



# Capital Trust

INVESTOR PRESENTATION Q2 FY21

Enriching Lives



Empowering Enterprises



# COMPANY OVERVIEW

COVID-19 UPDATE

MARKET SEGMENT

UNIQUE SELLING PROPOSITION

PRODUCT OFFERINGS

OPERATING MODEL

PORTFOLIO UPDATE

FINANCIALS

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# ABOUT CAPITAL TRUST



## STORY

CTL pioneers the **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

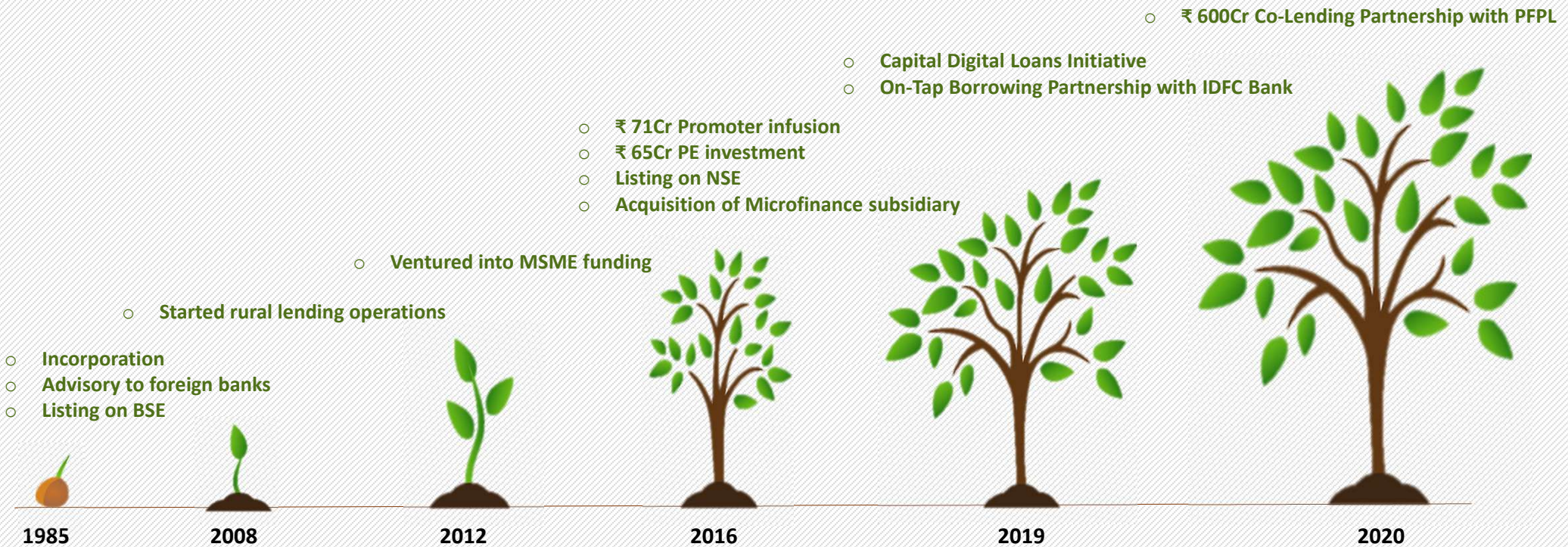
To provide financial assistance to the **unbanked in deep interiors of rural India using "low-cost, high-tech" digital processes**



## VISION

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

# PERFORMANCE MILESTONES



## Company Position as on 30.09.2020

**Portfolio:**  
₹ 429 Cr

**Clients:**  
1,45,180

**Branches:**  
233

**States:**  
10

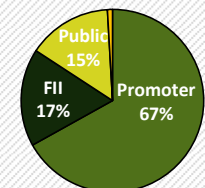
**Employees:**  
2699

**Q2 FY21 PAT:**  
₹ 0.9 Cr

**HY21 PAT:**  
₹ 3.0 Cr

**Net Worth:**  
₹ 157 Cr

### Shareholding:





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# BUSINESS UPDATE

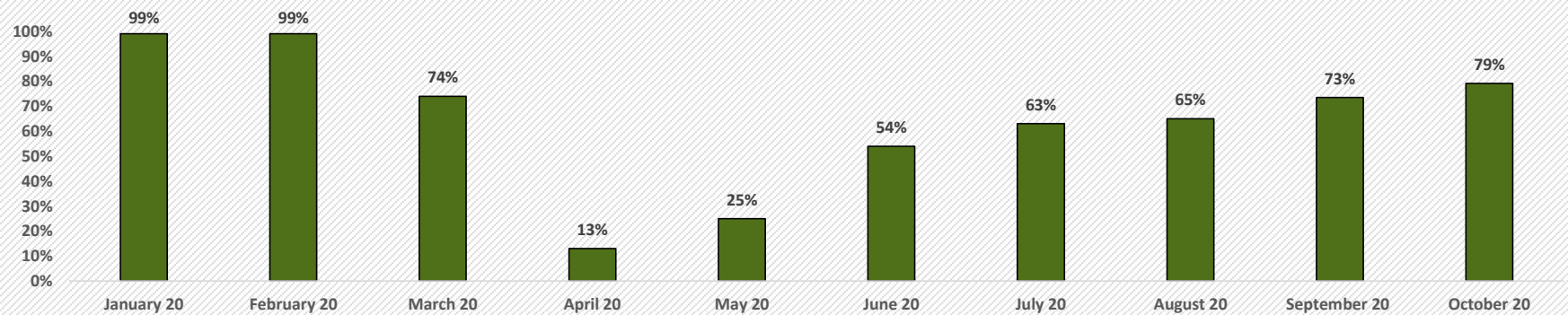
## Disbursement

- Higher than Pre-Covid times
- Subject to newly developed automated disbursement engine and algorithmic credit scorecard



## Collection \*

- Increased month-on-month



\* Without factoring Moratorium given to clients



# LIQUIDITY UPDATE

## High Liquidity Buffers (Actual and Systematic)

### Actual

- ₹ 42Cr Opening Cash Balance in October
- Capital Adequacy of 50%
- Leverage Ratio of 1.6 x

### Systematic

- Positive ALM
- Business Correspondent Relationship with IDFC First Bank
- Co-Lending Agreement Signed with Poonawalla Finance

### Low Cost Funds Raised

	Average ROI	Amount (Cr)
Term Loan	11.5%	10
Non-Convertible Debenture	11.5%	30
Others (PTC / AFF)	10.5%	25
<b>Total</b>	<b>11.1%</b>	<b>65</b>



### High Cost Funds Paid Off

	Average ROI	Amount (Cr)
Term Loan	13.4%	50
Non-Convertible Debenture	16.5%	48
Others (PTC / AFF)	14.0%	8
<b>Total</b>	<b>14.9%</b>	<b>106</b>



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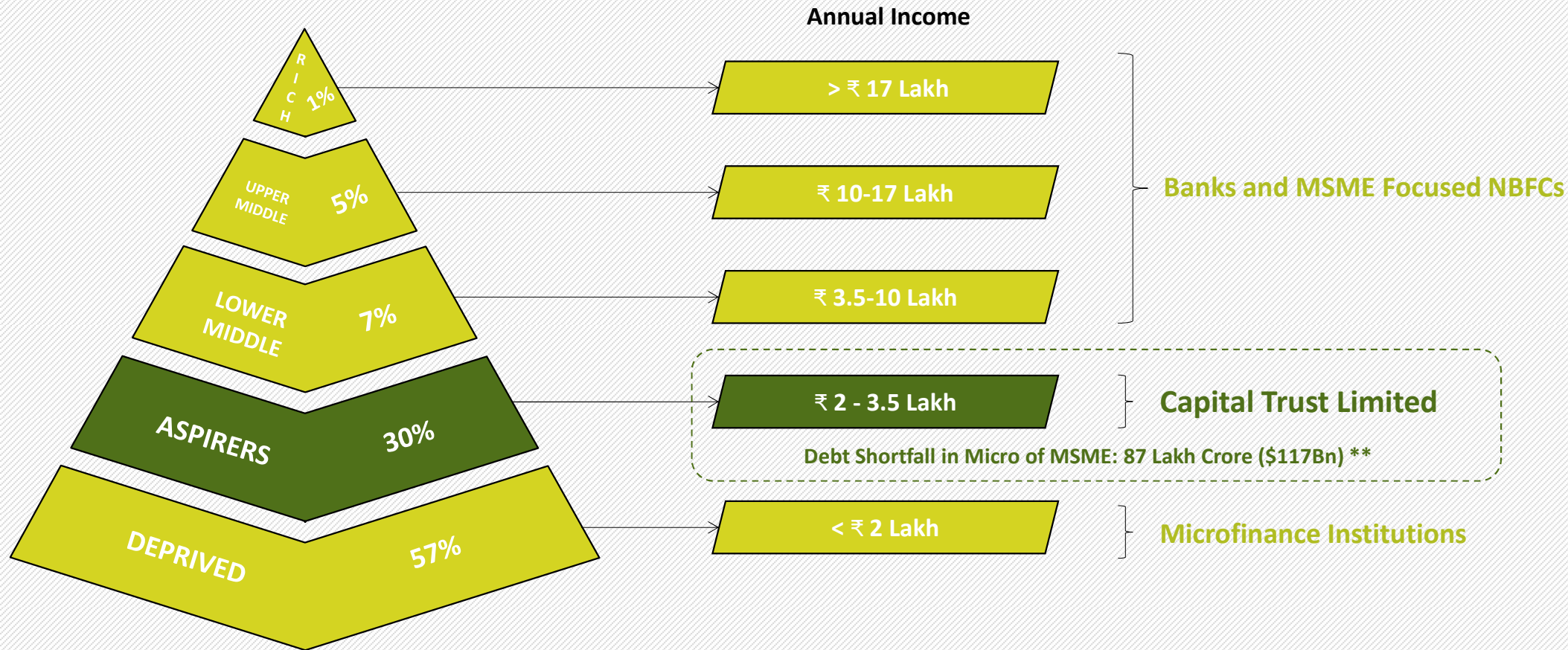
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# ➤ SERVING THE UNSERVED MISSING MIDDLE



\*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



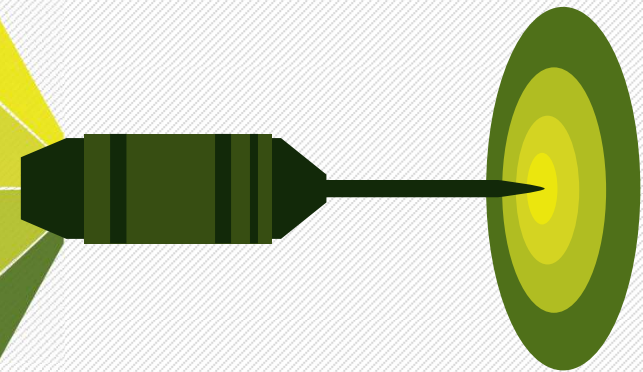
**New to Organized Credit**  
Replacing traditional informal sources of financing (local moneylenders)



**'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



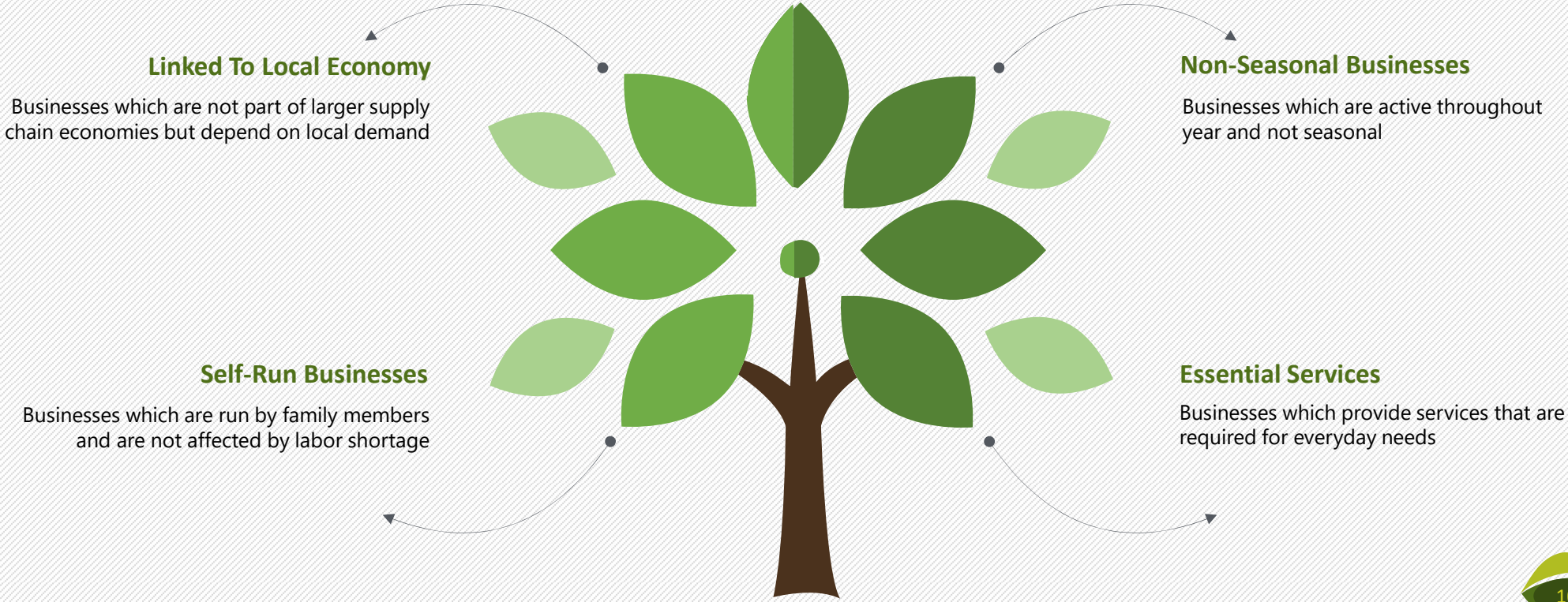




# CUSTOMER SEGMENT



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







# 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



# RURAL DOORSTEP-FINTECH PROCESS

## 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

DIGITAL PROCESS    PHYSICAL PROCESS

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# EVOLUTION PRE-LOCKDOWN

## MOVE TO DIGITAL COLLECTION



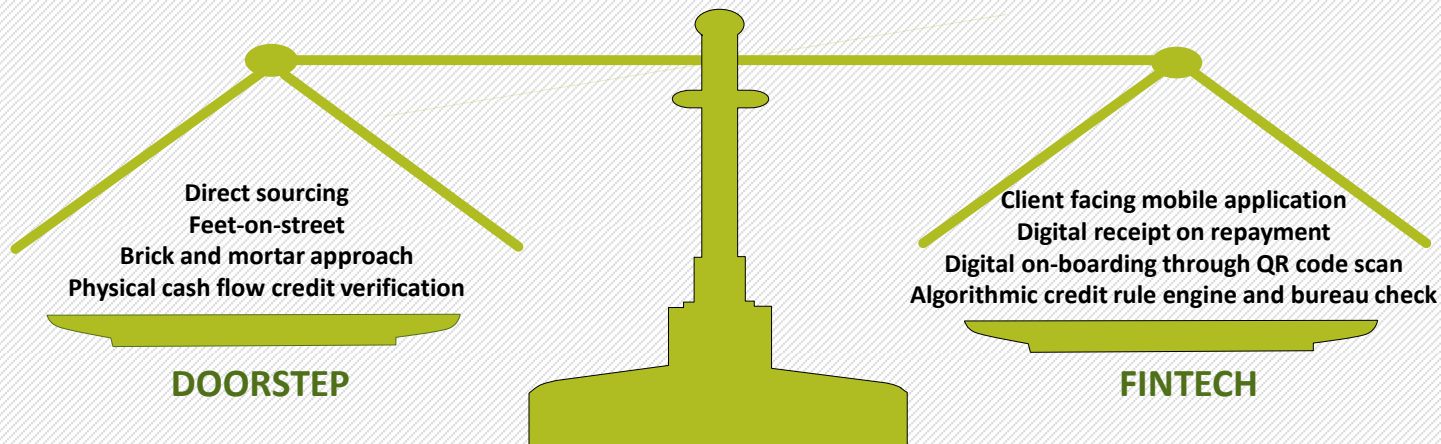
### DISBURSEMENT

- One of the first rural NBFCs to start 100% cashless disbursement in 2015

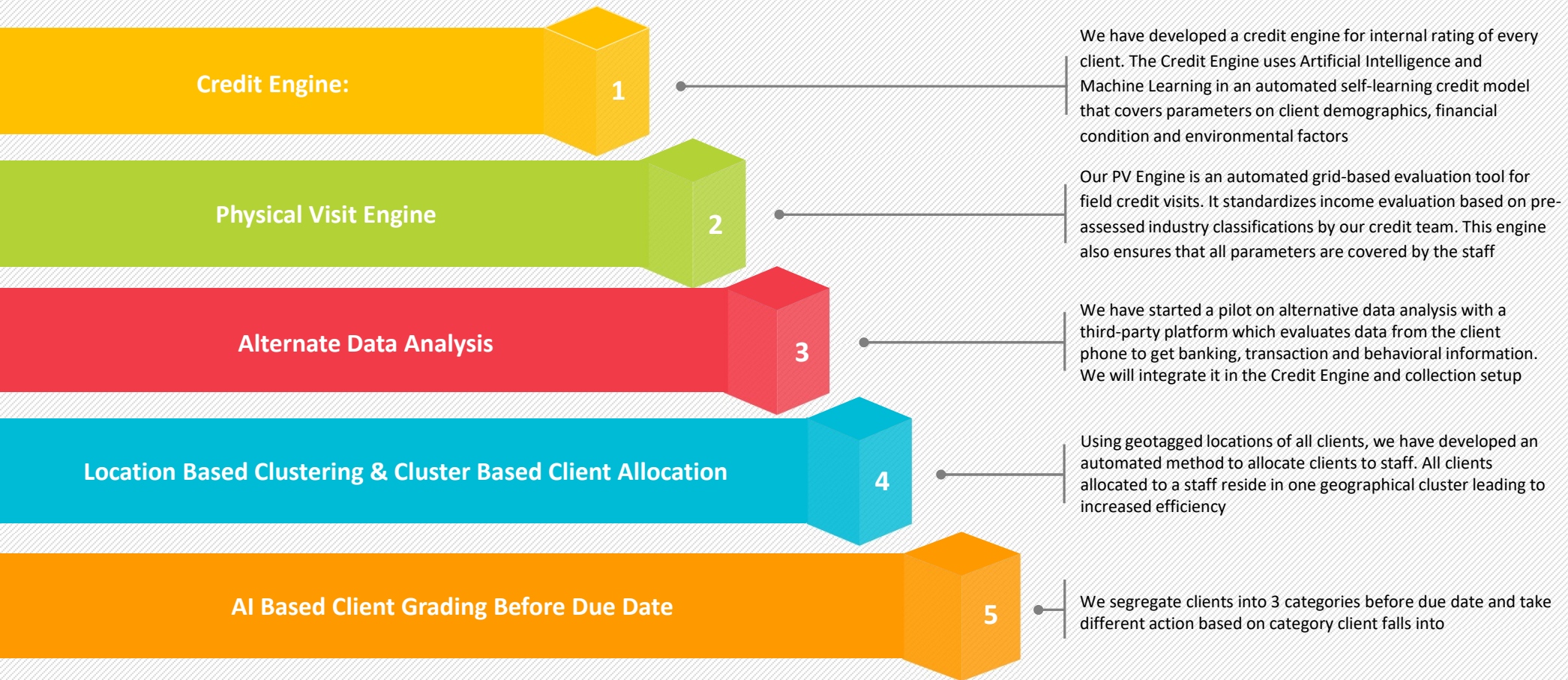
### COLLECTION

- 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

## TRADITIONAL LENDING PLUS TECHNOLOGICAL INNOVATION



# ➤ EVOLUTION POST-LOCKDOWN 1.0





# EVOLUTION POST-LOCKDOWN 2.0

## 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



# PRODUCTS OFFERED



## Capital Magic Loan

Unsecured Digital Business Loan

Ticket Size (₹): 30,000 – 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

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

### PRODUCT OPTIMIZATION

- Small ticket size
- Short tenure
- Optimal EMI amount
- Short Turn-Around-Time
- High yield
- Digital collection enabled
- Full cash collection setup
- Geo-tagged and Analytics backed



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# **OPERATING MODEL**

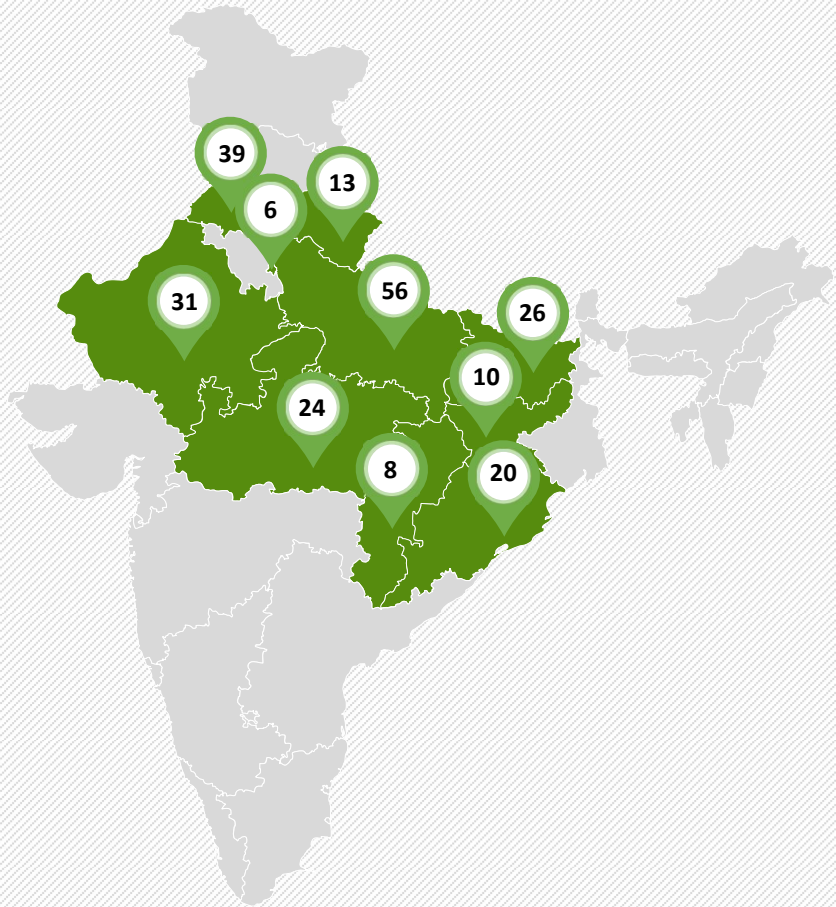
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# BRANCH NETWORK



**Branches: 233**  
**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

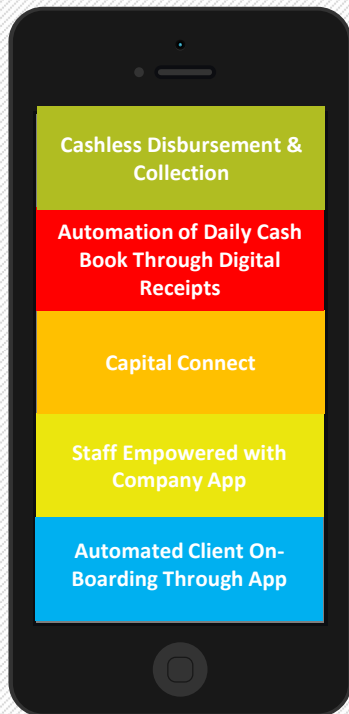


**QR Code Scanning of Aadhaar By Field Team**

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

# INFORMATION TECHNOLOGY PROWESS



- 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



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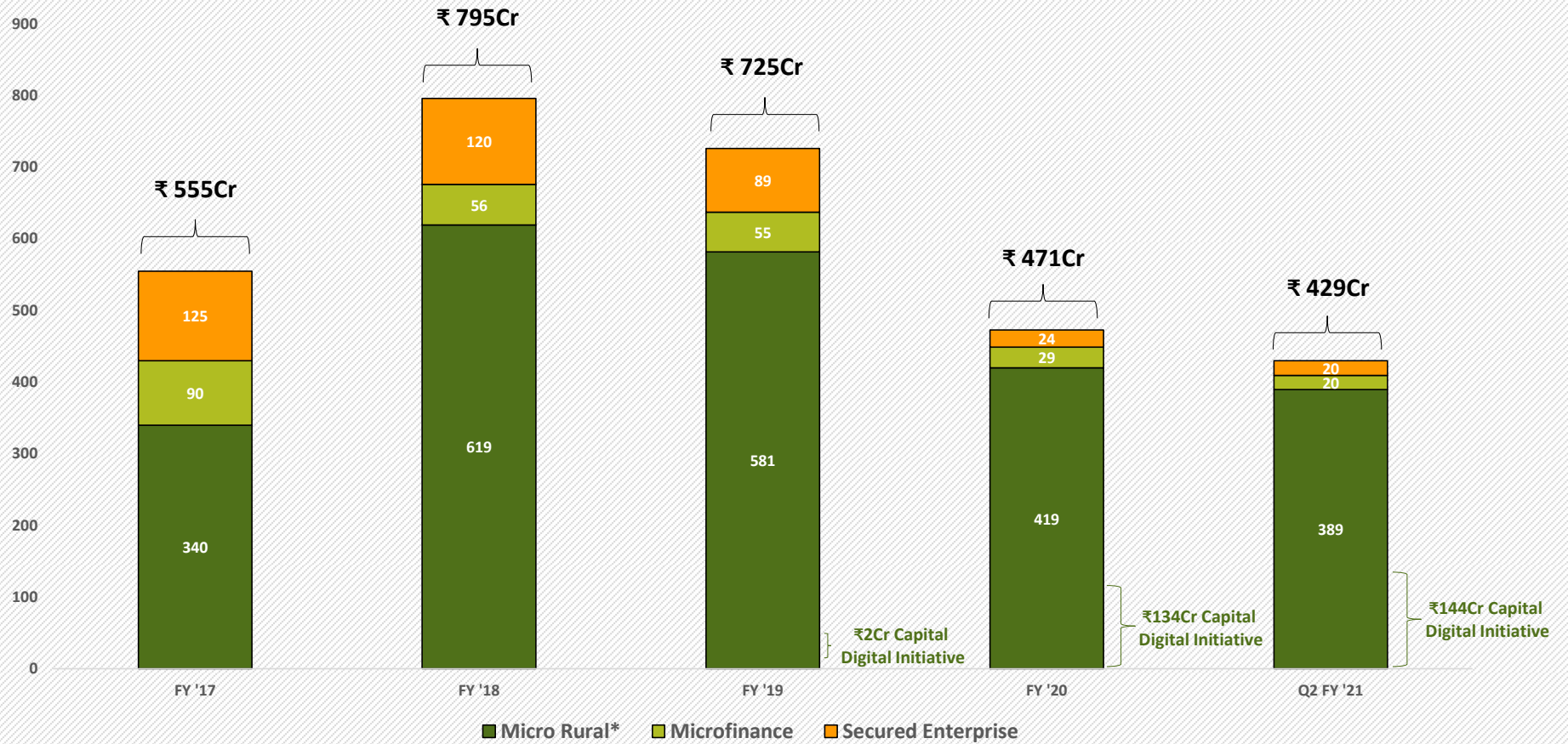
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# PRODUCTWISE PORTFOLIO

(In ₹ Cr)



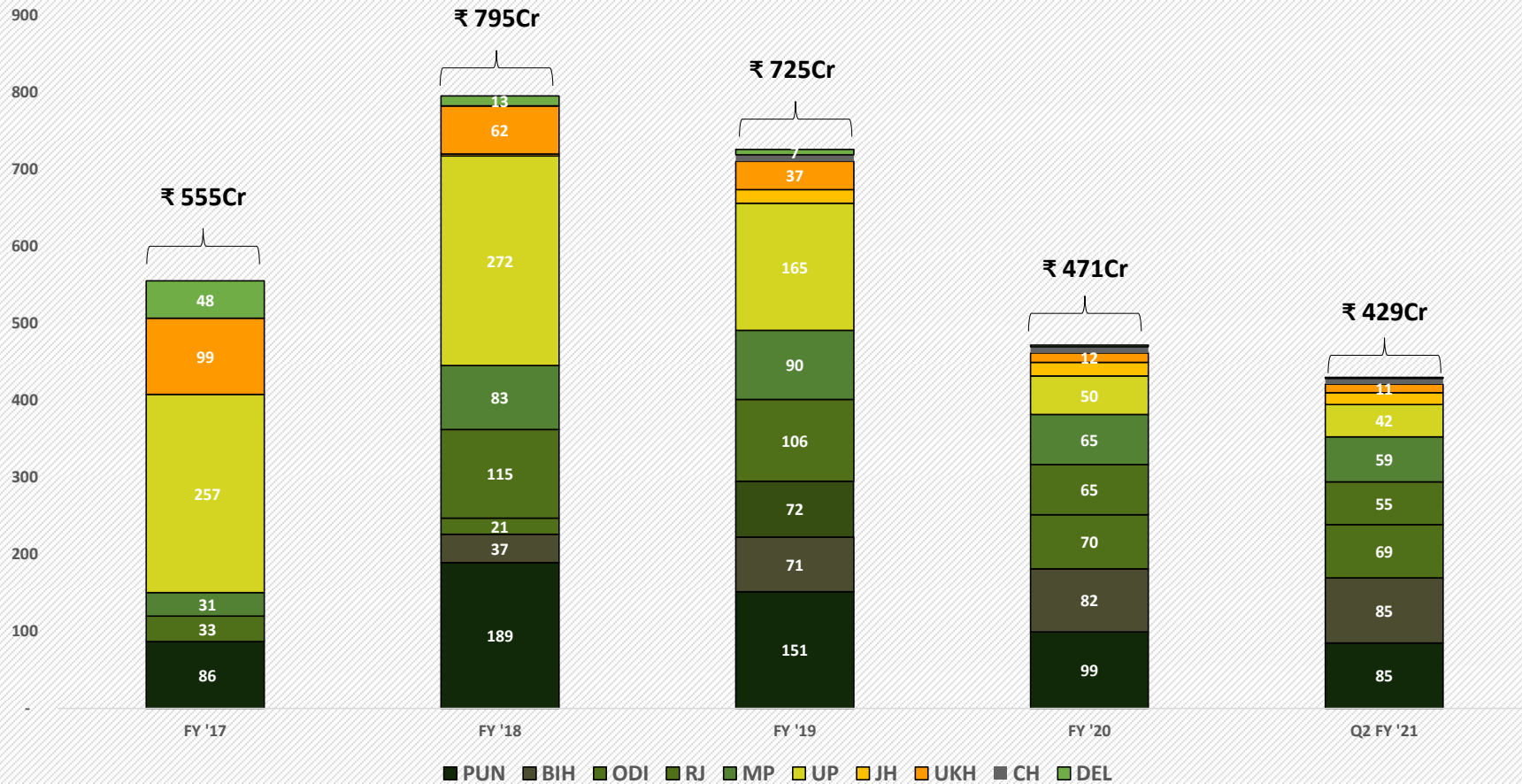
\*Further Classified into Micro-Enterprise, Micro-Business and Capital Magic Loan





# STATEWISE PORTFOLIO

(In ₹ Cr)





## PORTFOLIO QUALITY

CAPITAL DIGITAL LOANS (CAPITAL MAGIC + MICRO BUSINESS)			
As on 30.09.20	Non Demonetization Impacted States*	Demonetization Impacted States**	Total
AUM (₹ Cr.)	144.1	0.1	144.2
NPA (₹ Cr.)***	1.1	0.0	1.1
NPA (%)	0.8%	0.0%	0.8%

RUNDOWN LOANS (MICROFINANCE + MICRO-ENTERPRISE + SECURED ENTERPRISE)			
As on 30.09.20	Non Demonetization Impacted States*	Demonetization Impacted States**	Total
AUM (₹ Cr.)	231.0	54.2	285.2
NPA (₹ Cr.)***	14.0	18.0	32.0
NPA (%)	6.1%	33.1%	11.25%

COMPANYWIDE			
As on 30.09.20	Non Demonetization Impacted States*	Demonetization Impacted States**	Total
AUM (₹ Cr.)	375.1	54.3	429.5
NPA (₹ Cr.)***	15.1	18.0	33.1
NPA (%)	4.0%	33.0%	7.7%

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

\*\* Uttar Pradesh, Uttarakhand, Delhi

\*\*\* In line with latest SC ruling not to tag new NPAs



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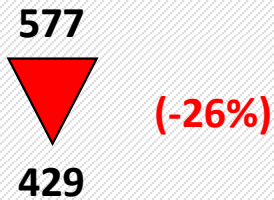
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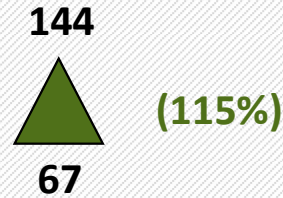
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## ANNUAL CHANGE (Q2 FY20 vs Q2 FY21)

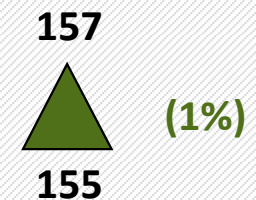
### Assets Under Management (in Cr):



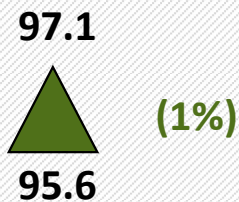
### Capital Digital Initiative (in Cr.):



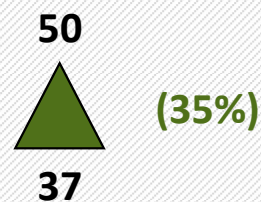
### Net Worth (in Cr):



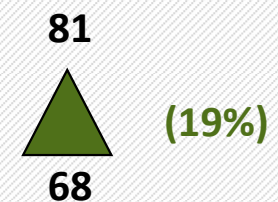
### Book Value Per Share (in Rs):



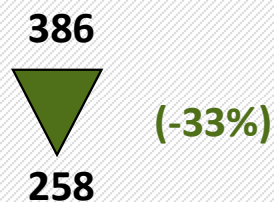
### Capital Adequacy Ratio (in %):



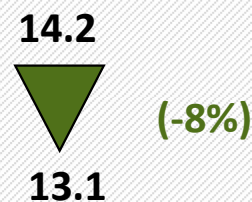
### Provision Coverage Ratio (in %):



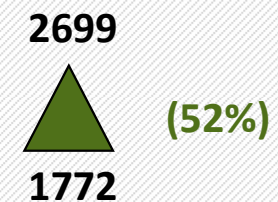
### Borrowings (in Cr):



### Cost Of Borrowings (in %)



### Staff Strength (in #):

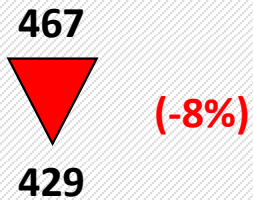




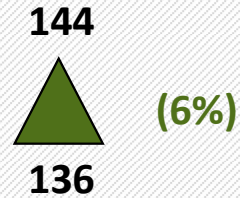


## QUARTER OVER QUARTER CHANGE (Q1 FY21 vs Q2 FY21)

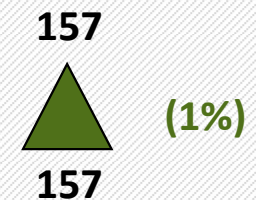
### Assets Under Management (in Cr):



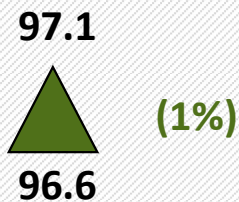
### Capital Digital Initiative (in Cr.):



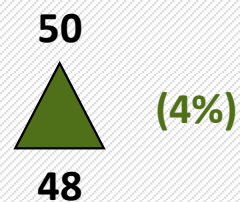
### Net Worth (in Cr):



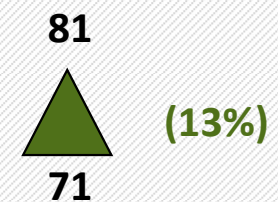
### Book Value Per Share (in Rs):



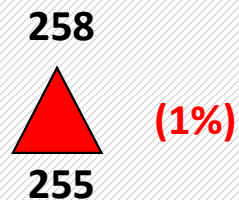
### Capital Adequacy Ratio (in %):



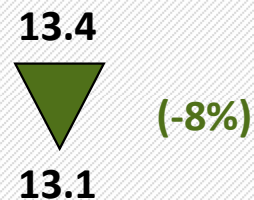
### Provision Coverage Ratio (in %):



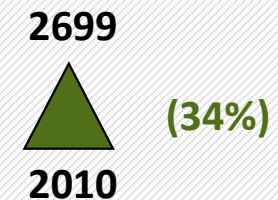
### Borrowings (in Cr):



### Cost Of Borrowings (in %)



### Staff Strength (in #):





## KEY FINANCIALS

Line Item	Q2 FY20	Q2 FY21	(YoY)	Q1 FY21	Q2 FY21	(QoQ)
Total Income	52.1	27.0	-48%	28.2	27.0	-4%
Total Expense (excluding tax)	31.9	25.9	-19%	25.4	25.9	2%
Profit / (loss) before tax	<b>20.2</b>	<b>1.1</b>	-95%	<b>2.8</b>	<b>1.1</b>	-62%
Profit / (loss) after tax	<b>13.8</b>	<b>0.9</b>	-94%	<b>2.1</b>	<b>0.9</b>	-59%
Net Worth	<b>155.1</b>	<b>157.5</b>	2%	<b>156.6</b>	<b>157.5</b>	1%
<b>Micro-Enterprise Loan</b>	422.1	245.1	-42%	280.5	245.1	-13%
<b>Micro-Business Loan</b>	17.5	91.0	421%	97.8	91.0	-7%
<b>Capital Magic Loan</b>	49.5	53.3	8%	38.3	53.3	39%
<b>Total Micro-Rural Loan</b>	489.0	389.3	-20%	416.7	389.3	-7%
<b>Secured Enterprise Loan</b>	32.4	20.3	-37%	22.6	20.3	-10%
<b>Microfinance Loan</b>	55.8	19.8	-64%	27.6	19.8	-28%
<b>Total Assets Under Management (AUM)</b>	<b>577.2</b>	<b>429.5</b>	<b>-26%</b>	<b>466.8</b>	<b>429.5</b>	<b>-8%</b>
<b>On-Book Portfolio</b>	461.6	317.3	-31%	328.4	317.3	-3%
<b>Off-Book Portfolio</b>	115.6	112.2	-3%	138.4	112.2	-19%
<b>Total Assets Under Management (AUM)</b>	<b>577.2</b>	<b>429.5</b>	<b>-26%</b>	<b>466.8</b>	<b>429.5</b>	<b>-8%</b>





## KEY RATIOS

Line Item	Q2 FY20	Q2 FY21	(YoY)	Q1 FY21	Q2 FY21	(QoQ)
Net Interest Margin*	12.1%	9.6%	-21%	12.1%	9.6%	-21%
Operating Cost to AUM Ratio*	10.8%	13.0%	20%	9.2%	13.0%	41%
Earning Per Share (Rs.)*	34.1	2.2	-94%	5.2	2.2	-59%
Book Value Per Share (Rs.)	95.6	97.1	2%	96.6	97.1	1%
Return on Assets*	9.2%	0.8%	-91%	1.8%	0.8%	-57%
Return on Equity*	40.0%	2.2%	-94%	5.5%	2.2%	-59%
Gross NPA (%)	4.7%	7.7%	63%	8.0%	7.7%	-3%
Net NPA (%)	2.2%	2.5%	11%	3.6%	2.5%	-32%
Capital Adequacy Ratio	37.1%	49.8%	34%	47.9%	49.8%	4%
Provision Coverage Ratio	68.5%	80.6%	18%	71.3%	80.6%	13%
Cost of Borrowing	14.2%	13.1%	-8%	13.4%	13.1%	-2%
Leverage	2.5	1.6	-34%	1.6	1.6	1%

\*Annualized

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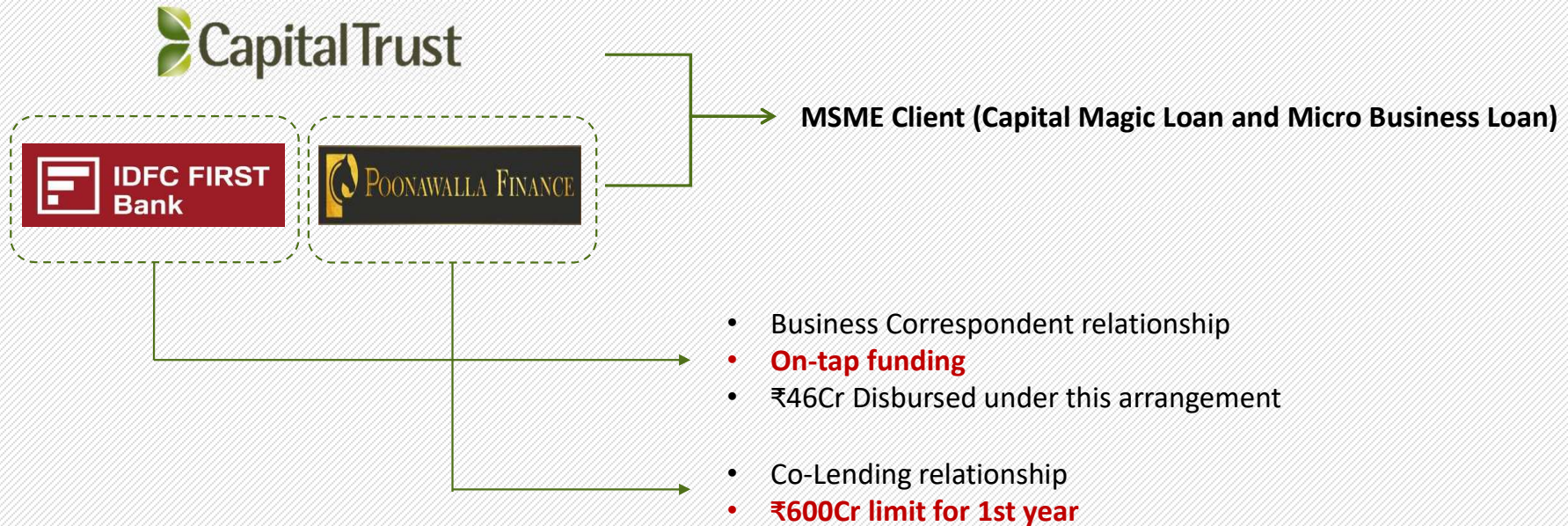
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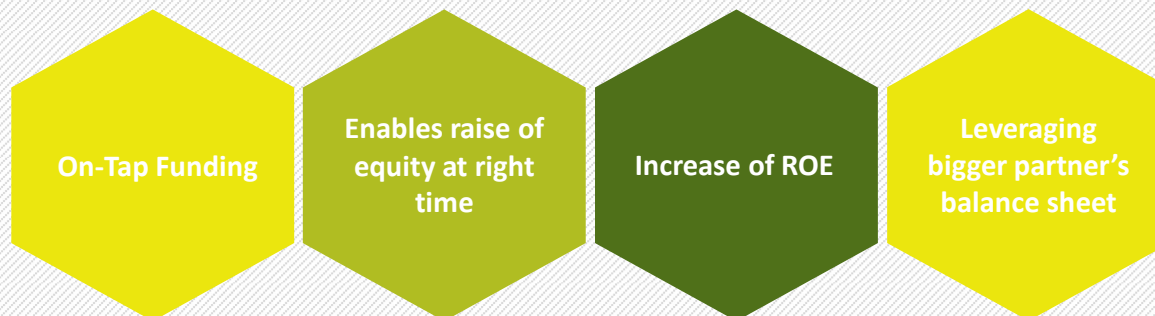
**PARTNERS**



## ➤ BENEFITS OF LONG-TERM FUNDING



### Benefits of Long-Term Funding Secured:





# DEBT & DIRECT ASSIGNMENT PARTNERSHIPS

Public Sector Banks: 5



Private Banks: 2



NBFCs: 6





**THANK YOU**

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