use of client facing app (Capital Connect) to see real-time loan information



1. LEAD GENERATION

- Generate lead by door to door canvassing**
- Geotagging of business and residential premise
- Mobile number verification through OTP
- Handholding of client through digital onboarding**
- Financial literacy of client**
- QR Code scan of Aadhaar Card



2. HYBRID CREDIT UNDERWRITING

- Automated credit bureau check
- Alternate data check
- Physical Verification of business and residence premise**
- Business and cash flow analysis**
- Check whether Essential Services provider**



3. DIGITAL DISBURSEMENT

- E-Sign / Signing of Terms and Conditions
- E-NACH
- Disbursement



4. COLLECTION

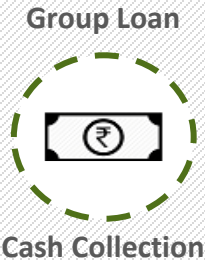
- Automated client allocation based on client geo-tagged residence
- Automated outbound dialling, installment reminder message
- Monthly NACH payment
- Payment enabled through company app
- Cash collection if digital payment not received**





EVOLUTION OF MODEL (2008 - 2020)

MOVE TO DIGITAL COLLECTION

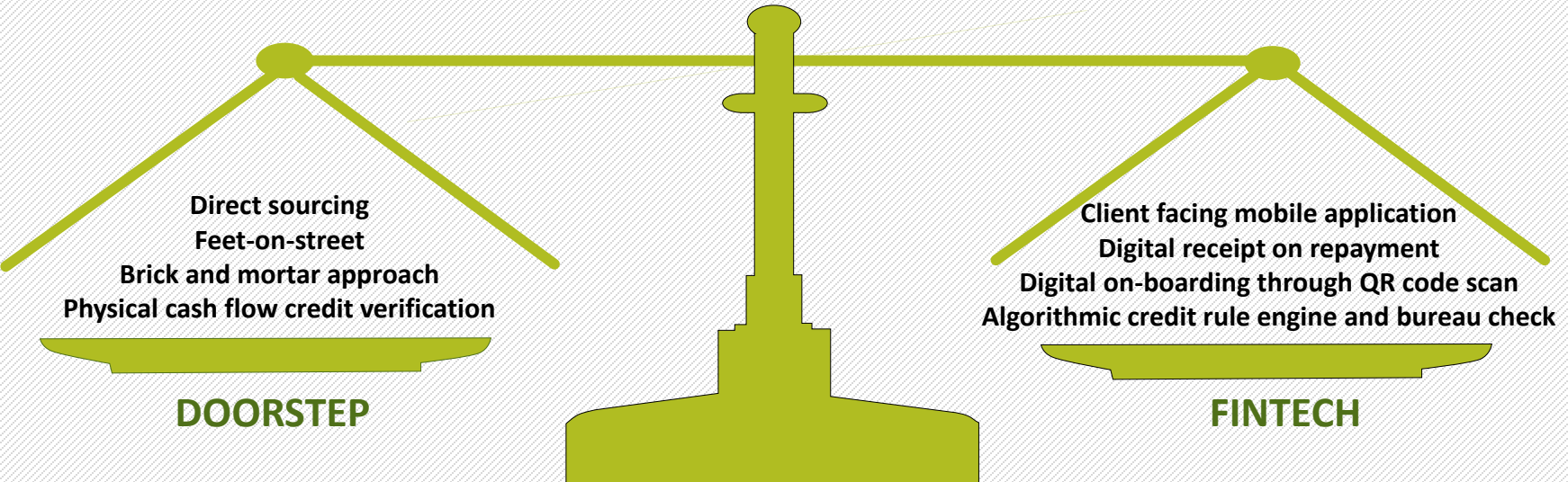


- DISBURSEMENT**
- One of the first rural NBFCs to start 100% cashless disbursement in 2015
- COLLECTION**
- Pioneered digital collection in rural lending in 2019
 - Loans given since January 2019 have online collection mode
 - Enabled all forms of online payment modes: NACH + Payment Gateway

PRODUCT OPTIMIZATION

1. Small ticket size
2. Short tenure
3. Optimal EMI amount
4. Short Turn-Around-Time
5. Returns based on risk profile

TRADITIONAL LENDING PLUS TECHNOLOGICAL INNOVATION



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Capital Magic Loan

Unsecured Digital Business Loan

Ticket Size (₹): 10,000 – 50,000

Tenure: 12-18 months

ROI: 40%

Repayment: Digital followed by physical cash collection



Micro Business Loan

Unsecured Digital Business Loan

Ticket Size (₹): 60,000 – 1,00,000

Tenure: 24 months

ROI: 32%

Repayment: Digital followed by physical cash collection



WHY CTL?

- Branch banking
- Ease of getting loan
- Unsecured loan
- Multiutility business loan
- Human connect
- Quick turnaround time
- Transparency with Capital Connect app
- Paperless processes

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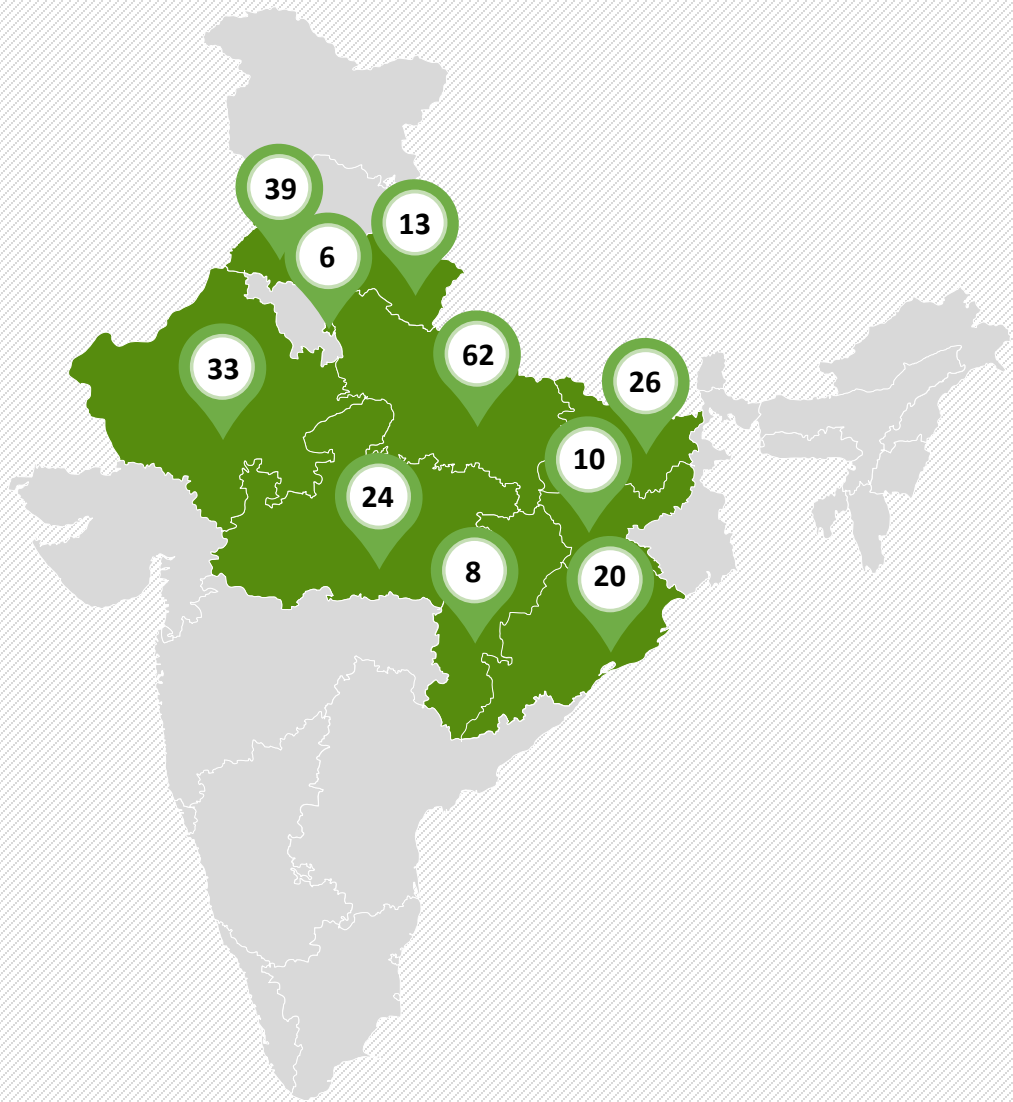
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BRANCH NETWORK



Branches: 241
Districts: 63
States: 10



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

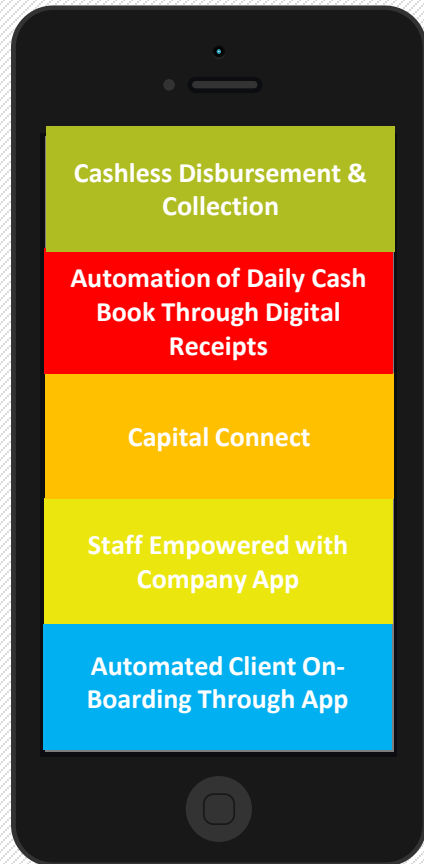


Automated Credit Bureau Check
Link-up with Equifax to review past credit history. Hard rejection in case of negative credit bureau history



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

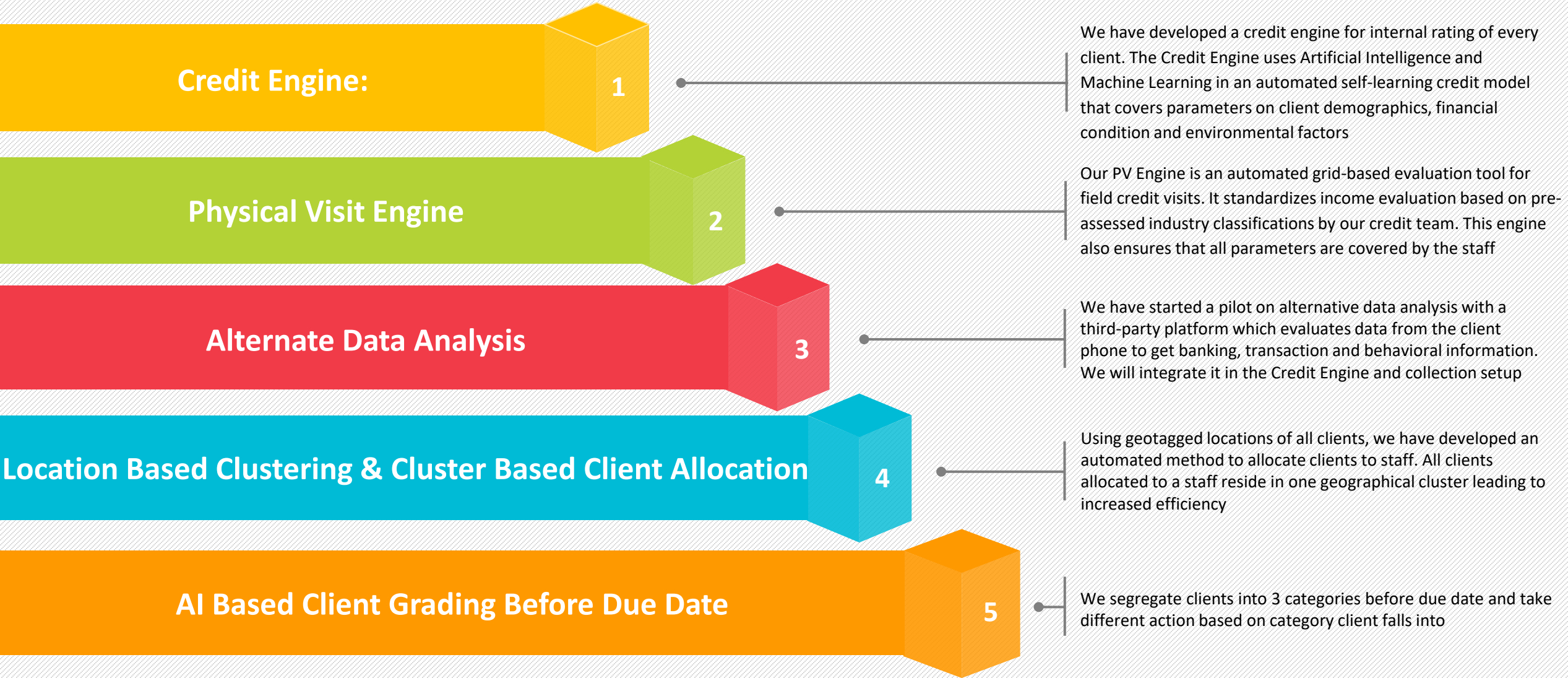
- Decision communication flow and all processes are automated
- Technology used at all stages of loan cycle eliminating requirement of physical movement of documents
- All processes time stamped and tracking of cases available on live basis



- 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



BUSINESS INTELLIGENCE



Staff Engine

Our staff engine is an integrated tool for real time monitoring of current staff availability and projected staff sufficiency at branch level. By looking at past attendance, this engine predicts staff shortfall in times to come



Disbursement Engine

We have developed a real-time system of automated controls on disbursement to avoid risk build up in branches. This engine helps monitor internal and external parameters and ensures automatic stoppage of branch / staff disbursement where collection parameters fall below a prescribed level



Performance Management Engine

Real time use of data to segregate branch and staff into different tiers based on their operational productivity



Portfolio Risk Management Engine

Early warning signals to monitor real time delinquency trends in actual portfolio and factors that can have potential portfolio impact

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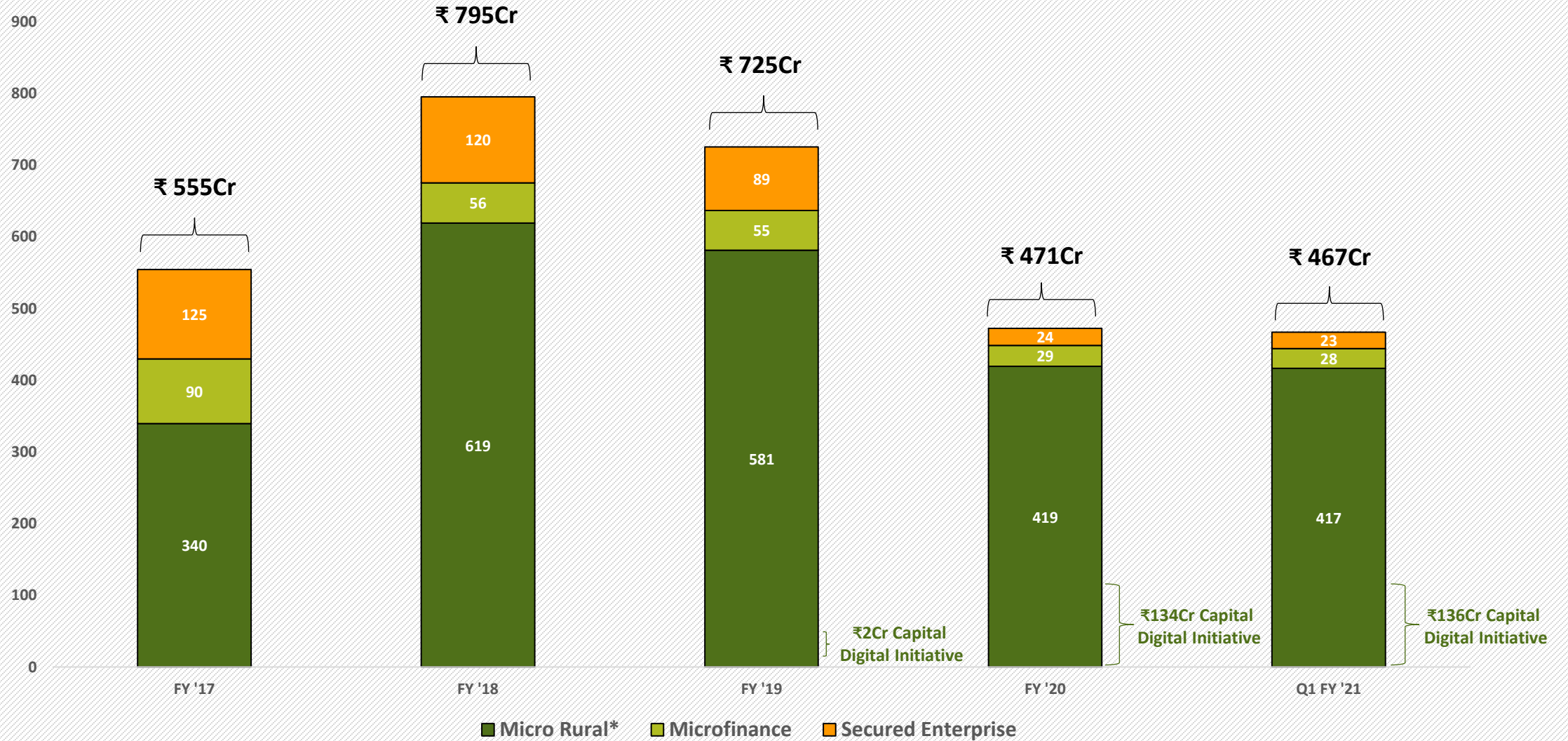
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PRODUCTWISE PORTFOLIO

(In ₹ Cr)



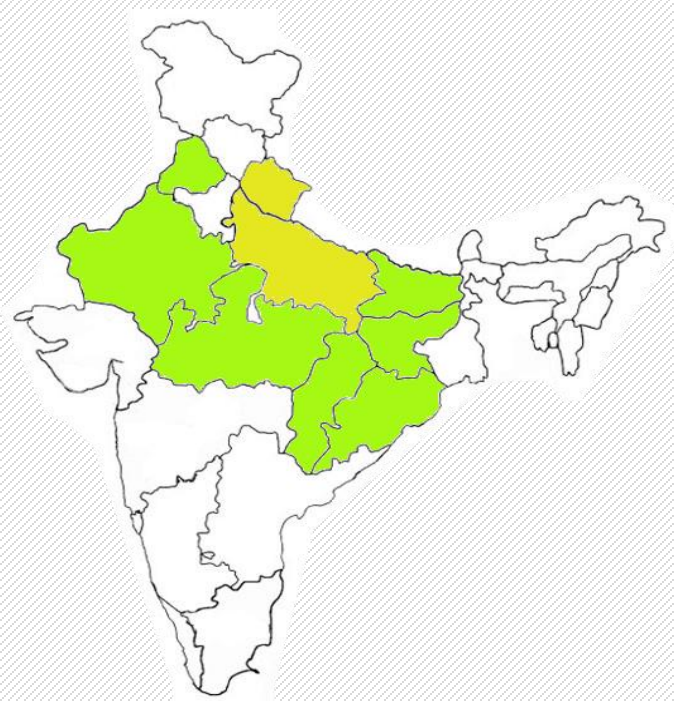
*Further Classified into Micro-Enterprise, Micro-Business and Capital Magic Loan



STATEWISE PORTFOLIO

(In ₹ Cr)





COMPANYWIDE			
As on 30.06.20	AUM (₹ Cr.)	90+ DPD (₹ Cr.)	90+ DPD (%)
Non-Demonetization Impacted States*	404.9	18.0	4.4%
Demonetization Impacted States**	61.9	19.2	31.0%
Total	466.8	37.2	8.0%

*Punjab, Rajasthan, Madhya Pradesh, Bihar, Odisha, Chhattisgarh, Jharkhand

** Uttar Pradesh, Uttarakhand, Delhi

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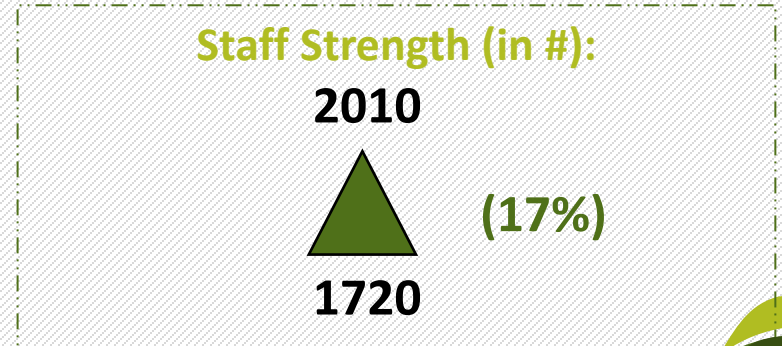
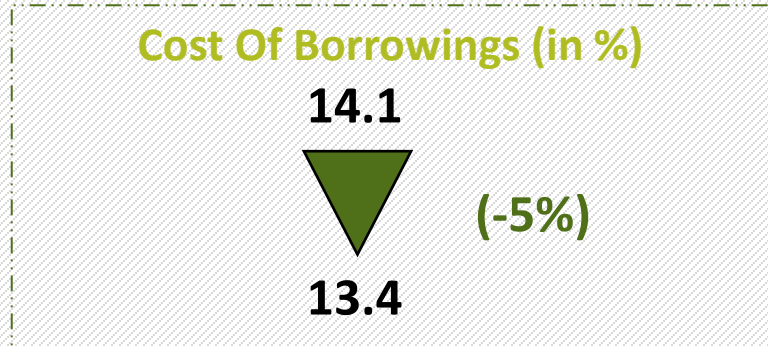
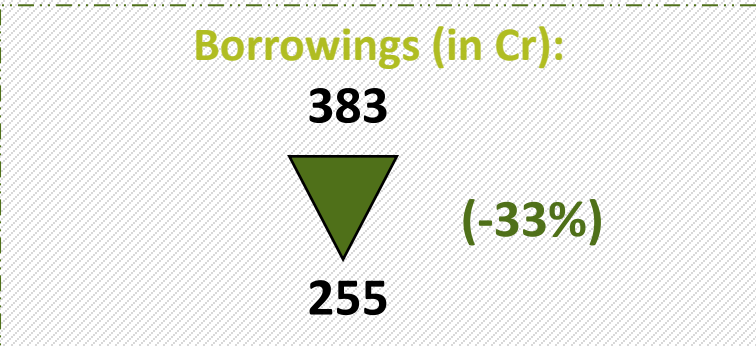
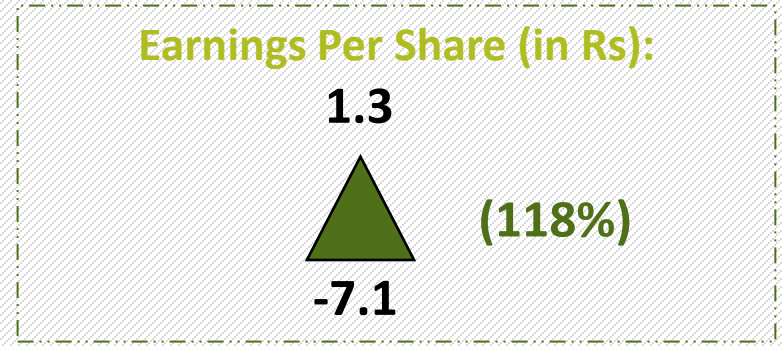
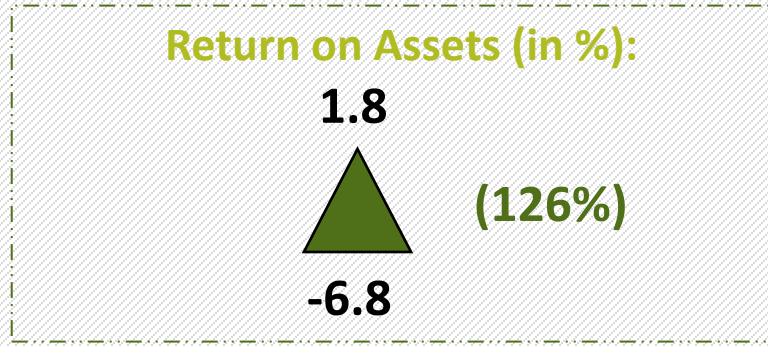
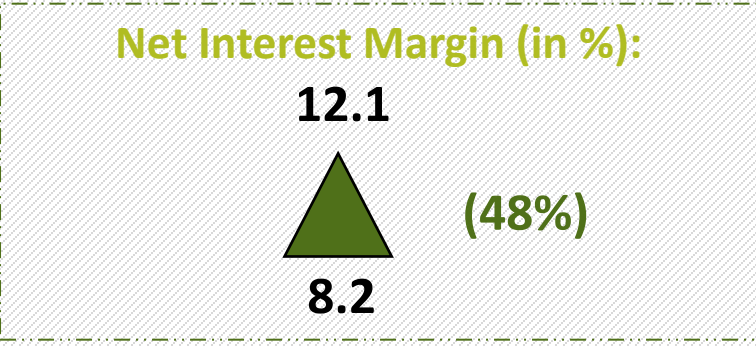
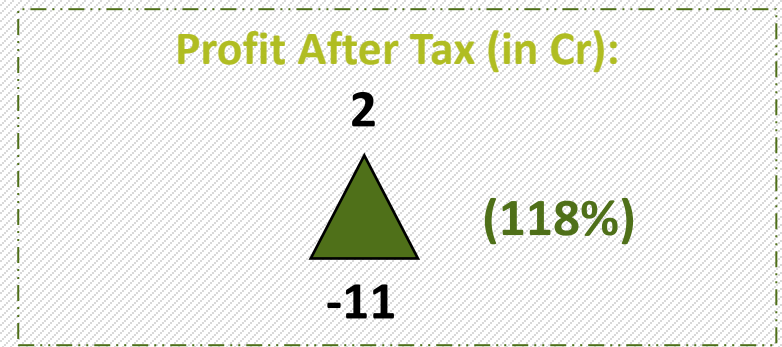
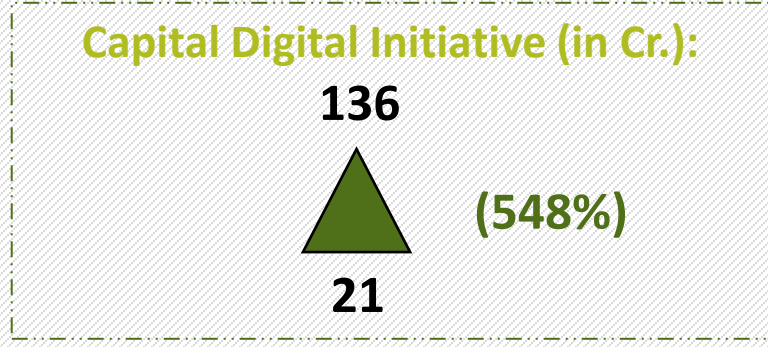
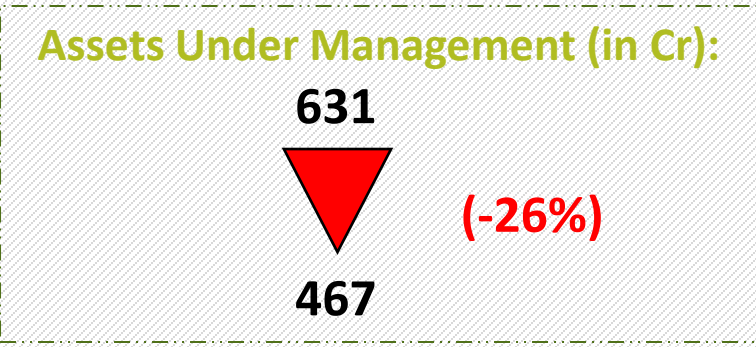
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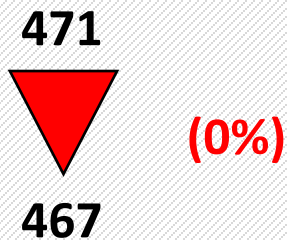
PARTNERS

➤ ANNUAL CHANGE (Q1 FY20 vs Q1 FY21)

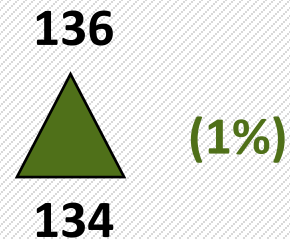


➤ QUARTERLY CHANGE (Q4 FY20 vs Q1 FY21)

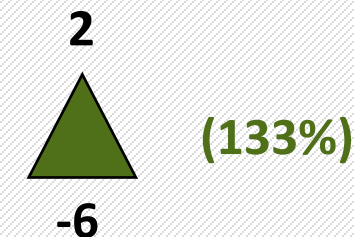
Assets Under Management (in Cr):



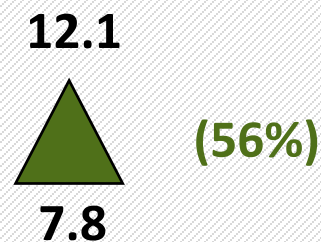
Capital Digital Initiative (in Cr.):



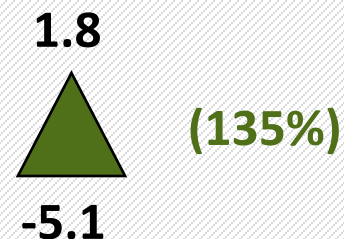
Profit After Tax (in Cr):



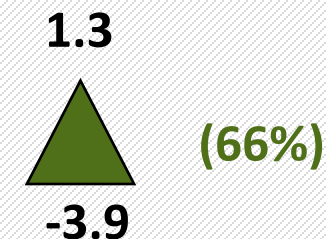
Net Interest Margin (in %):



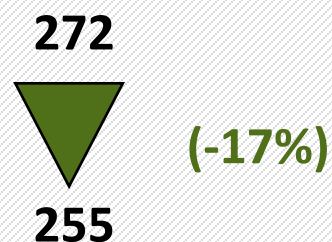
Return on Assets (in %):



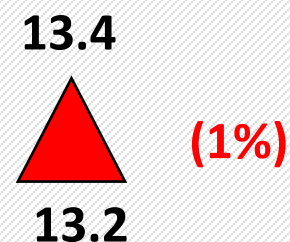
Earnings Per Share (in Rs):



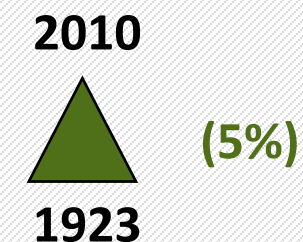
Borrowings (in Cr):



Cost Of Borrowings (in %)



Staff Strength (in #):





KEY FINANCIALS

Line Item	Q1 FY20	Q1 FY21	(YoY)	Q4 FY20	Q1 FY21	(QoQ)
Total Income	42.3	28.2	-33%	31.5	28.2	-10%
Total Expense (excluding tax)	54.8	25.4	-54%	36.7	25.4	-31%
Profit / (loss) before tax	-12.5	2.8	-123%	-5.2	2.8	-155%
Profit / (loss) after tax	-11.5	2.1	-119%	-6.3	2.1	-134%
Net Worth	-	156.6	-	154.5	156.6	1%
Micro-Enterprise Loan	503.8	280.5	-44%	285.2	280.5	-2%
Micro-Business Loan	0.3	97.8	34605%	92.6	97.8	6%
Capital Magic Loan	20.4	38.3	88%	41.3	38.3	-7%
Total Micro-Rural Loan	524.5	416.7	-21%	419.1	416.7	-1%
Secured Enterprise Loan	38.1	22.6	-41%	23.3	22.6	-3%
Microfinance Loan	68.3	27.6	-60%	29.0	27.6	-5%
Total Assets Under Management (AUM)	630.9	466.8	-26%	471.4	466.8	-1%
On-Book Portfolio	493.6	328.4	-33%	317.0	328.4	4%
Off-Book Portfolio	137.3	138.4	1%	154.4	138.4	-10%
Total Assets Under Management (AUM)	630.9	466.8	-26%	471.4	466.8	-1%



KEY RATIOS

Line Item	Q1 FY20	Q1 FY21	(YoY)	Q4 FY20	Q1 FY21	(QoQ)
Net Interest Margin*	8.2%	12.1%	48%	7.8%	12.1%	56%
Operating Cost to AUM Ratio*	7.9%	9.2%	16%	15.9%	9.2%	-42%
Earning Per Share (Rs.)*	-28.3	5.2	-119%	-15.6	5.2	-134%
Book Value Per Share (Rs.)	-	96.6	-	95.2	96.6	1%
Return on Assets*	-6.8%	1.8%	-127%	-5.1%	1.8%	-135%
Return on Equity*	-	5.5%	-	-15.9%	5.5%	-134%
Gross NPA (%)	3.4%	8.0%	134%	7.5%	8.0%	6%
Net NPA (%)	0.1%	3.6%	2712%	4.2%	3.6%	-15%
Capital Adequacy Ratio	-	47.9%	-	46.7%	47.9%	3%
Provision Coverage Ratio	96.2%	71.3%	-26%	52.5%	71.3%	36%
Cost of Borrowing	14.1%	13.4%	-5%	13.2%	13.4%	1%
Leverage	-	1.6	-	1.8	1.6	-8%

*Annualized

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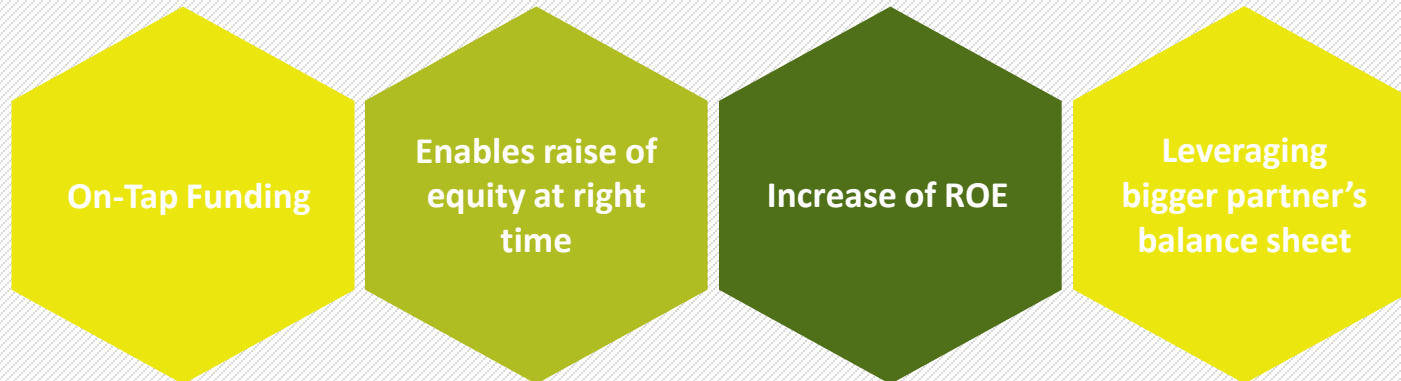
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MSME Client (Capital Magic Loan and Micro Business Loan)

- Business Correspondent relationship
- **On-tap funding**
- ₹46Cr Disbursed under this arrangement
- Co-Lending relationship
- **₹600Cr limit for 1st year**

Benefits of Long-Term Funding Secured:





DEBT & DIRECT ASSIGNMENT PARTNERSHIPS

Public Sector Banks: 7



Private Banks: 2



NBFCs: 12



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