

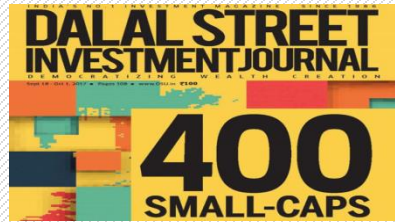


# Capital Trust

INVESTOR PRESENTATION Q4 FY19



Enriching Lives



**Company Overview**  
(Page 2)

**Business Model**  
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**Comfortable Liquidity**  
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**Way Forward**  
(Page 32)



# COMPANY OVERVIEW



# COMPANY OVERVIEW

CTL Version 2.0

- 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 31.03.2019

AUM:  
₹ 725 Crores

Clients:  
1.65 Lacs

Branches:  
251

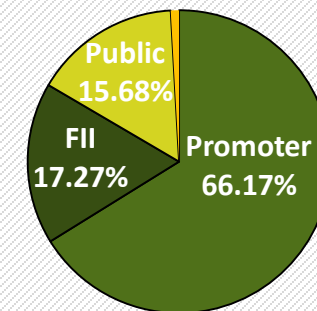
Employees:  
1528

Bank Borrowings:  
₹ 484 Crores

Q4 Quarterly PAT:  
₹ 11.9 Crores

Net Worth:  
₹ 220 Crores

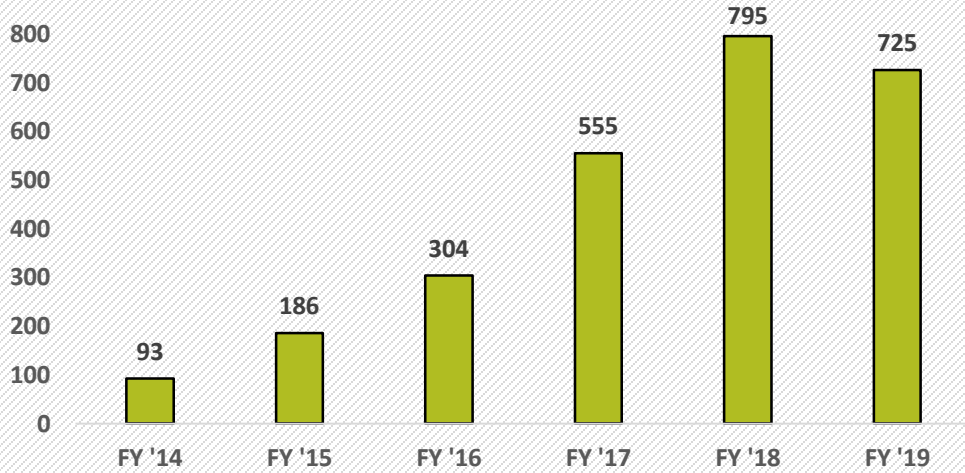
Credit Rating:  
BBB+



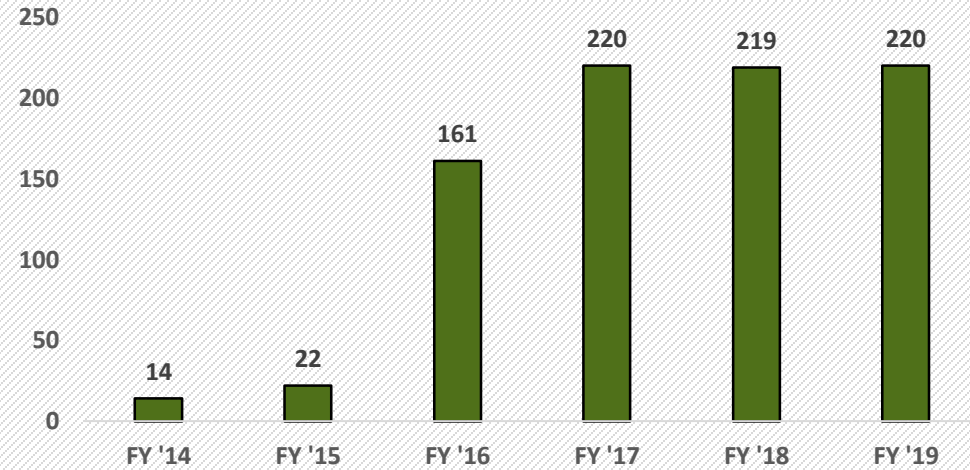


# OVER THE YEARS...

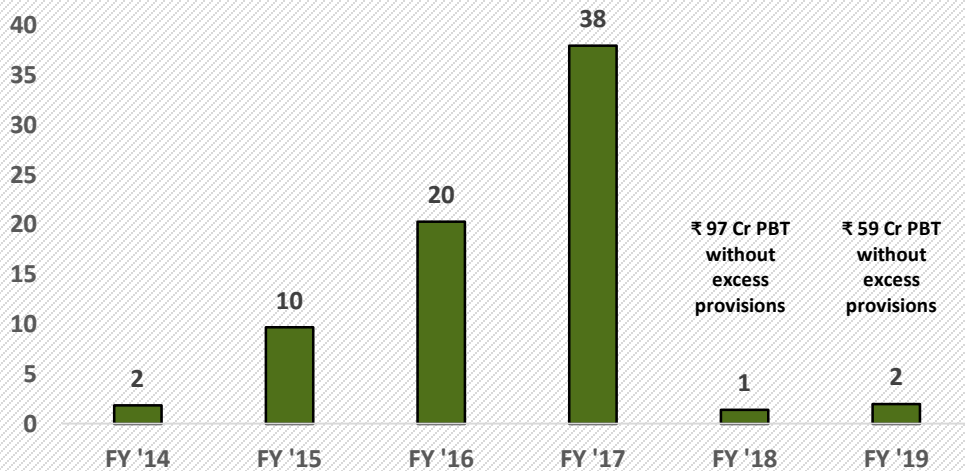
## ASSETS UNDER MANAGEMENT (₹ Cr.)



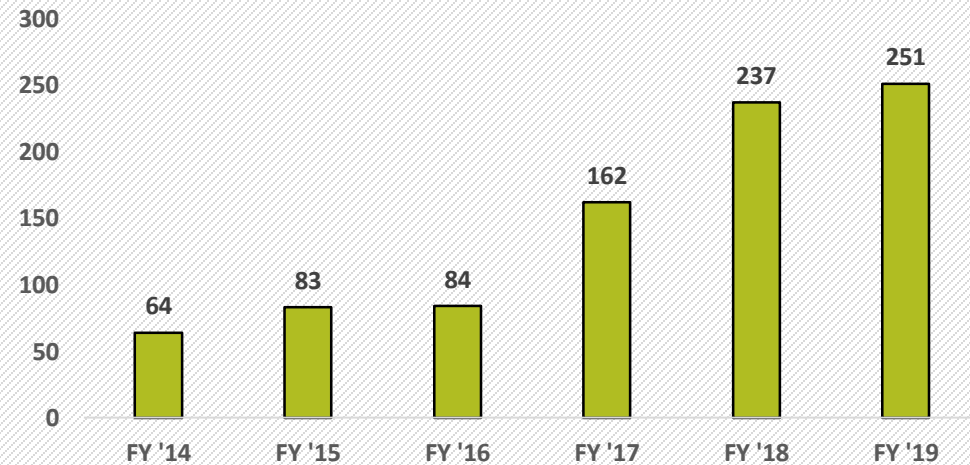
## NET WORTH (₹ Cr.)



## PROFIT AFTER TAX (₹ Cr.)



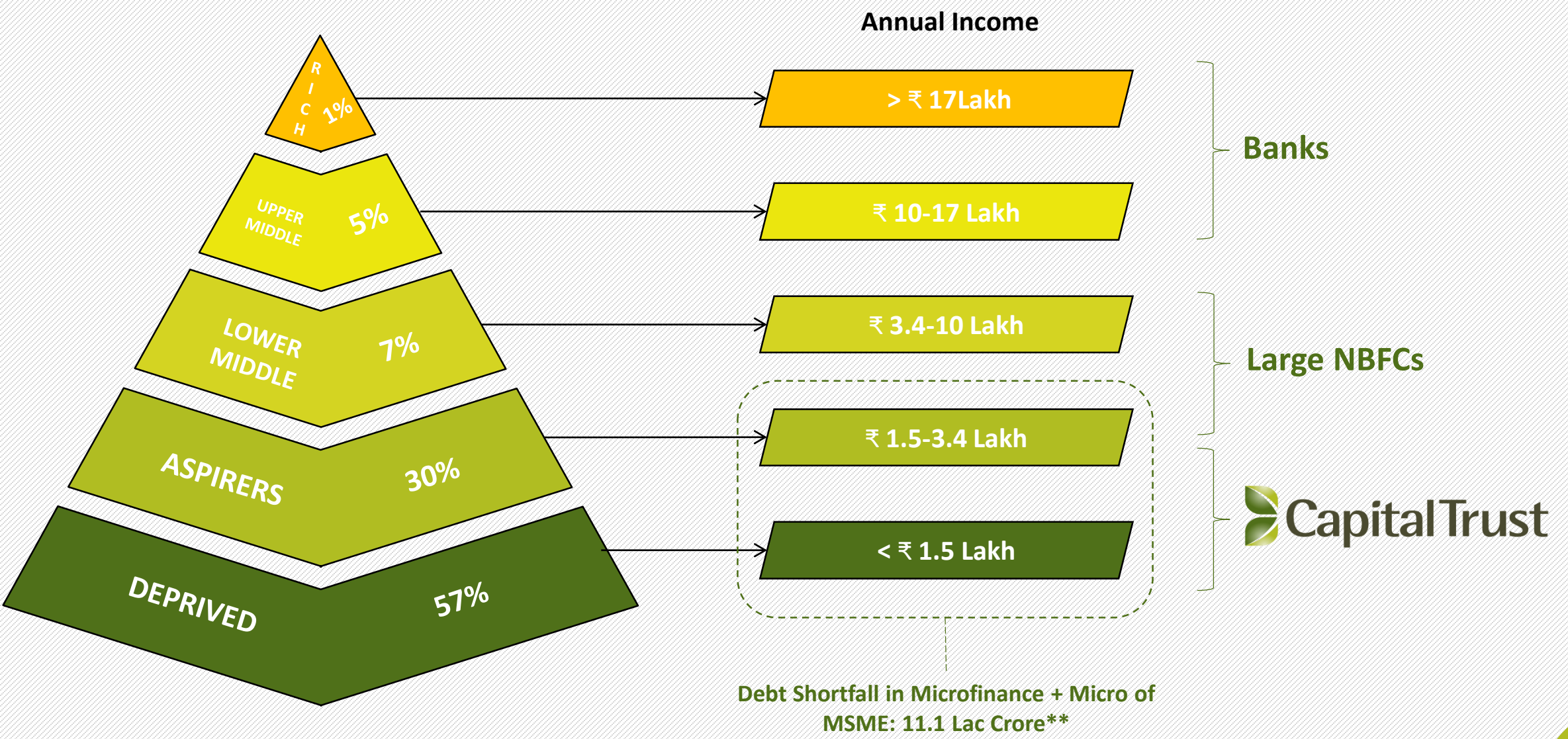
## BRANCHES



# TARGET SEGMENT

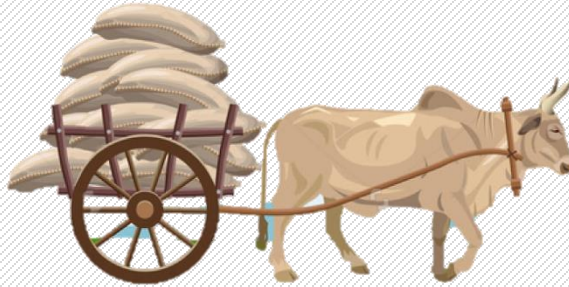


# SERVING THE UNSERVED



\*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

### Graduating from Microfinance

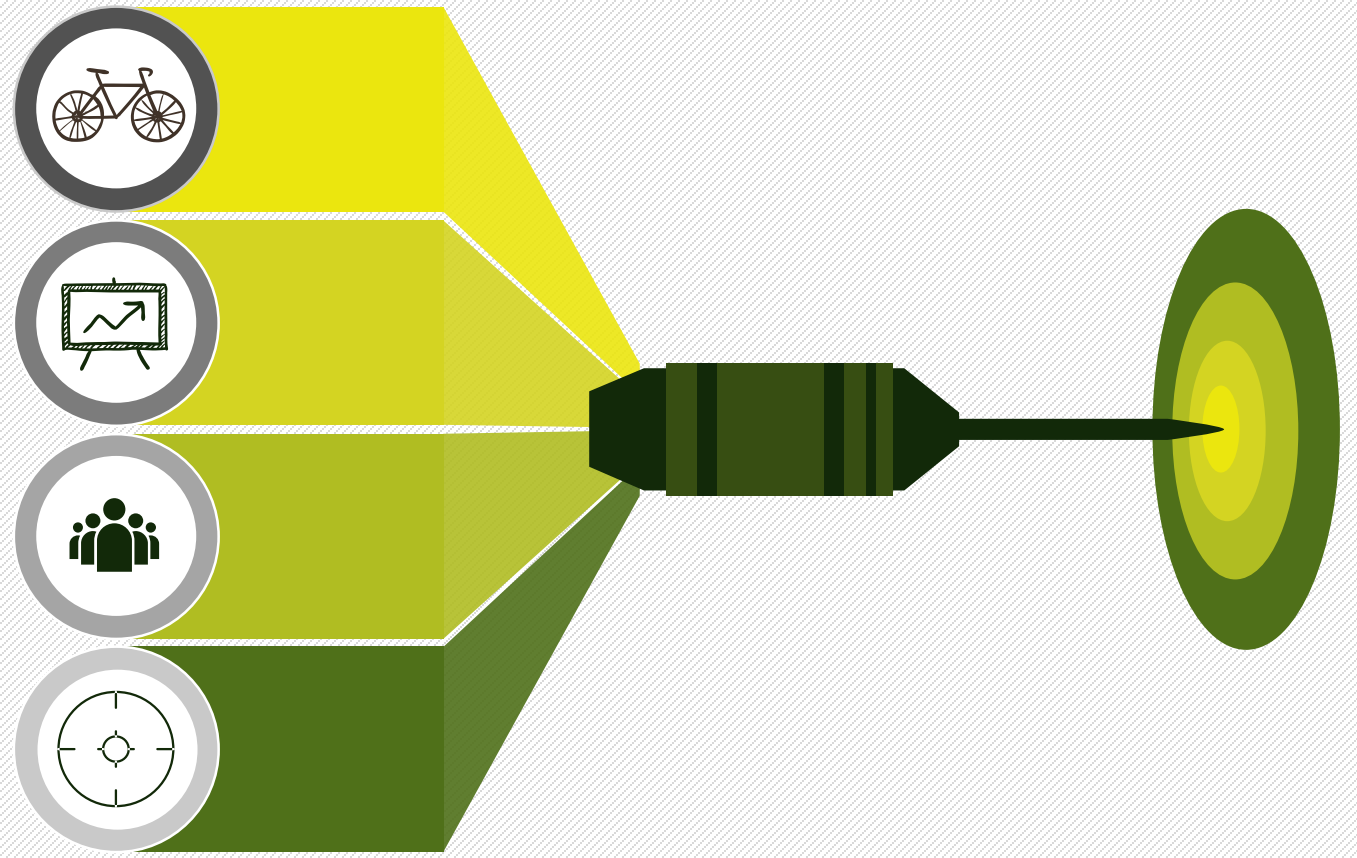
8% of the Microfinance clients graduate from the Microfinance sector each year and come and hit a wall

### 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

**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 - ₹5,00,000

**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

**Joint Liability with Credit Underwriting**  
 Among the only NBFCs operating in the MSME sector using concept of joint liability. Concept further strengthened by various layers of field and HO credit analysis mechanisms



## Micro Enterprise Loan

AUM: ₹579 Crore  
 Ticket Size: ₹1,05,000  
 Interest Rate: 26-28%  
 Tenure: 3 years  
 Joint Liability  
 Fortnightly Cash Repayment

## Micro Business Loan

Launching in Q1 FY20  
 Ticket Size: ₹60,000 - ₹1,05,000  
 Interest Rate: 30%  
 Tenure: 2 years  
 Joint Liability  
 Monthly Cashless NACH Repayment

## Capital Magic Loan

AUM: ₹2 Crore (launched in March 2019)  
 Ticket Size: ₹10,000 - ₹50,000  
 Interest Rate: 30+%  
 Tenure: 3 - 12 months  
 Multi-utility digital loan  
 Monthly Cashless NACH Repayment

## Microfinance Loan

AUM: ₹55 Crore  
 Ticket Size: ₹20,000 - ₹30,000  
 Interest Rate: 25%  
 Tenure: 2 years  
 Joint Liability  
 Fortnightly Cash Repayment

## Secured Enterprise Loan

AUM: ₹89 Crore  
 Ticket Size: ₹1,00,000 - ₹5,00,000  
 Interest Rate: 28-30%  
 Tenure: 3 - 4 years  
 Individual Loan  
 Fortnightly / Monthly Cash Repayment

Now Discontinued





# CAPITAL MAGIC LOAN (DIGITAL MICRO LOAN)

## Quick Disbursement within 24 hours

Automated credit decision based on analysis of client credit bureau data, alternative data and internally developed credit algorithms

## First of Its Kind Digital Loan in Rural India

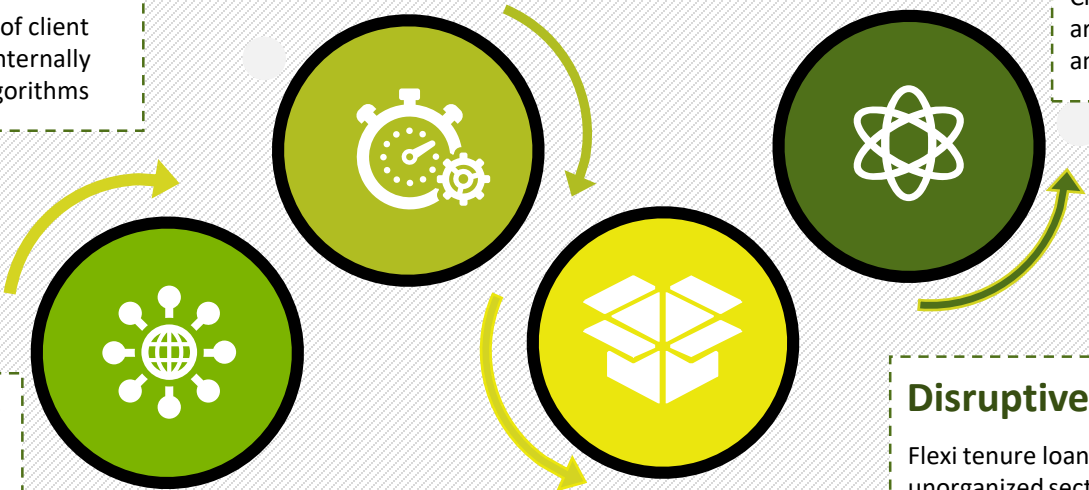
Created owing to client demand for faster turn-around-time, non availability of short term loans and antiquated rigid financial offerings

## 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

## Disruptive Short Term Multi Utility Loan

Flexi tenure loan has ability to replace all existing unorganized sector, working capital, education, two wheeler, medical, consumer and personal loans



Applicable to clients with established credit history without any past default



Requirement to have self occupied residence within 20kms of branch premise



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

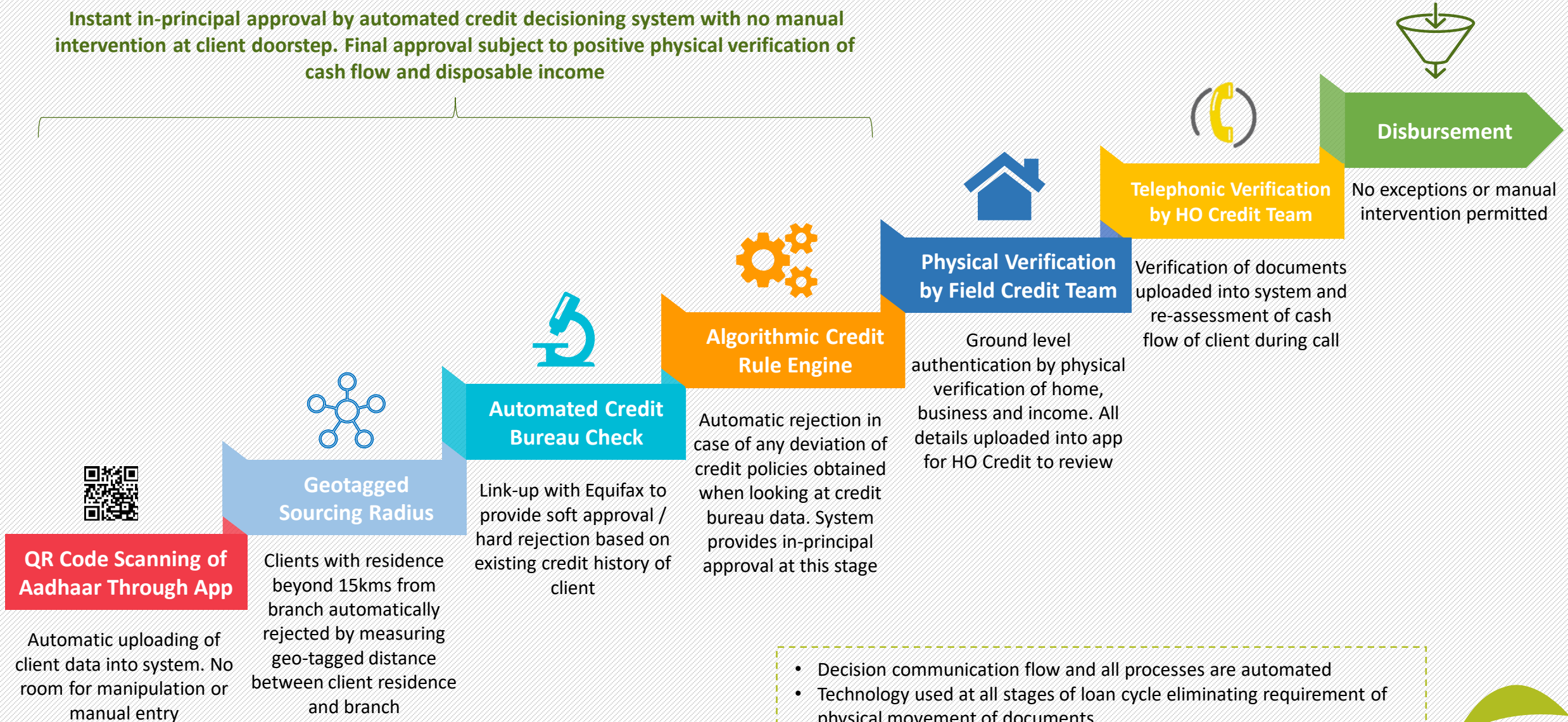


Strong collection focus with legal action initiation through Section 138 of NI Act on client becoming 21 DPD

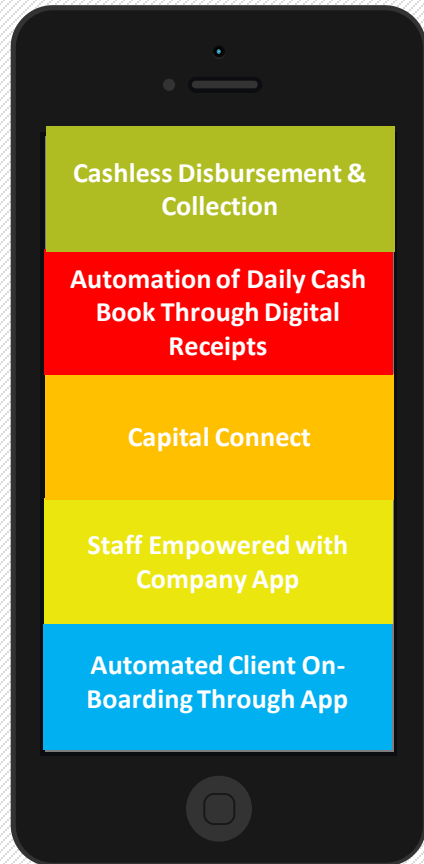


# SMART CREDIT

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



- 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

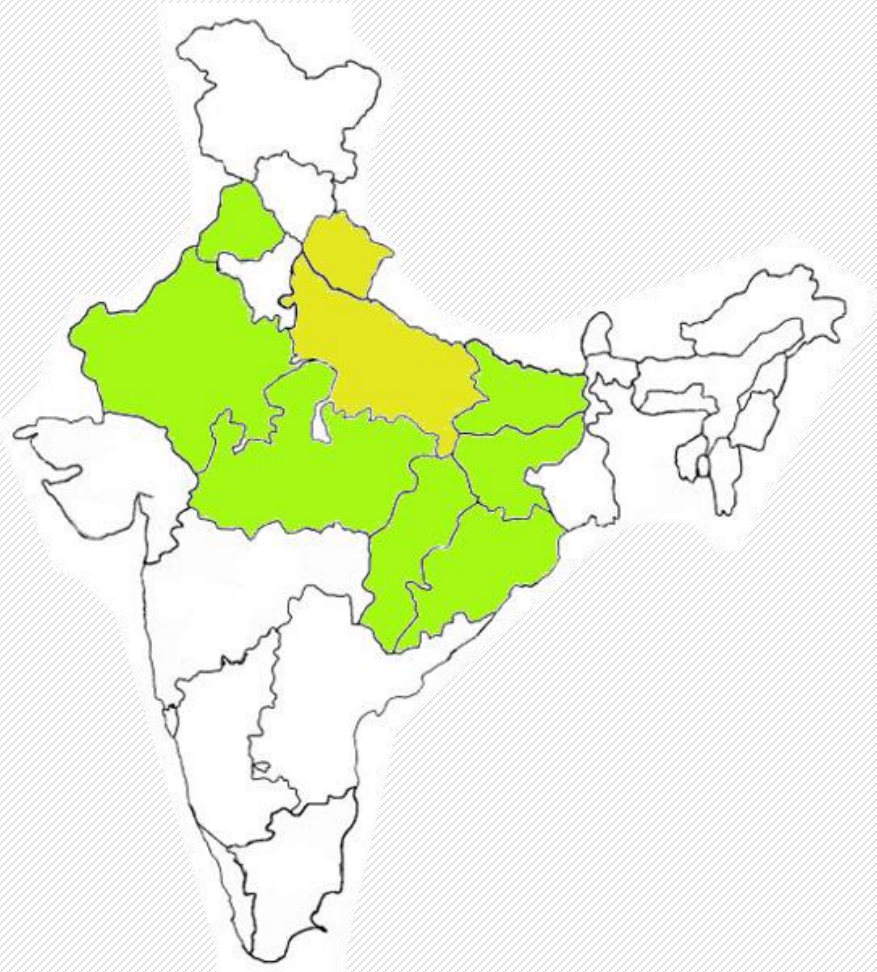
Client application with access to all details regarding the loan to promote transparency and authenticity

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



-  PUN, RJ, MP, BIH, ODS, JH, CH: Growth Focused States (New client sourcing)
-  UP, UKH, DEL: Collection Only States (No new client sourcing)

**Branches: 251**  
**Districts: 68**  
**States: 10**

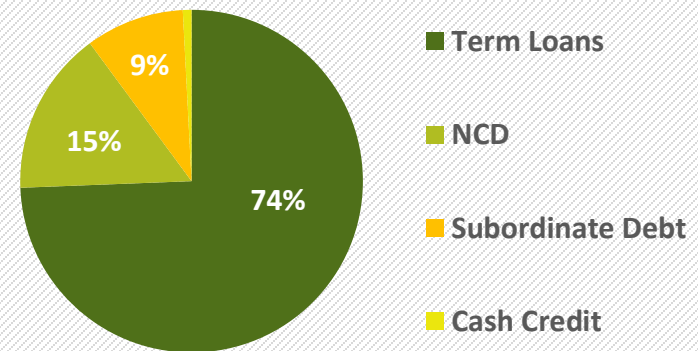


# COMFORTABLE LIQUIDITY

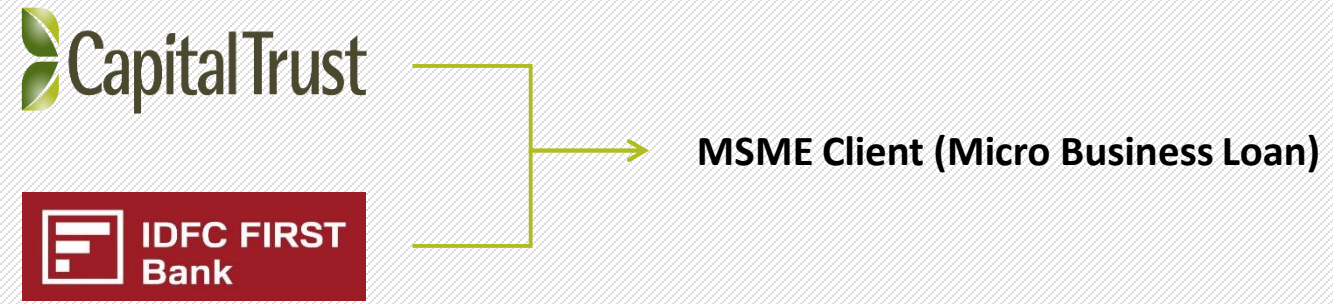
	Q3 FY19 (Actual)	Q4 FY19 (Actual)	Q1 FY20 (Expected)	Q2 FY20 (Expected)	Q3 FY20 (Expected)	Q4 FY20 (Expected)
Quarterly Collection (Cr.)	169.2	173.5	164.0	153.4	131.8	113.0
Quarterly Repayment (Cr.)	91.1	92.6	91.1	90.6	79.8	69.9
Quarterly Surplus (Cr.)	78.1	80.9	72.9	62.7	52.0	43.0
Monthly Surplus (Cr.)*	26.0	27.0	24.3	20.9	17.3	14.3

- Average Tenure of Borrowings: 50 months
- Average Tenure of Loans Given: 34 months
- No exposure to Commercial Paper or any other short term borrowing

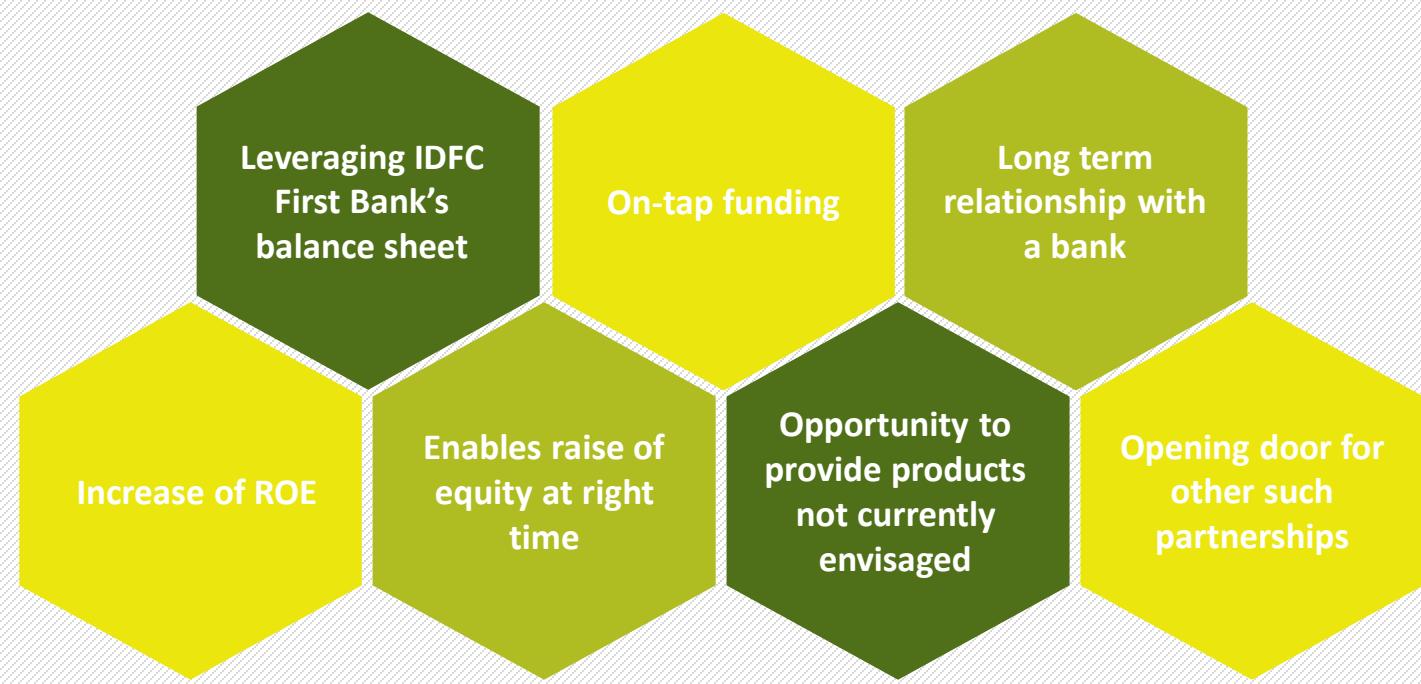
### Borrowing Profile:



\*Assuming no incremental disbursements



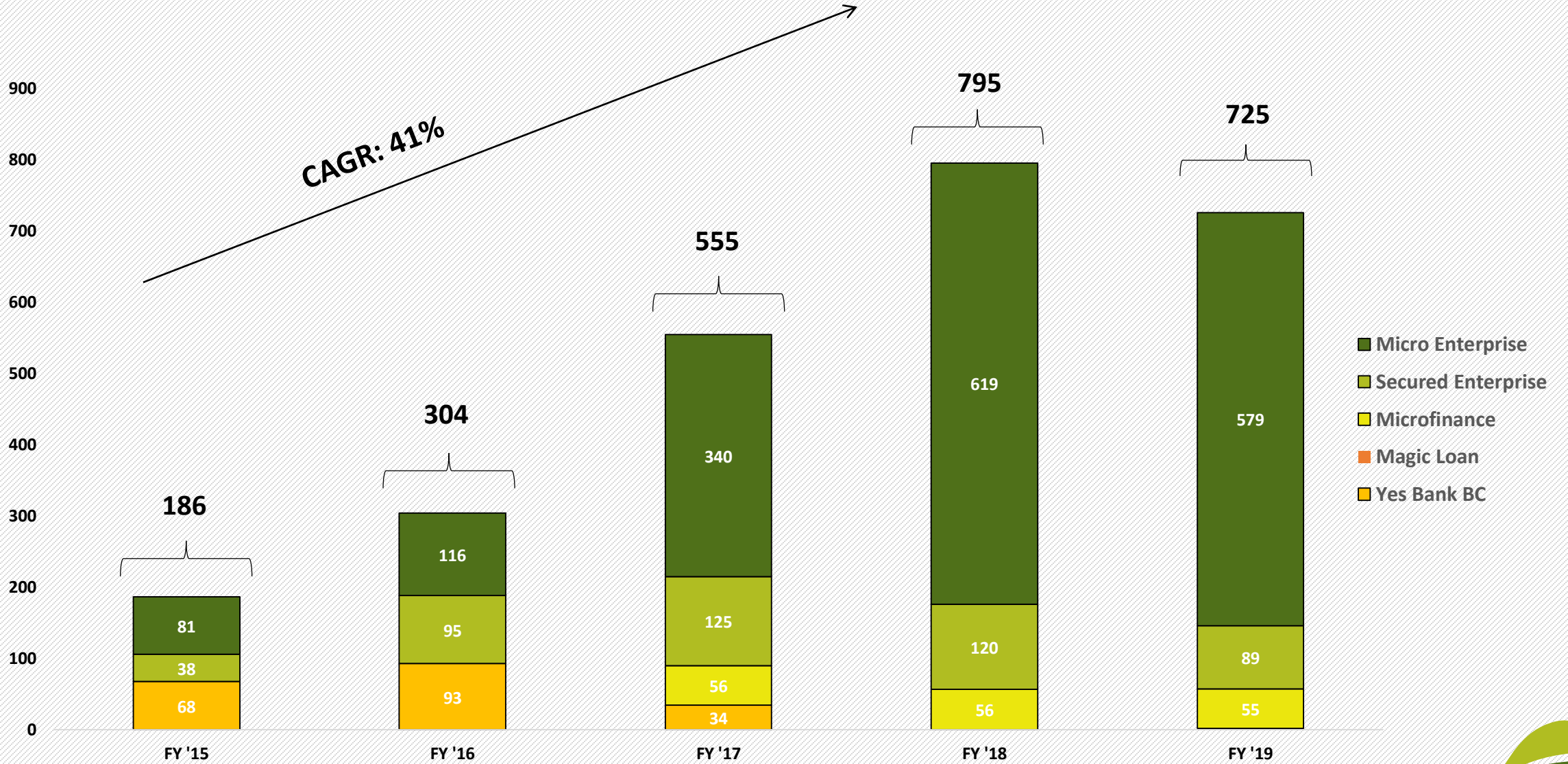
**Benefits to CTL:**



# PORTFOLIO UPDATE

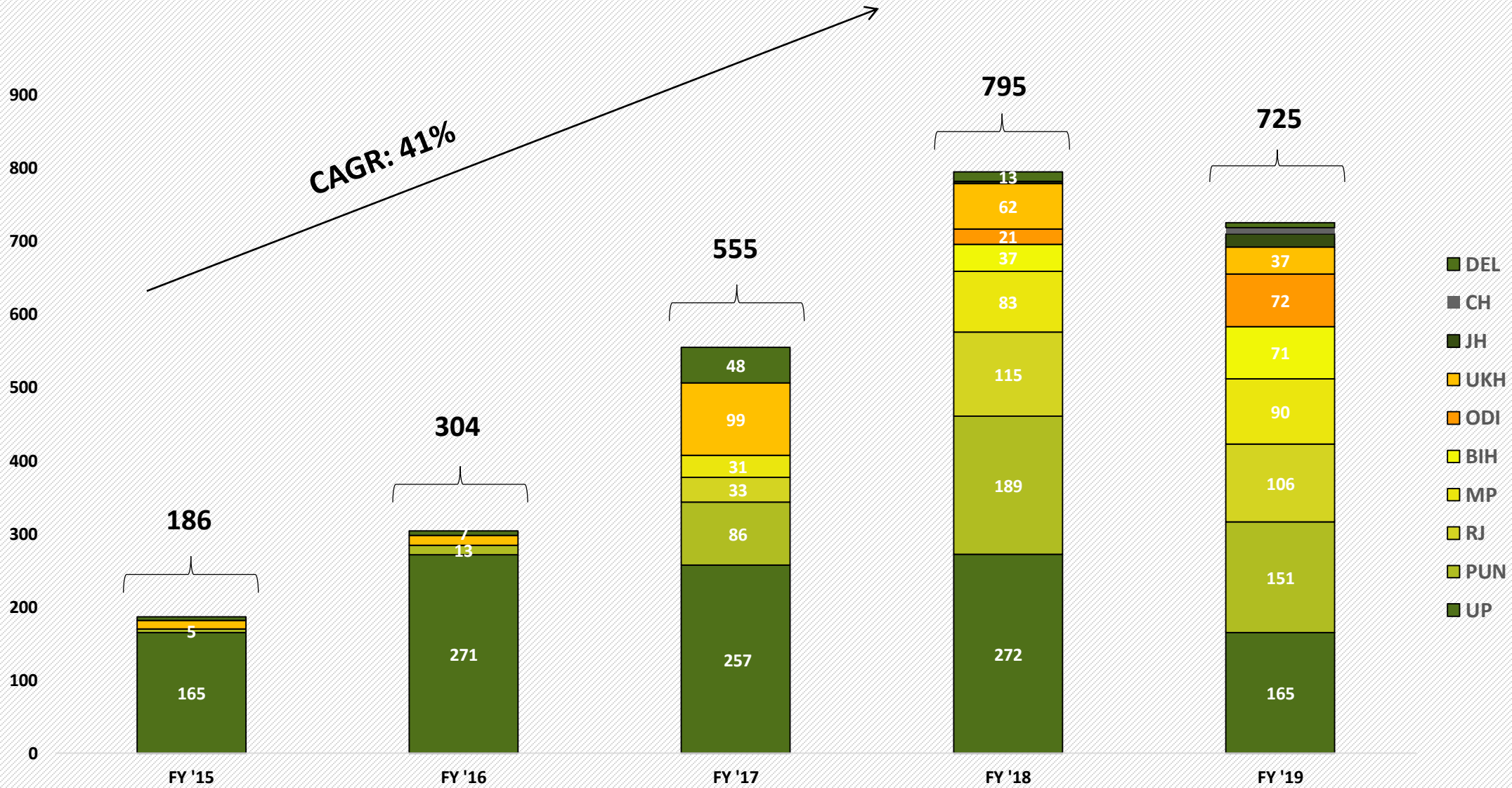


# PRODUCTWISE PORTFOLIO

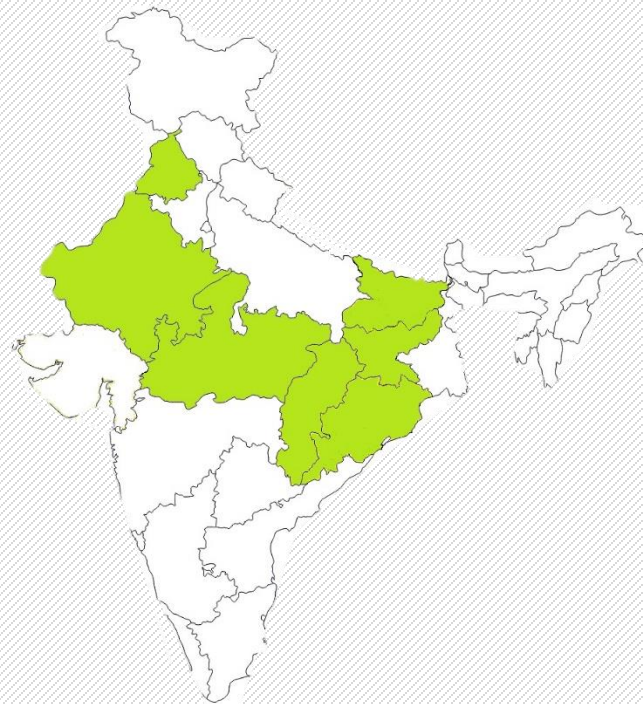




# STATEWISE PORTFOLIO



# PORTFOLIO QUALITY

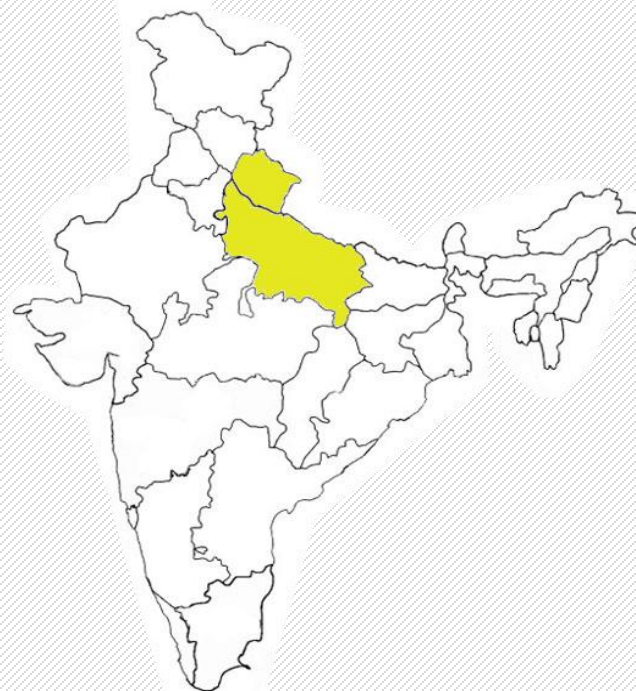


<b>BUSINESS AS USUAL (PUN, RJ, MP, ODS, BIH, JH, CH)</b>			
<b>As on 31.03.19</b>	<b>AUM (₹ Cr.)</b>	<b>NPA (₹ Cr.)</b>	<b>NPA (%)</b>
<b>Unsecured</b>	497.5	5.9	1.2%
<b>Secured (Now Discontinued)</b>	19.1	0.6	2.9%
<b>Total</b>	<b>516.6</b>	<b>6.5</b>	<b>1.3%</b>





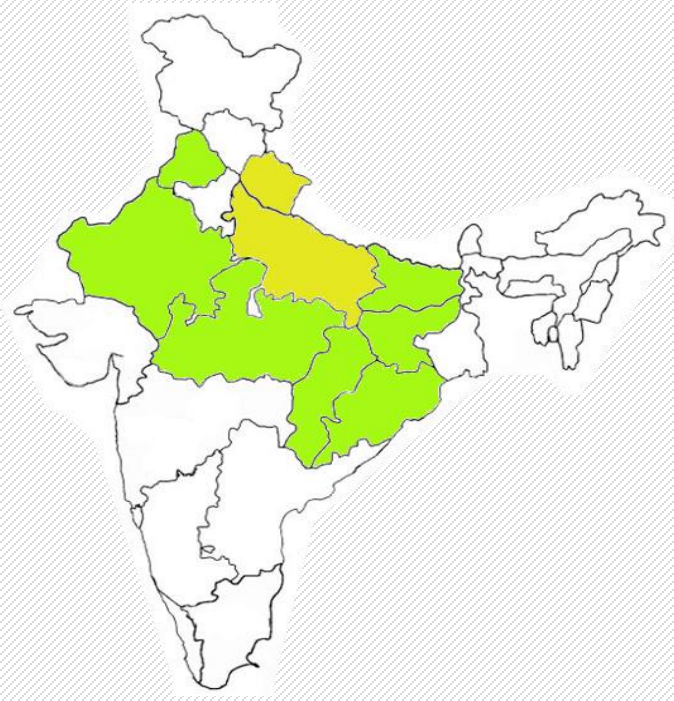
# COLLECTION ONLY STATES PORTFOLIO QUALITY



## COLLECTION ONLY (UP, UKH, DEL) (NEW SOURCING DISCONTINUED)

	AUM as on 30.09.16 (₹ Cr.)	NPA* as on 30.09.16 (%)	AUM as on 31.03.19 (₹ Cr.)	NPA* as on 31.03.19 (₹ Cr.)	NPA* as on 31.03.19 (%)
Unsecured	283	0.6%	139.3	18.6	13.3%
Secured	116	5.1%	69.4	39.5	56.8%
<b>Total</b>	<b>399</b>	<b>1.9%</b>	<b>208.7</b>	<b>58.0</b>	<b>27.8%</b>

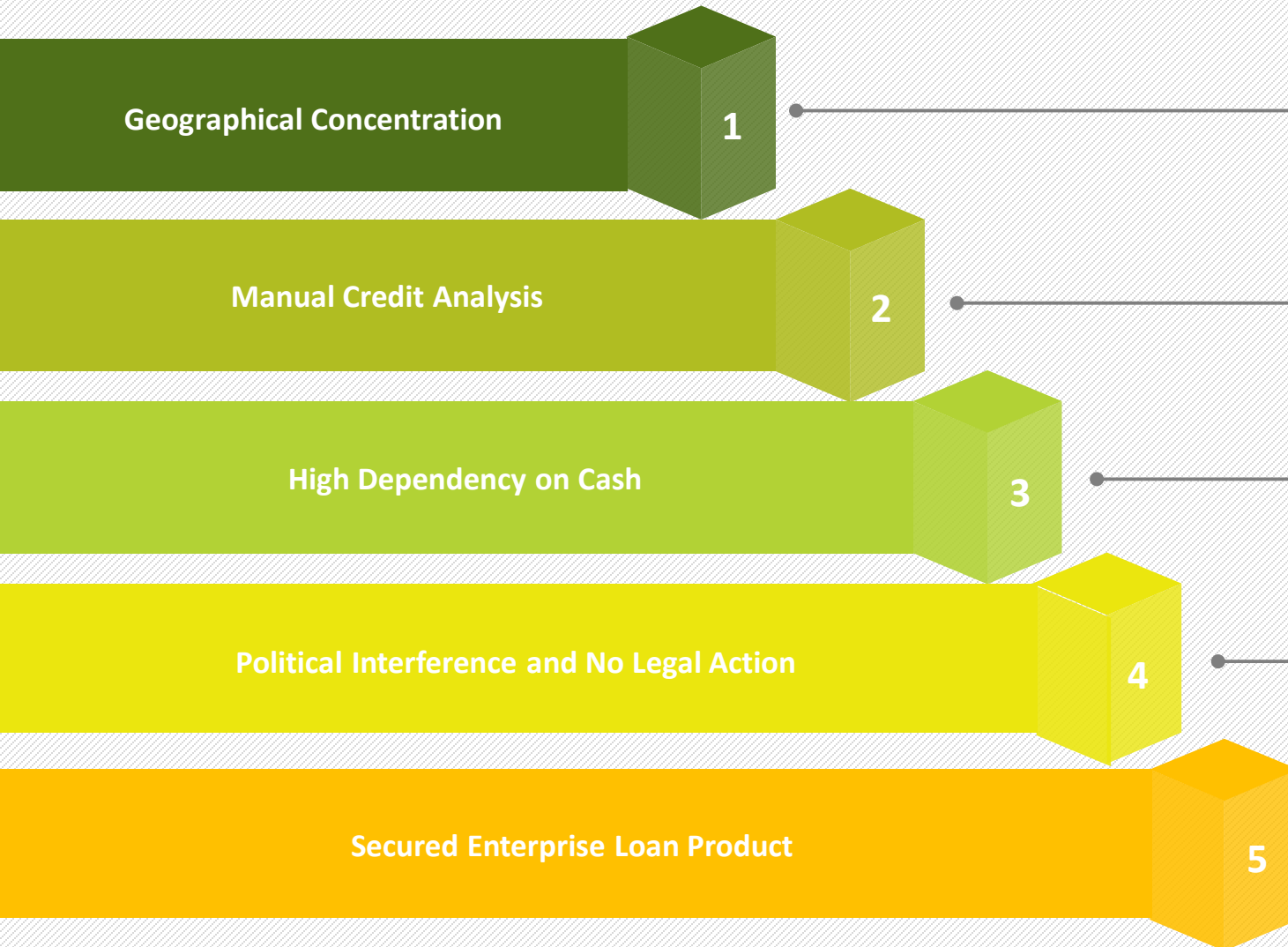
\*RBI defined NPA classification



COMPANYWIDE (PUN, RJ, MP, ODS, BIH, JH, CH, UP, UKH, DEL)			
As on 31.03.19	AUM (₹ Cr.)	NPA (₹ Cr.)	NPA (%)
Unsecured	636.8	24.5	3.8%
Secured (Now Discontinued)	88.6	40.0	45.2%
<b>Total</b>	<b>725.4</b>	<b>64.5</b>	<b>8.9%</b>

## IMPACT

## LEARNINGS AND ACTION TAKEN



### **Geographical Diversification & Introduction of Risk Metrics**

Diversification of business into 10 states. Formulation of risk metrics that cap maximum exposure to states and sectors. Automatic stoppage of disbursement in branches where numbers breach metrics

### **Evolution of IT and Smart Credit**

Development of IT package providing automated credit decisions and auto generation of branch cashbooks to eliminate manual intervention

### **Shift to Cashless Repayment**

With all loans already being disbursed through RTGS / NEFT, successful implementation of cashless repayment for all disbursements from May 2019

### **Legal Intervention**

Initiation of Section 138 of NI Act and other legal proceedings against 14,366 willful defaulters owing to availability of security PDCs

### **Stoppage of Secured Product**

Reduction and ultimate stoppage of product. With average LTV of 22% client mindset to pay when they have money and not on fortnightly basis



# PORTFOLIO QUALITY OF NEW CLIENTS SINCE LEARNINGS

## Performance Since FY17

BUSINESS AS USUAL (PUN, RJ, MP, ODS, BIH, JH, CH)								
As on 31.03.19	Disbursed (₹ Cr.)	AUM (₹ Cr.)	30+ (₹ Cr.)	30+ (%)	60+ (₹ Cr.)	60+ (%)	NPA (₹ Cr.)	NPA (%)
Unsecured	765.5	436.0	5.2	1.2%	3.8	0.9%	0.8	0.2%
Secured (Now Discontinued)	22.2	16.5	2.0	12.0%	1.2	7.4%	0.1	0.7%
<b>Total</b>	<b>787.6</b>	<b>452.5</b>	<b>7.2</b>	<b>1.6%</b>	<b>5.0</b>	<b>1.1%</b>	<b>0.9</b>	<b>0.2%</b>

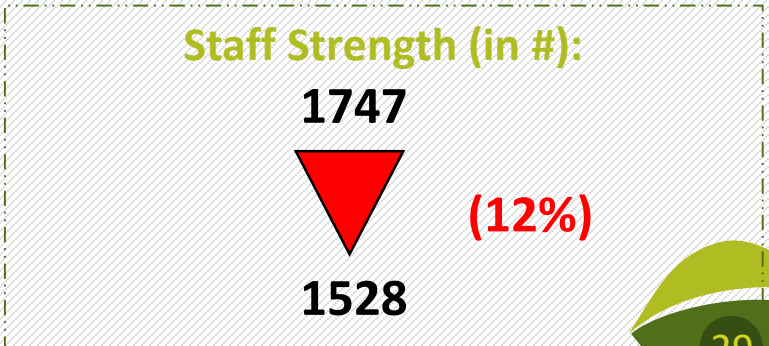
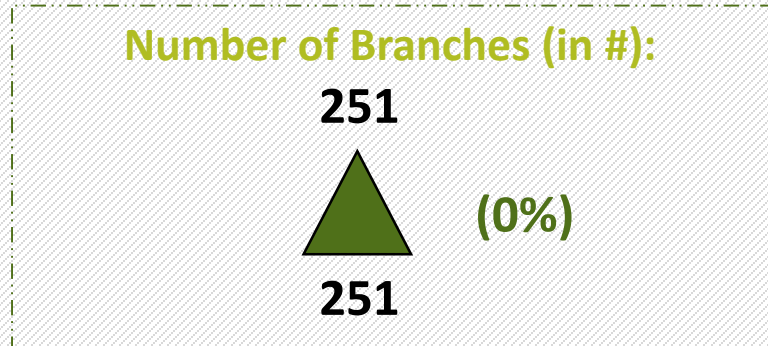
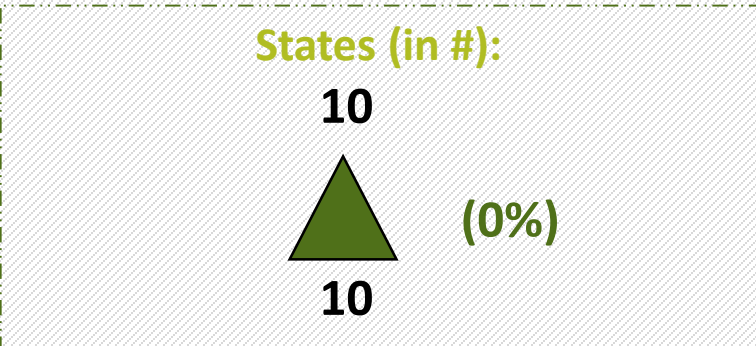
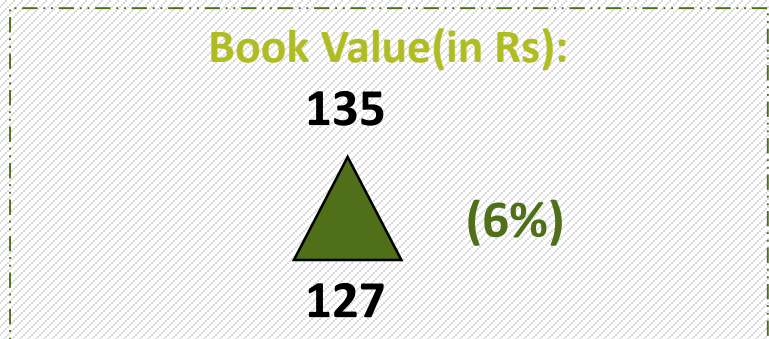
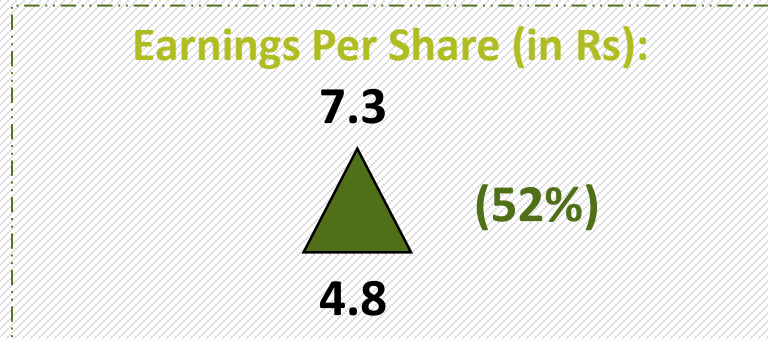
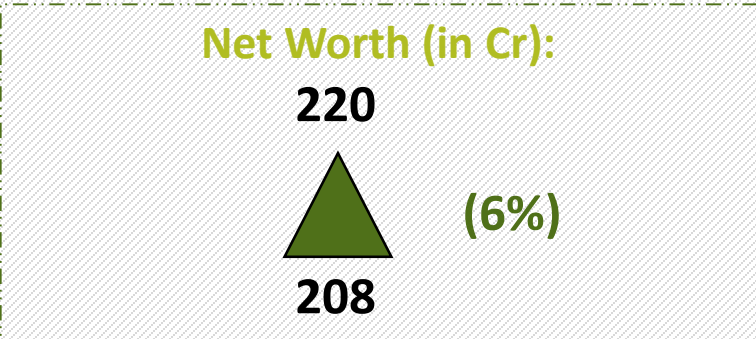
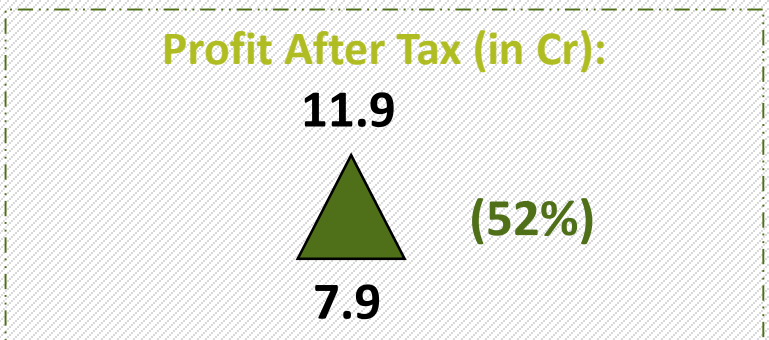
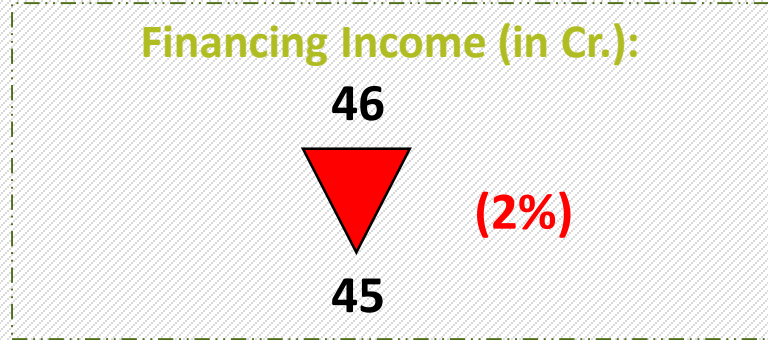
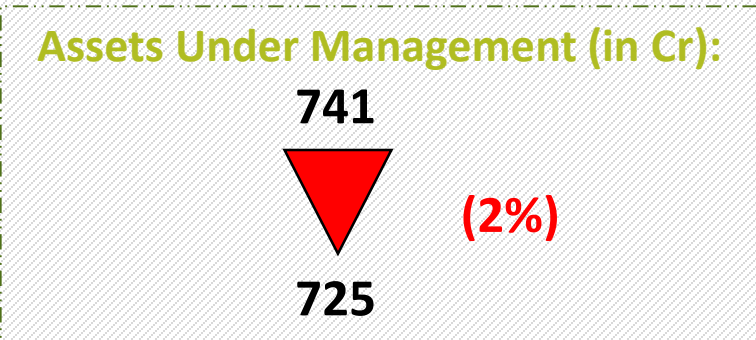
COLLECTION ONLY (UP, UKH, DEL) (NEW SOURCING DISCONTINUED)								
As on 31.03.19	Disbursed (₹ Cr.)	AUM (₹ Cr.)	30+ (₹ Cr.)	30+ (%)	60+ (₹ Cr.)	60+ (%)	NPA (₹ Cr.)	NPA (%)
Unsecured	31.2	14.8	2.5	17.2%	1.8	12.0%	0.6	3.9%
Secured	7.4	5.1	2.3	45.8%	1.9	37.0%	0.8	14.7%
<b>Total</b>	<b>38.5</b>	<b>19.9</b>	<b>4.9</b>	<b>24.6%</b>	<b>3.7</b>	<b>18.5%</b>	<b>1.3</b>	<b>6.7%</b>

COMPANYWIDE								
As on 31.03.19	Disbursed (₹ Cr.)	AUM (₹ Cr.)	30+ (₹ Cr.)	30+ (%)	60+ (₹ Cr.)	60+ (%)	NPA (₹ Cr.)	NPA (%)
Unsecured	796.6	450.8	7.8	1.7%	5.6	1.2%	1.4	0.3%
Secured (Now Discontinued)	29.5	21.6	4.3	20.0%	3.1	14.4%	0.9	4.0%
<b>Total</b>	<b>826.1</b>	<b>472.4</b>	<b>12.1</b>	<b>2.6%</b>	<b>8.7</b>	<b>1.8%</b>	<b>2.2</b>	<b>0.5%</b>

# FINANCIALS

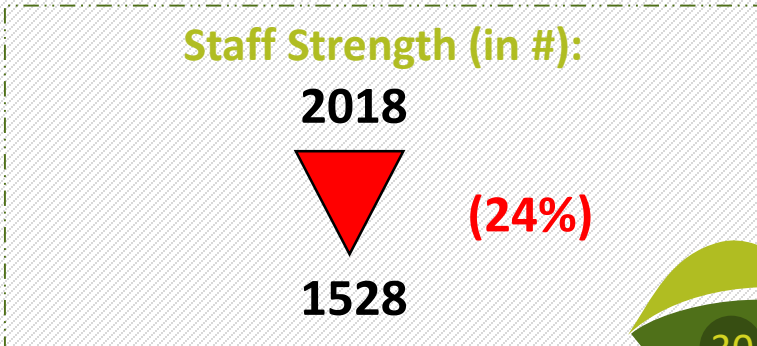
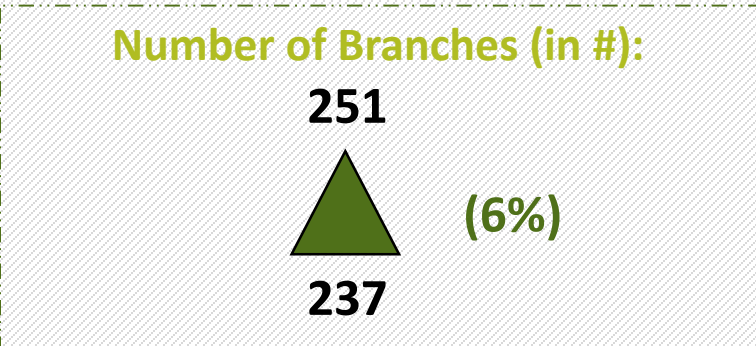
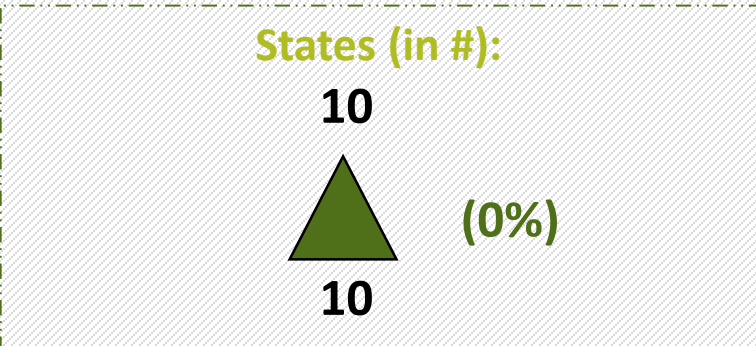
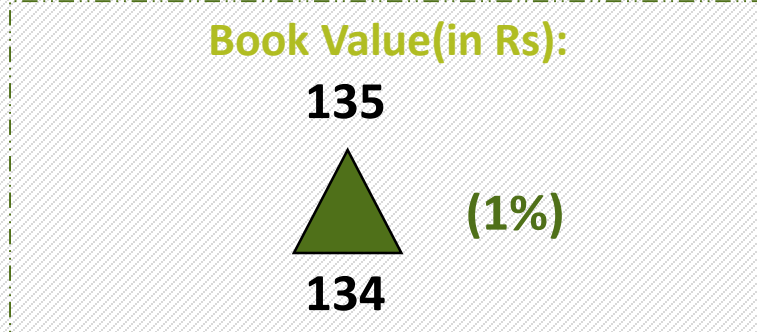
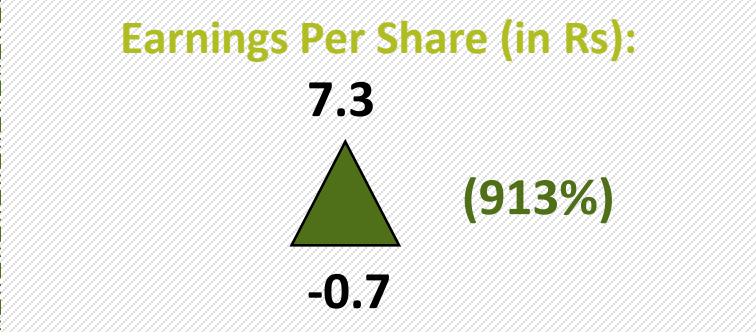
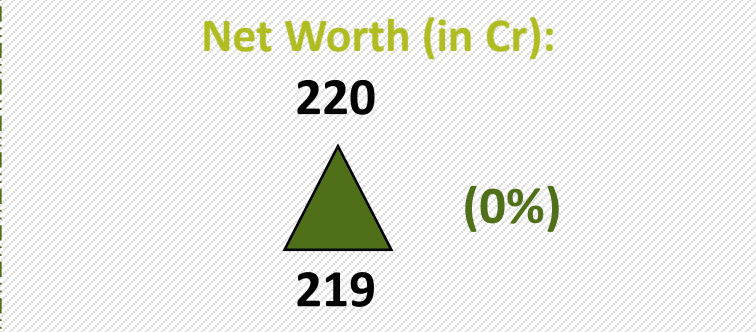
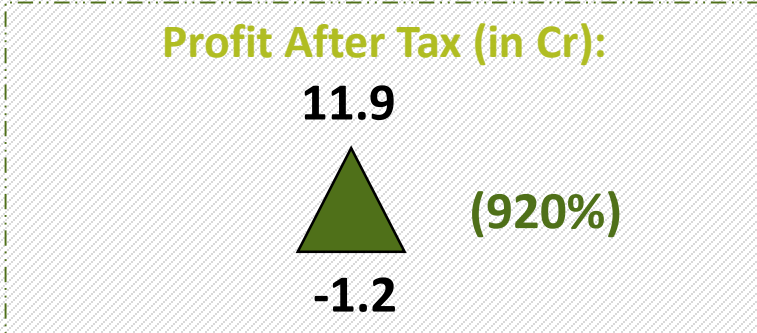
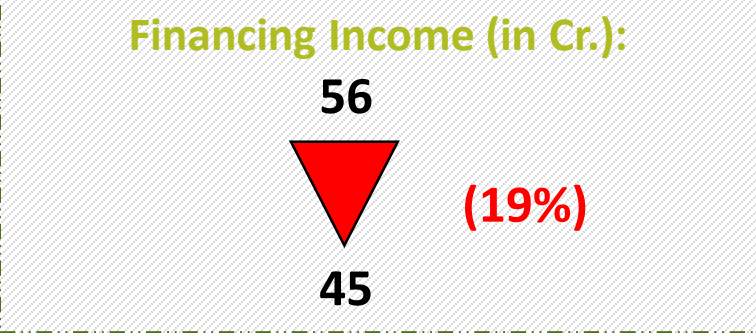
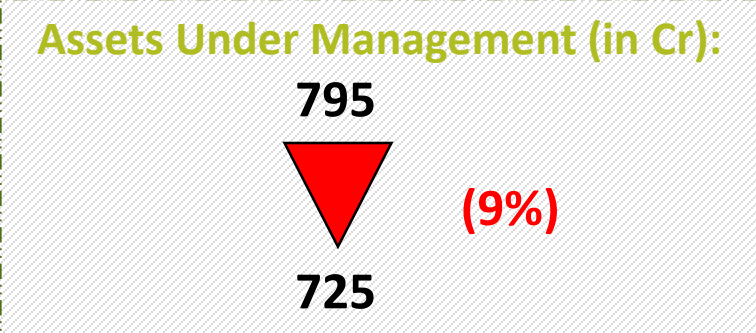


# QUARTER-OVER-QUARTER GROWTH (Q4FY19 vs Q3FY19)





# YEAR-OVER-YEAR GROWTH (Q4FY19 vs Q4FY18)



# KEY FINANCIALS AND RATIOS

Line Item / Ratio	Q4 FY18	Q4 FY19	(YoY)	Q3 FY19	Q4 FY19	(QoQ)
<b>Total Income</b>	56.0	44.3	-21%	46.4	44.3	-4%
<b>Total Expense (excluding tax)</b>	54.2	28.7	-47%	36.1	28.7	-21%
<b>Profit / (loss) after tax</b>	-1.2	11.9	920%	7.9	11.9	52%
<b>Net Worth</b>	218.8	220.2	1%	208.3	220.2	6%
<b>Micro-Enterprise Loan</b>	619.0	579.4	-6%	579.1	579.4	0%
<b>Secured Enterprise Loan</b>	119.9	88.6	-26%	93.8	88.6	-6%
<b>Microfinance Loan</b>	56.3	55.4	-2%	68.5	55.4	-19%
<b>Magic Loan</b>	0.0	1.9		0.0	1.9	
<b>Total Assets Under Management (AUM)</b>	795.2	725.4	-9%	741.4	725.4	-2%
<b>Net Interest Margin</b>	13.2%	13.8%	5%	13.9%	13.8%	-1%
<b>Operating Cost to AUM Ratio</b>	9.5%	7.8%	-18%	8.6%	7.8%	-10%
<b>Earnings Per Share (Diluted) (Rs.)</b>	-0.7	7.3	913%	4.8	7.3	52%
<b>Book Value Per Share (Rs.)</b>	133.7	134.6	1%	127.3	134.6	6%
<b>Return on Assets</b>	-0.7%	6.5%	857%	4.1%	6.5%	59%
<b>Return on Equity</b>	-2.1%	22.3%	941%	15.4%	22.3%	45%
<b>Gross Operational NPA (%)</b>	11.1%	8.9%	-20%	9.0%	8.9%	-1%
<b>Provision Coverage</b>	15.7%	19.6%	25%	19.2%	19.6%	2%
<b>Cost of Borrowing</b>	13.3%	14.0%	5%	13.9%	14.0%	0%
<b>Capital Adequacy Ratio</b>	34.8%	39.2%	13%	35.3%	39.2%	11%



# WAY FORWARD



- Business Partnerships with Banks**

Decision to enter arrangements with banks for the uninterrupted flow of funds through Joint Lending / Business Correspondence. Plans to leverage the balance sheet of the larger institutions by looking at Direct Assignment and maintaining high Capital Adequacy
- Modern Fintech Products With Smart Credit**

Digital lending market has potential to become a ₹71 Lac Crore opportunity in next 5 years\*. Company plans to make most of it by continuously developing credit algorithms and leveraging alternative data to capture untapped market with limited manual intervention
- Deeper Rural Penetration With Traditional Banking Safeguards**

Penetration within existing states using best practices of automated and traditional credit. Usage of Joint Liability concept to further secure the growth of the company
- Write Off Impacted Portfolio and Move Ahead**

Provision and writing off of remaining ₹30-35 Crore risky portfolio in the affected states during FY20 so company performance is not tainted by legacy portfolio

# CAPITAL+



**Increase in financial discipline**



**Encouragement of self-sufficiency and entrepreneurship**



**Facilitating financial inclusion of the unbanked and un-serviced**



**Mitigation of financial volatility**



**Financial Literacy**

# PARTNERS



# PARTNERSHIPS



**THANK YOU**

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