



Capital Trust

INVESTOR PRESENTATION Q2 FY19

Enriching Lives



Empowering Enterprises

INDIA SME 100 Awards
Celebrating SME Achievers of 2015-16









THE **10** MOST ADMIRED
FINANCIAL LEADERS
TO WATCH IN 2017

DALAL STREET INVESTMENT JOURNAL
DEMOCRATIZING WEALTH CREATION
400
SMALL-CAPS

DALAL STREET INVESTMENT JOURNAL
presents
1000
Top Companies
Annual Results 2017-18

33 YEARS
1985 - 2018
ANNIVERSARY

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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 30.09.2018

AUM:
Rs. 760 Crores

Clients:
1.71 Lacs

Branches:
251

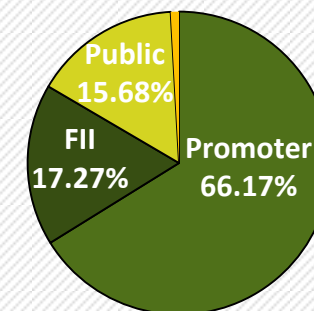
Employees:
2118

Bank Borrowings:
Rs. 567 Crores

Profit After Tax:*
Rs. - 24 Crores

Net Worth:
Rs. 200 Crores

Credit Rating:
BBB+



*One-Time Write-off in Q2 FY19: Rs. 46 Crores

CRITICAL FACTORS AFFECTING NBFCs:

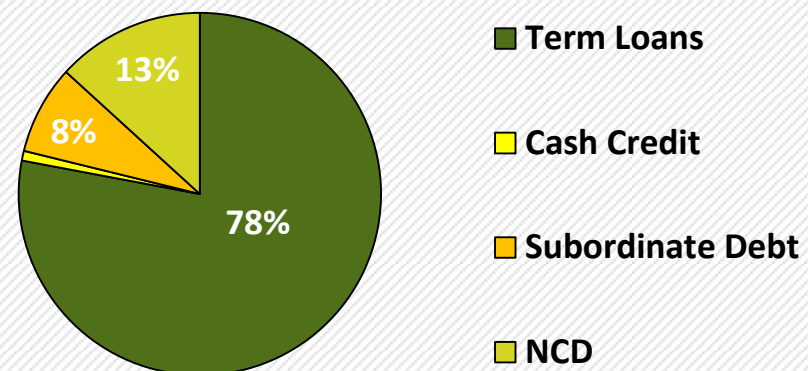
1. ASSET LIABILITY POSITION
2. FUNDING TIE-UPS
3. SUPREME COURT AADHAAR VERDICT IMPLICATIONS

➤ 1. ASSET LIABILITY POSITION

	Q1 FY19 (Actual)	Q2 FY19 (Actual)	Q3 FY19 (Expected)	Q4 FY19 (Expected)
Quarterly Collection (Cr.)	164.5	180.1	180.4	166.8
Quarterly Repayment (Cr.)	85.8	90.9	89.5	85.0
Quarterly Surplus (Cr.)	78.7	89.2	90.9	81.8
Monthly Surplus (Cr.)	26.2	29.7	30.3	27.3

- Average Tenure of Borrowings: 49 months
- Average Tenure of Loans Given: 32months
- No exposure to Commercial Paper or any other short term borrowing

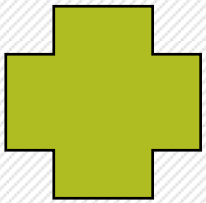
Borrowing Profile:



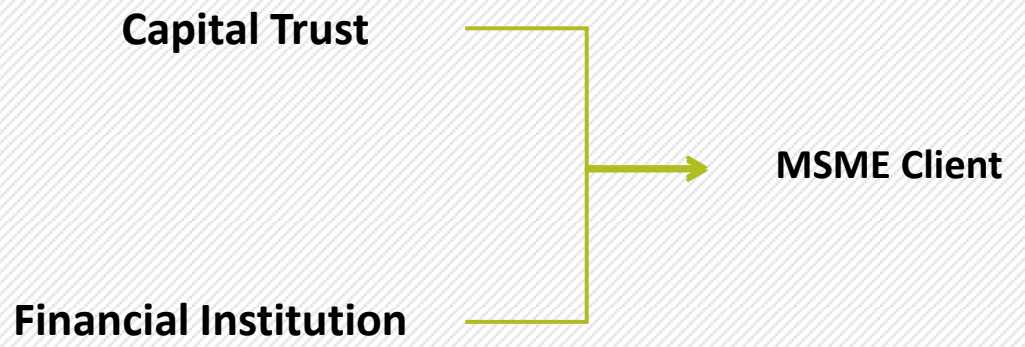


2. FUNDING TIE-UPS

	(Cr.)
Baring Private Equity	75.0
Hero FinCorp	15.0
Pool for Direct Assignment	39.2
Cash in Bank (30.09.18)	43.4
Total	172.6



JOINT LENDING (in discussion with a financial institution)



Benefits of Joint Lending to CTL:

- In talks with a financial institution enabling CTL to leverage other party's balance sheet
- Open tap funding
- Possibility to increase ROE
- Enables company to raise equity at the right time



3. SUPREME COURT AADHAAR VERDICT IMPLICATIONS



E-KYC



QR READER

- Owing to the company's brick-and-mortar setup where physical verification of every client's KYC documents and residential address is conducted, it is not affected by the recent SC verdict
- Company uses advanced technology that retrieves all required client information by scanning QR code of the Aadhaar card through the company application

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)



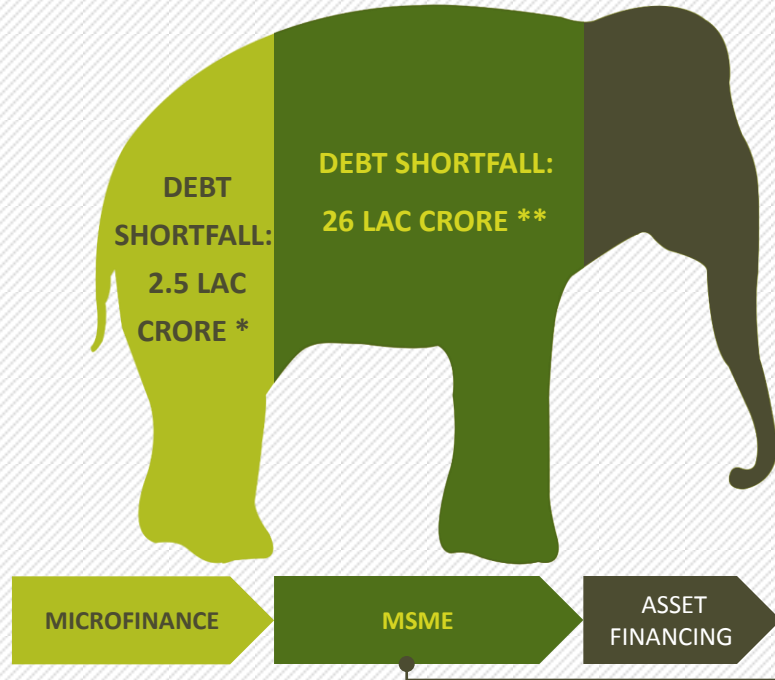
Rs. 2Lac loan
Yarn Production (Hapur)



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

Micro-Enterprise Loan

- Loan of Rs. 1,05,000
- Tenure: 36 months
- Joint Liability
- Interest Rate: 26% - 28%

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: 9 Crores

UTTARAKHAND
Branches: 17
Portfolio: 46 Crores

PUNJAB
Branches: 40
Portfolio: 167 Crores

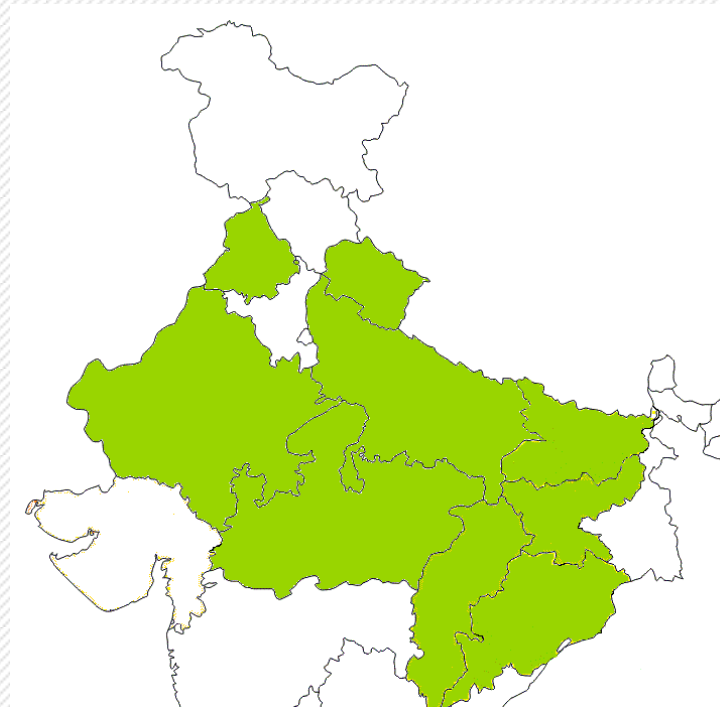
UTTAR PRADESH
Branches: 65
Portfolio: 202 Crores

RAJASTHAN
Branches: 33
Portfolio: 100 Crores

BIHAR
Branches: 27
Portfolio: 62 Crores

MADHYA PRADESH
Branches: 25
Portfolio: 88 Crores

ODISHA
Branches: 22
Portfolio: 61 Crores



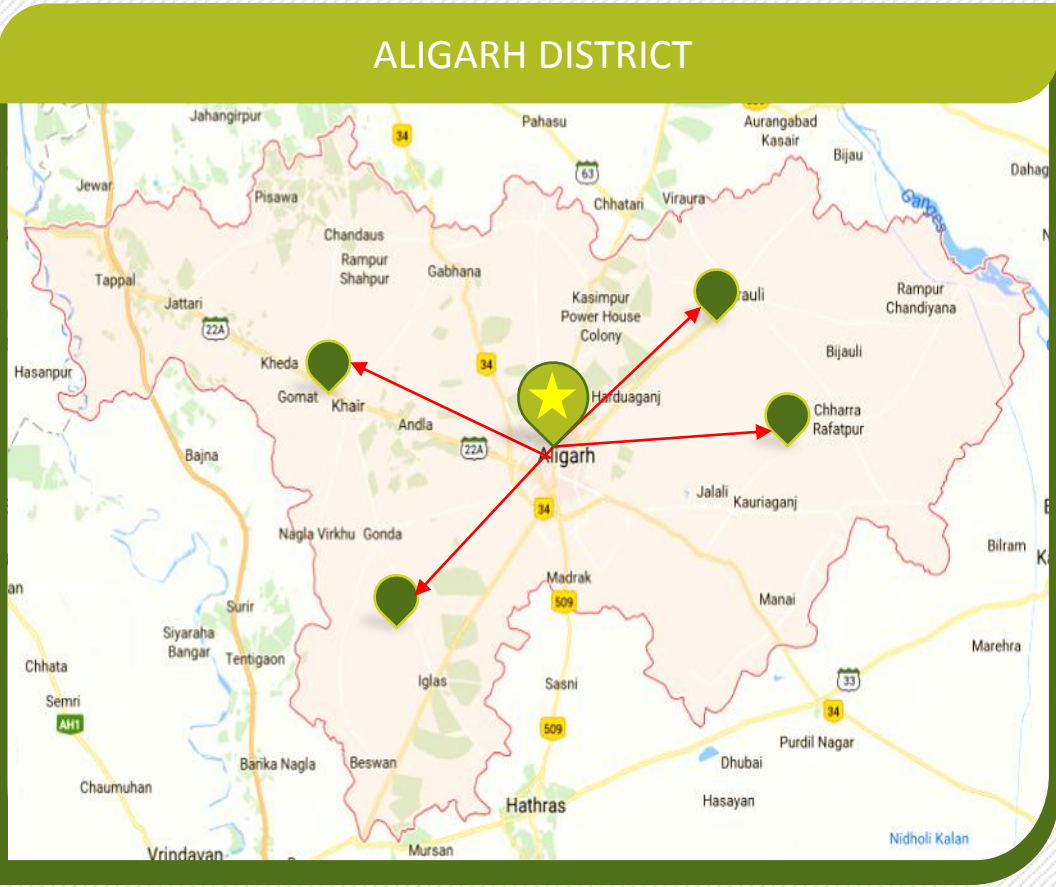
CHHATISGARH
Branches: 8
Portfolio: 8 Crores

JHARKHAND
Branches: 10
Portfolio: 17 Crores



BRANCH NETWORK

HUB-AND-SPOKE MODEL



DISTRICT LEVEL BRANCH



BLOCK LEVEL BRANCH

DISTRICT OFFICES

Aligarh



Bijnor



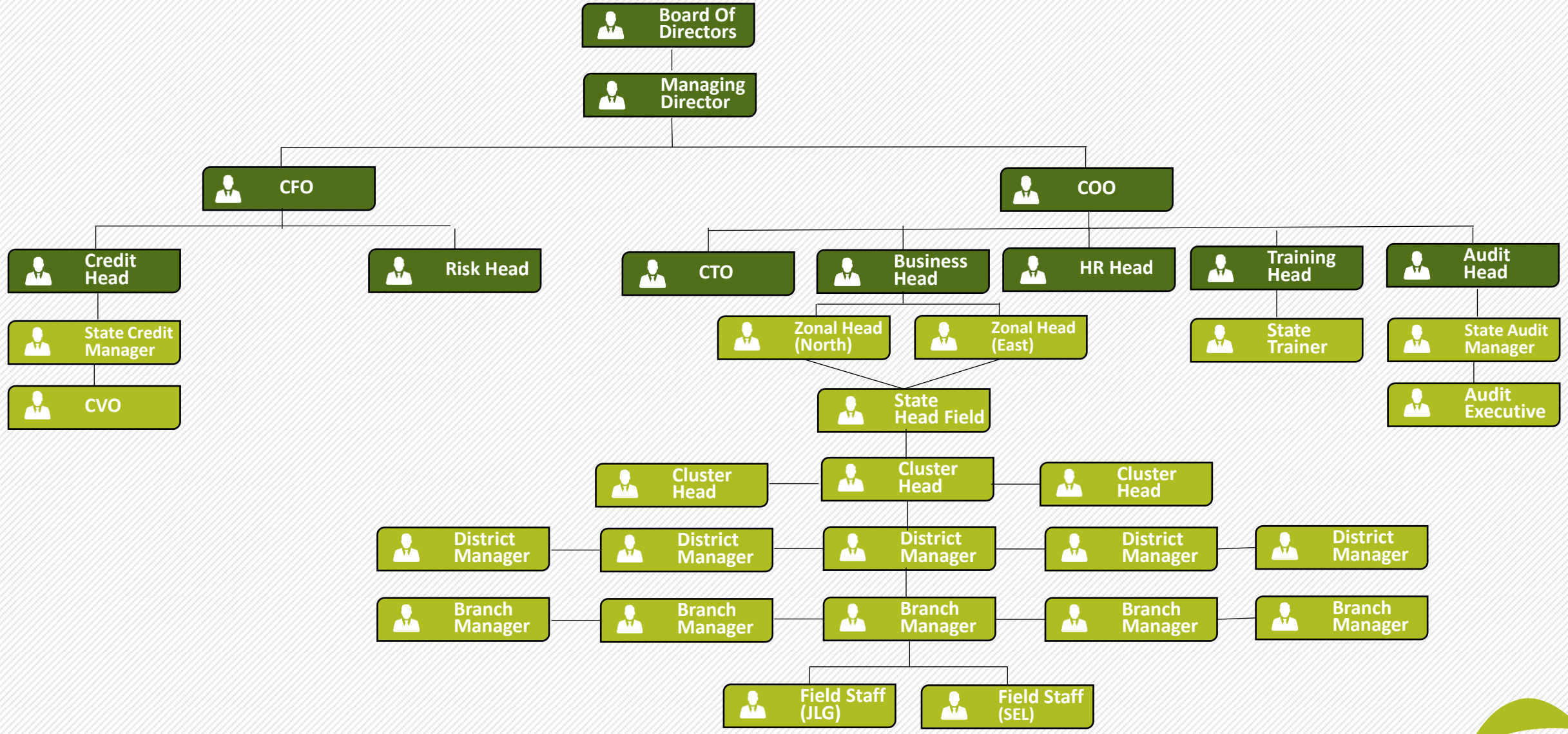
Khanpur



Sehore



ORGANIZATIONAL STRUCTURE



OPERATIONAL AND IT PROWESS



100% Cashless Disbursement
for all products since April 2015



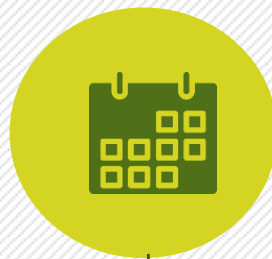
Staff empowered with
smartphones with access to
customized mobile application



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

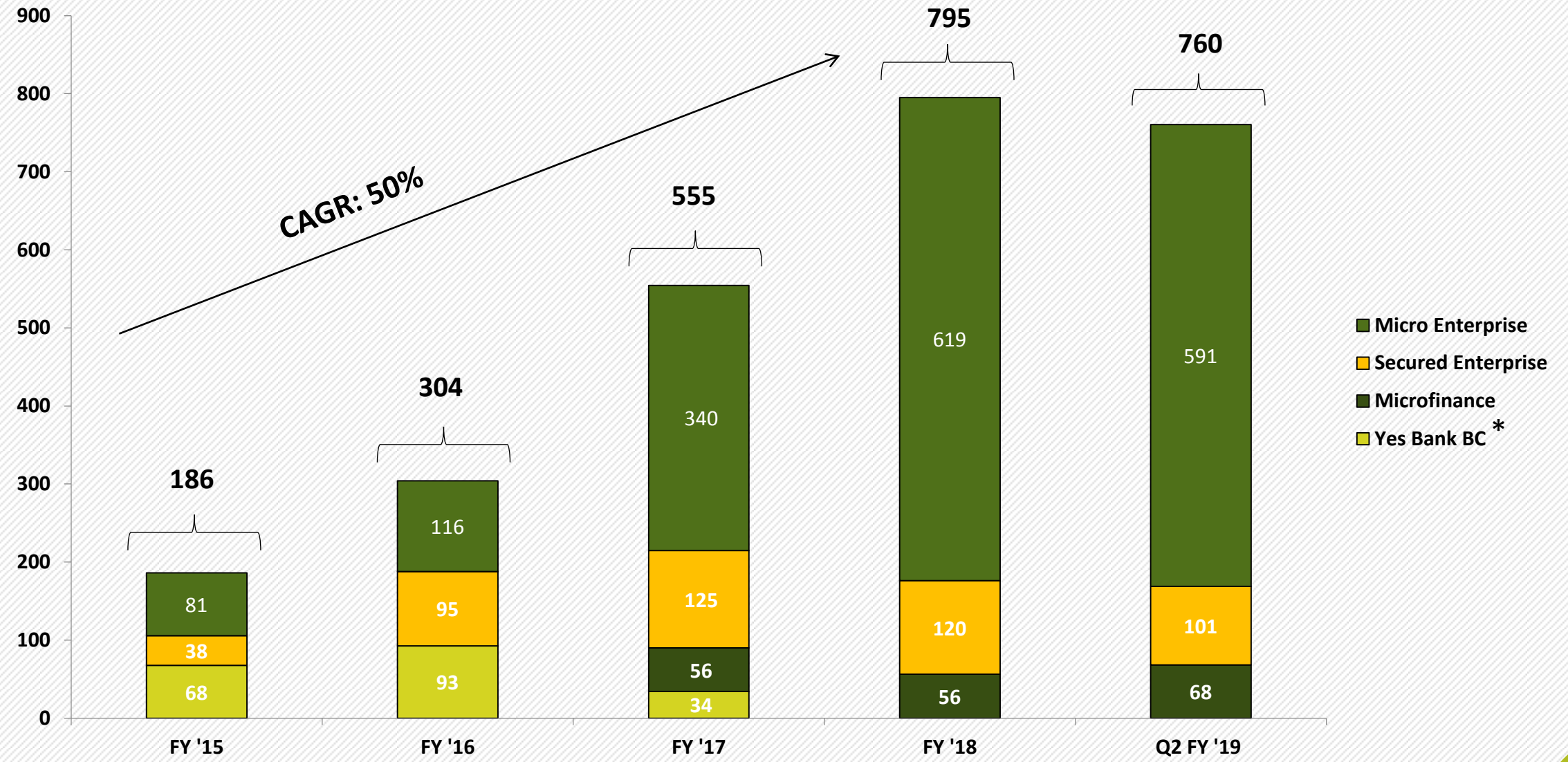


One of the most
technologically advanced
NBFCs in this sector

PORTFOLIO



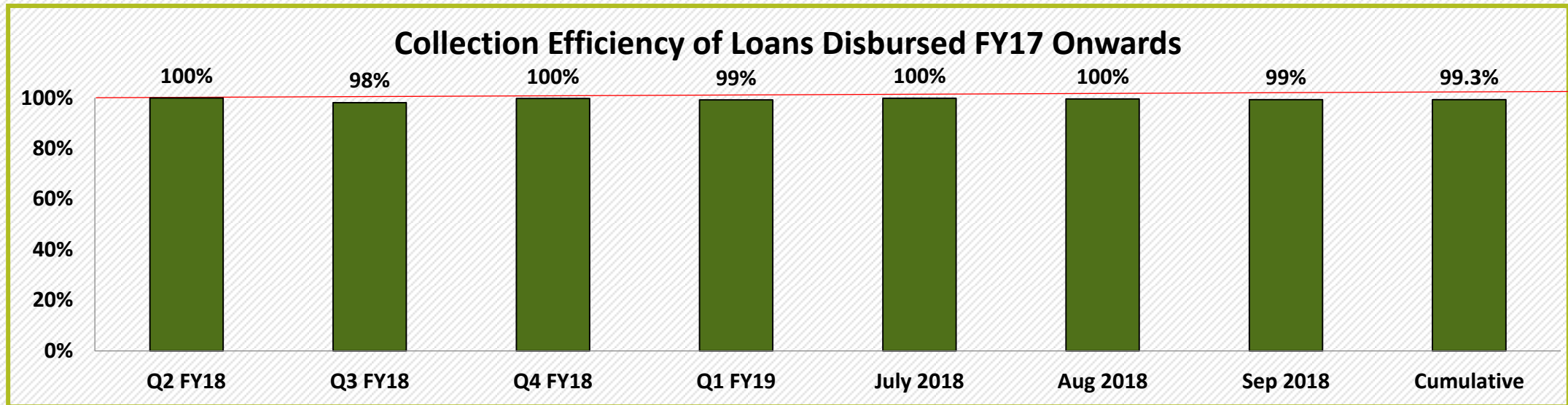
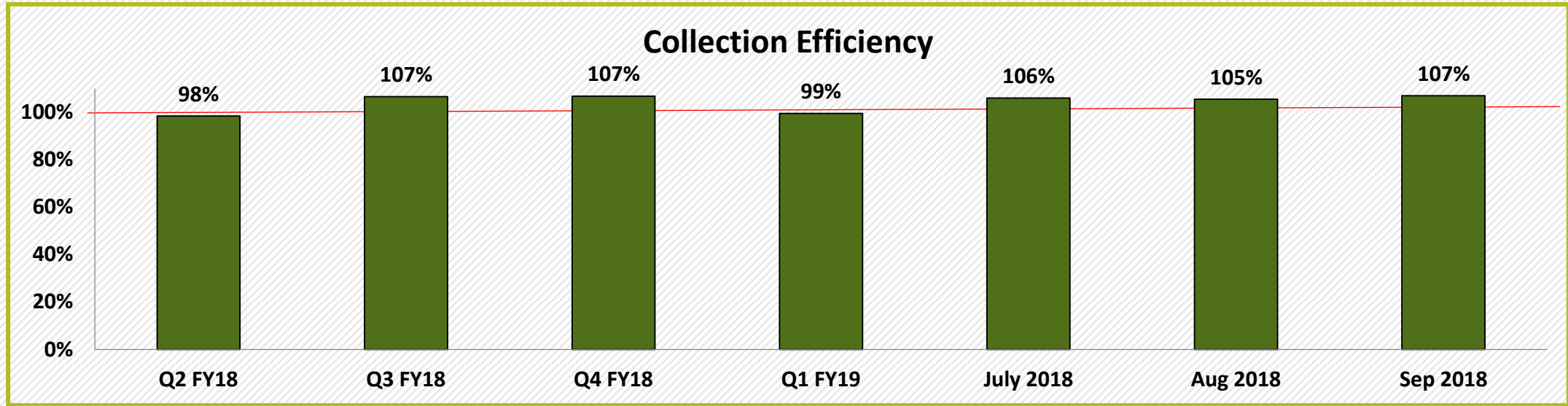
PRODUCTWISE PORTFOLIO



* Microfinance Loan as a Business Correspondent



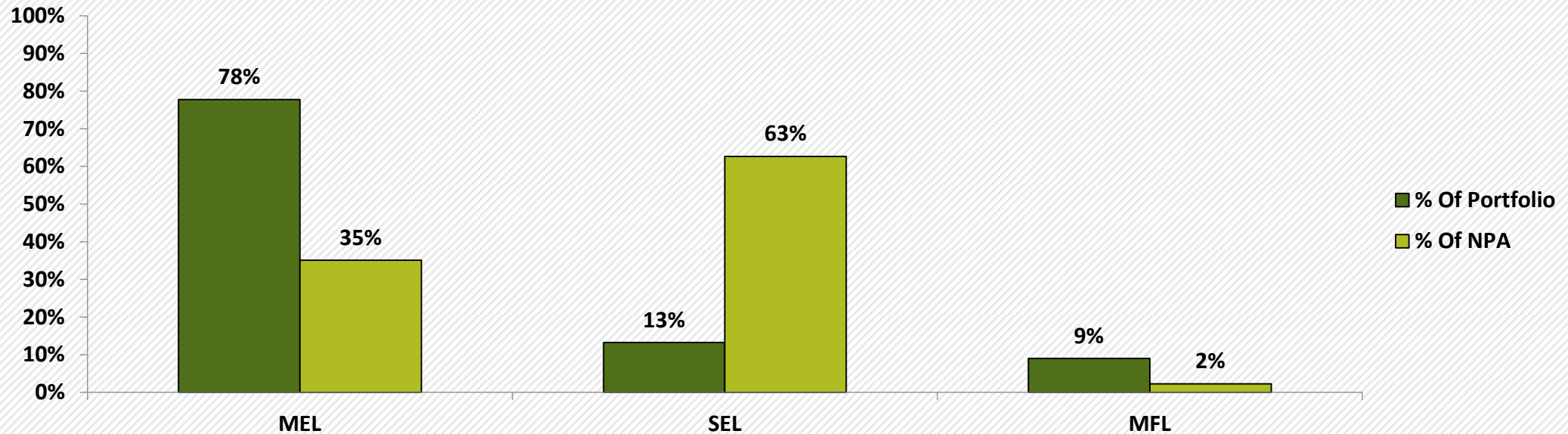
COMPANY-WIDE CUMULATIVE COLLECTION



	AUM (Cr.)	90+ (Cr.)	90+ (%)
Non-Affected States (MP, RJ, PN, BH, OD, CH, JH)	503.4	5.3	1.0
Affected States (UP / UKH/ DEL)	257.0	61.2	23.8
Company-Wide	760.4	66.5	8.75

PRODUCTWISE PORTFOLIO QUALITY

	AUM (Cr.)	90+ (Cr.)	90+ (%)
Micro-Enterprise Loan	591.4	23.3	3.9
Secured-Enterprise Loan	100.6	41.7	41.4
Microfinance Loan	68.4	1.5	2.2
Total	760.4	66.5	8.75



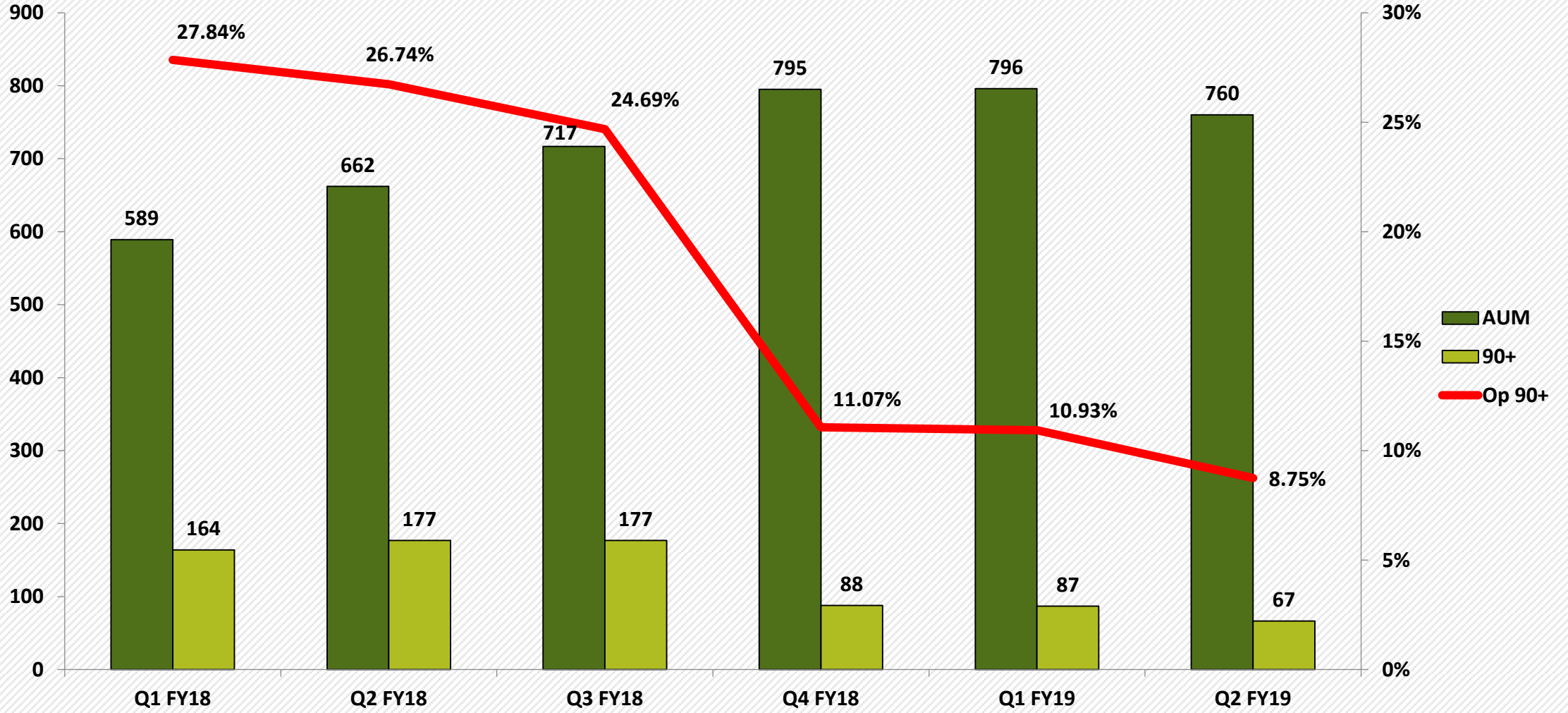


Even though there is a higher NPA in this product compared to the others, the risk is mitigated because of the following reasons:

- 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
- Have foreclosed 552 cases amounting to Rs. 4.1 Crores in Q2 FY19
- Company pursuing default causes under Section 138 of Negotiable Instruments Act / Arbitration / Lok Adalats



90+ NPA MOVEMENT



WRITE-OFF

WHY NOW?

With 72% of the company's portfolio in Western Uttar Pradesh when demonetization took place, the company had to take a decision as to when to take a significant hit and write-off the affected portfolio. It has written off Rs. 49 Crores in FY18 and has written off Rs. 46 Crores in Q2 FY19

Why Not Earlier

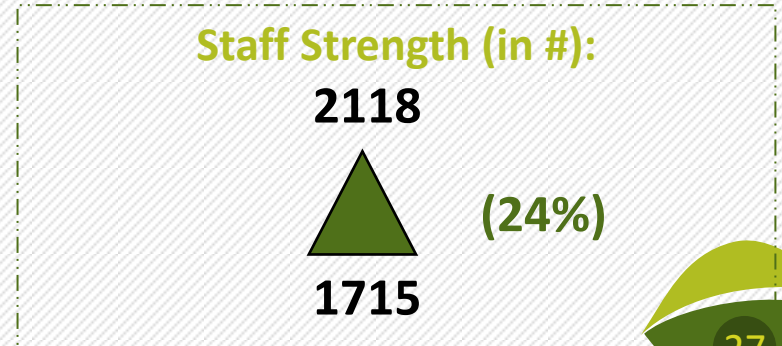
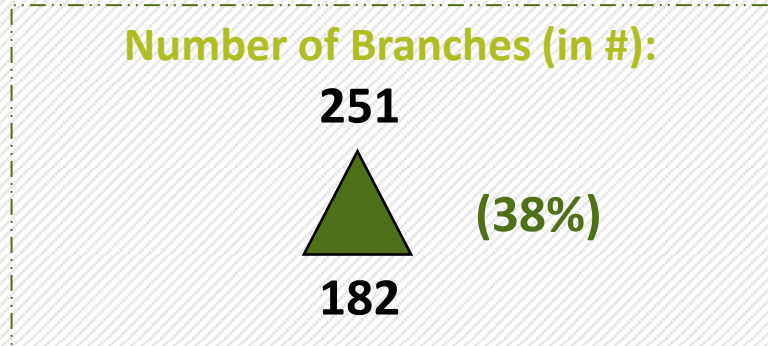
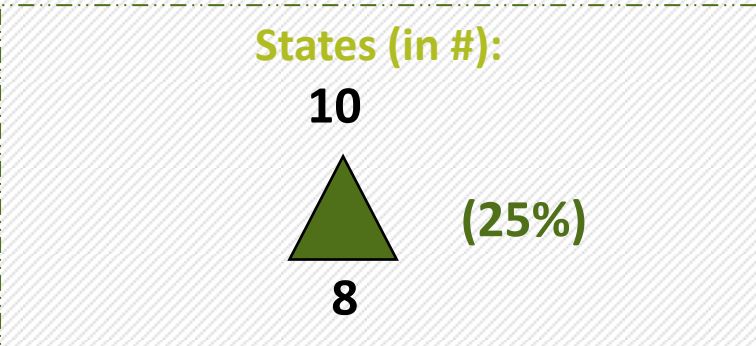
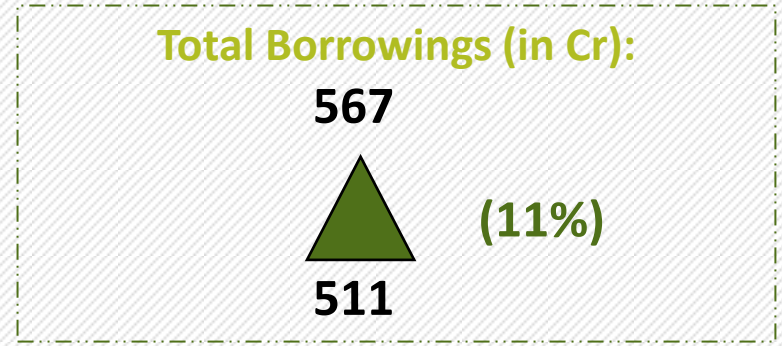
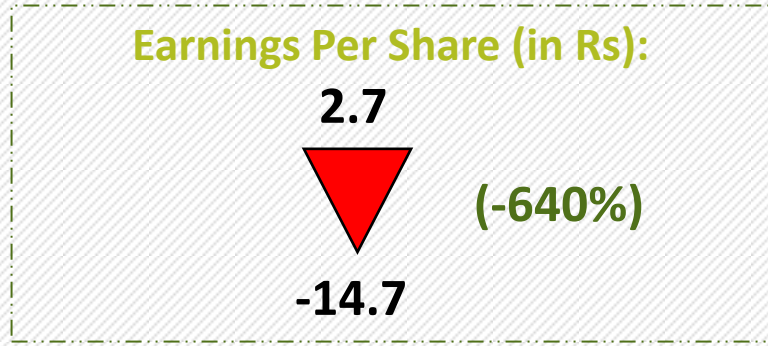
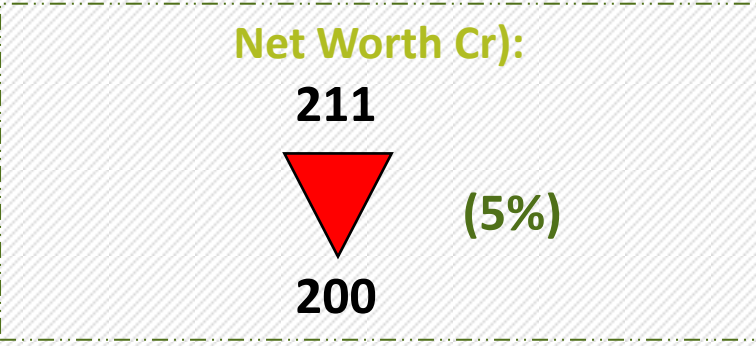
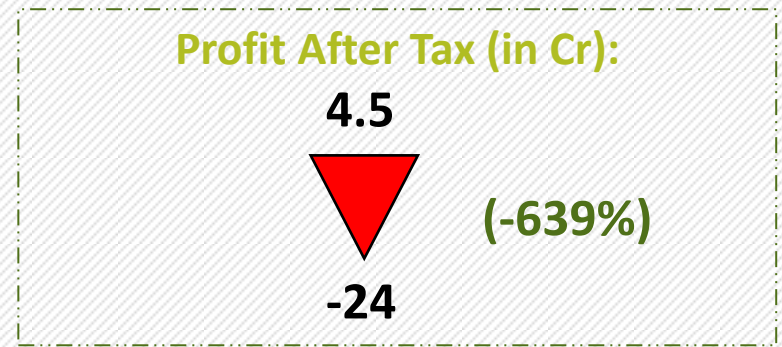
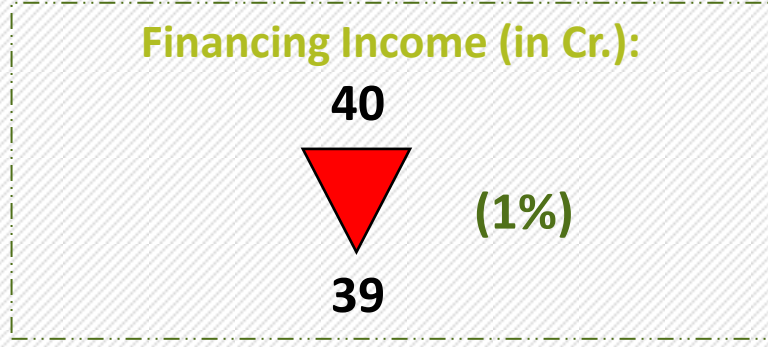
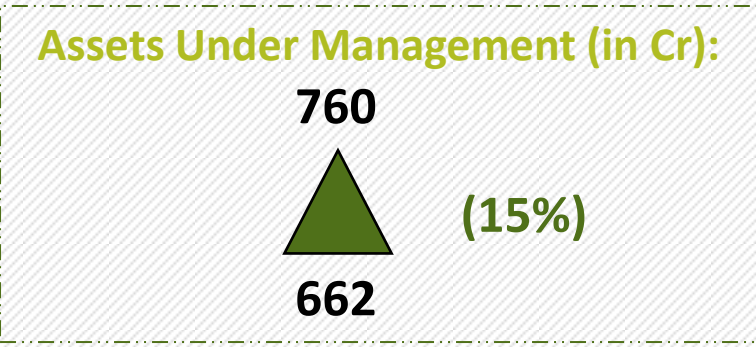
- Company decided to take a long term view to assess damage and not simply write-off portfolio as a knee-jerk reaction
- To be fair to investor community, used internal accruals for write-off
- A year end loss in the balance sheet in FY18 would impact future funding
- Promoter decision not to use investor money to write-off portfolio

Why Now

- Company has profitability to absorb write-off through internal accruals without reporting yearly loss
- Providing clear visibility and growth path for future

FINANCIALS

➤ YEAR-OVER-YEAR GROWTH (Q2FY19 vs Q2FY18)



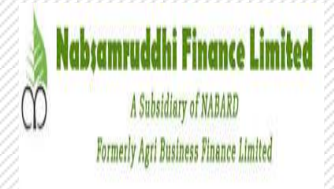


KEY FINANCIALS AND RATIOS

Line Item / Ratio	Q2FY18	Q2FY19	(YoY)	Q1FY19	Q2FY19	(QoQ)
Total Income	39.5	39.1	-1%	51.3	39.1	-24%
Total Expense (excluding tax)	32.6	72.6	123%	41.6	72.6	75%
Profit / (loss) after tax	4.5	-24.1	-639%	6.7	-24.1	-459%
Net Worth	210.6	200.4	-5%	225.5	200.4	-11%
Micro-Enterprise Loan	475.7	591.4	24%	620.7	591.4	-5%
Secured Enterprise Loan	116.0	100.6	-13%	116.9	100.6	-14%
Microfinance Loan	70.3	68.4	-3%	58.4	68.4	17%
Total Assets Under Management (AUM)	661.9	760.4	15%	795.9	760.4	-4%
Net Interest Margin	11.5%	13.2%	15%	14.2%	13.2%	-7%
Operating Cost to AUM Ratio	8.4%	9.5%	13%	9.0%	9.5%	5%
Earnings Per Share (Diluted) (Rs.)	2.7	-14.7	-640%	4.1	-14.7	-459%
Book Value Per Share (Rs.)	128.7	122.5	-5%	137.8	122.5	-11%
Return on Assets	3.1%	-14.1%	-561%	3.8%	-14.1%	-470%
Return on Equity	8.3%	-11.3%	-237%	12.1%	-11.3%	-194%
Gross 90+ Operational NPA (%)	13.20%	8.8%	-34%	10.9%	8.8%	-20%
Provision Coverage	17.40%	18.7%	7%	24.2%	18.7%	-23%
Cost of Borrowing	13.5%	13.8%	2%	13.3%	13.8%	4%
Capital Adequacy Ratio	36.3%	32.6%	-10%	36.2%	32.6%	-10%

PARTNERS

PARTNERS



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