



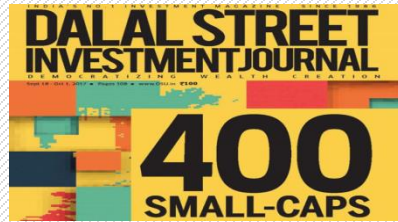
# Capital Trust

INVESTOR PRESENTATION Q2 FY20

Enriching Lives



Empowering Enterprises



# COMPANY OVERVIEW



# COMPANY OVERVIEW

- 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



As on 30.09.2019

**AUM:**  
₹ 577 Crores

**Clients:**  
1.65 Lacs

**Branches:**  
251

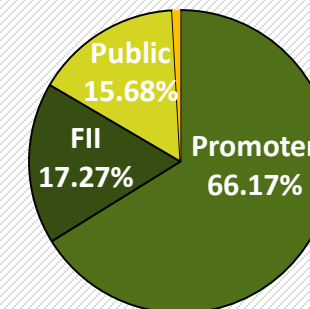
**Employees:**  
1772

**Bank Borrowings:**  
₹ 386 Crores

**Q2 Profit:**  
₹ 13.8 Crores

**Operational GNPA:**  
4.7%

**Net NPA:**  
1.4%



**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 - ₹1,05,000

**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)

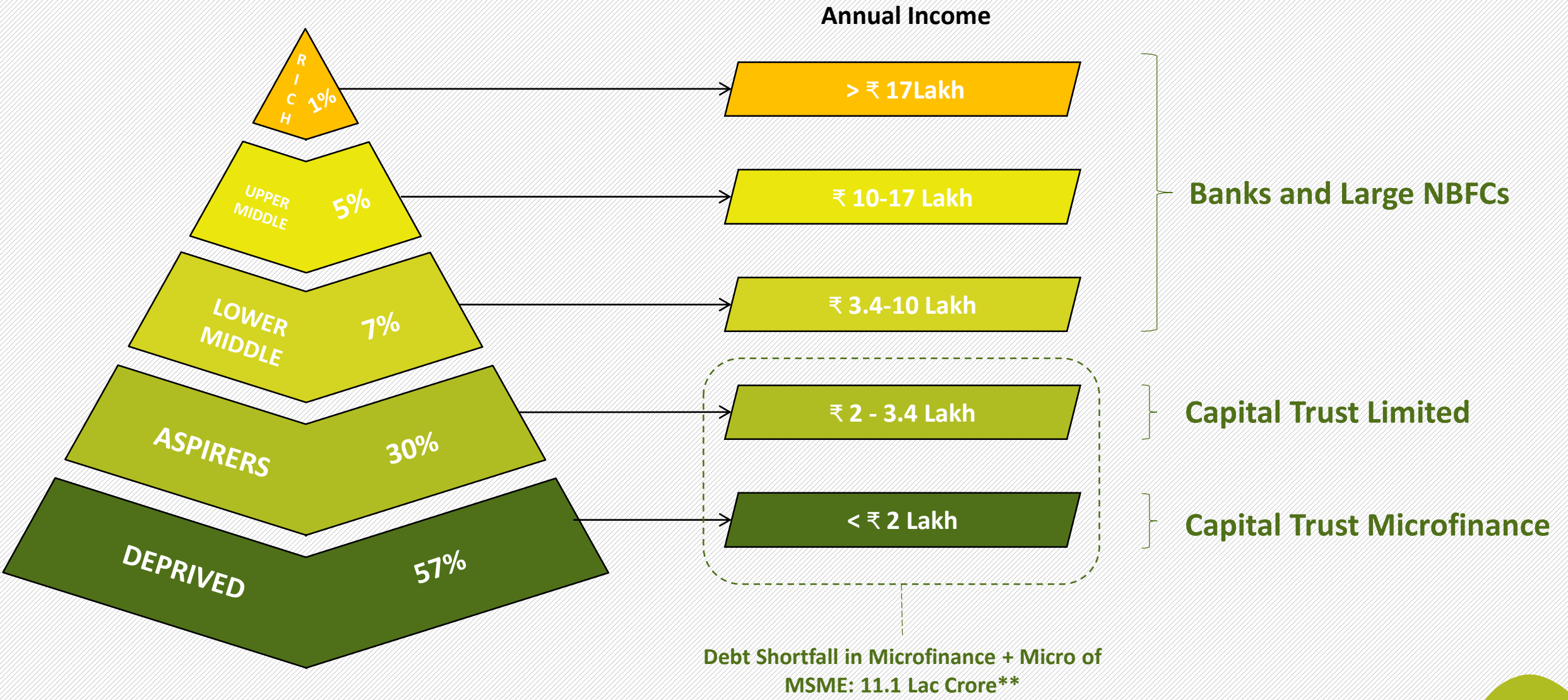
**Extensive Rural Branch Network**  
 251 branches in 68 districts and 10 states encapsulating 'feet on street' model

**Existing Client Engagement Potential**  
 2,00,000 live clientele can act as referral-cum-agent for on-boarding and collection

# TARGET SEGMENT

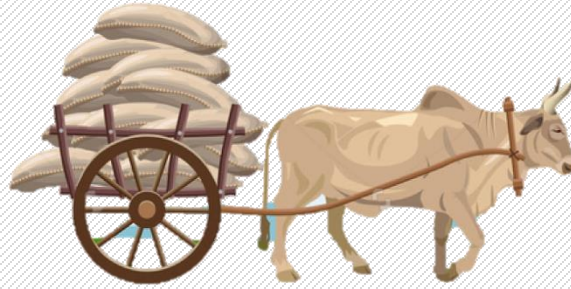


# SERVING THE UNSERVED



\*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

### Graduated from Microfinance

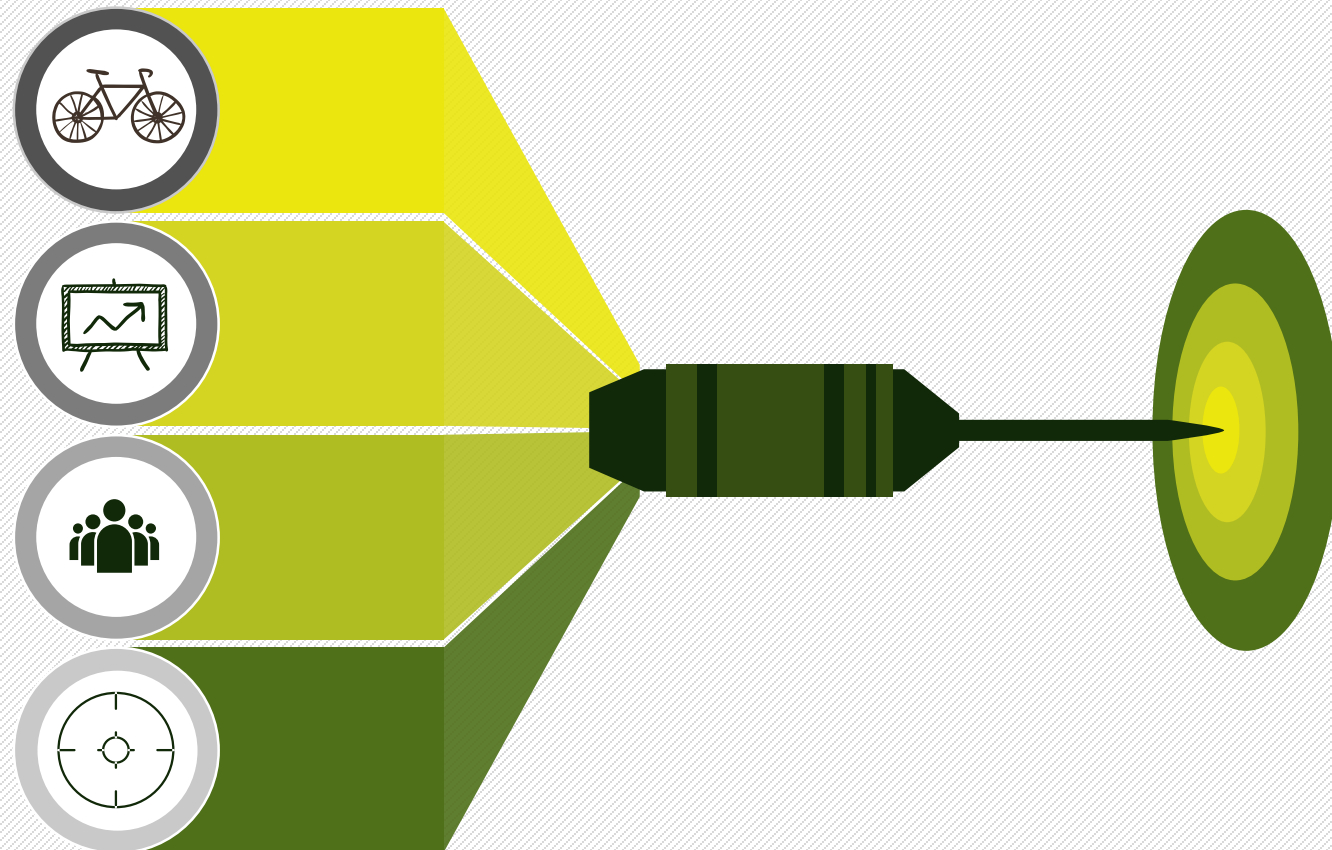
8% of the Microfinance clients graduate from the Microfinance sector each year and come and hit a wall

### New to Organized Credit

Replacing traditional informal sources of financing (local moneylenders) which currently account for 84% of all financing to MSMEs

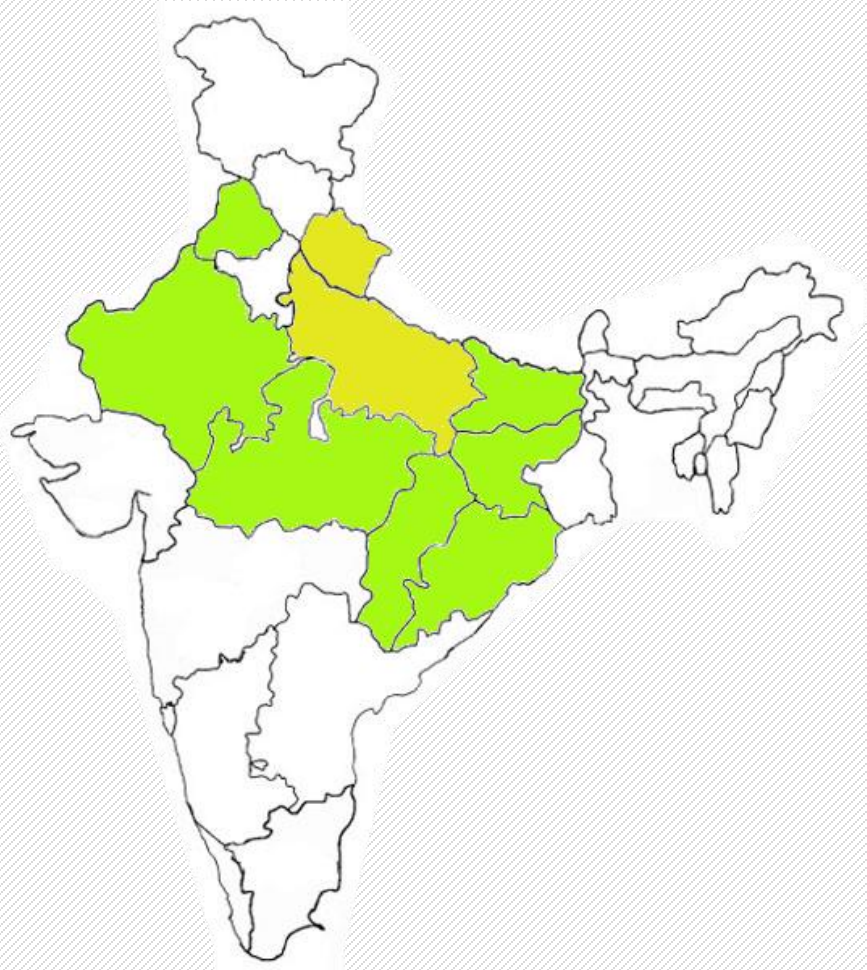
### 'Micro' of the MSME

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



-  Growth Focused States (New client sourcing)
-  Collection Only States (No new client sourcing)

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

### Micro Rural Loan\*

AUM: ₹489 Crore  
Ticket Size: ₹30,000 - ₹1,05,000  
Interest Rate: 26+%  
Tenure: 1 year – 3 years

All new disbursements through banking channels  
Monthly Cashless NACH Repayment (older variant cash collection)

### Microfinance Loan

AUM: ₹56 Crore  
Ticket Size: ₹20,000 - ₹30,000  
Interest Rate: 25%  
Tenure: 2 years  
Joint Liability  
Fortnightly Cash Repayment

### Secured Enterprise Loan

AUM: ₹32 Crore  
Ticket Size: ₹1,00,000 - ₹5,00,000  
Interest Rate: 28-30%  
Tenure: 3 – 4 years  
Individual Loan  
Fortnightly / Monthly Cash Repayment  
Portfolio Rundown



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


**Quick Disbursement within 24 hours**  
 Automated credit decision based on analysis of client credit bureau data, alternative data and internally developed credit algorithms. Followed by physical visit by credit team analyzing cash flow and disposable income of client


**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

**Referral-Agent Model**  
 2,00,000 live clientele can act as referral-cum-agent for on-boarding and collection

  
**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 31 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



## 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

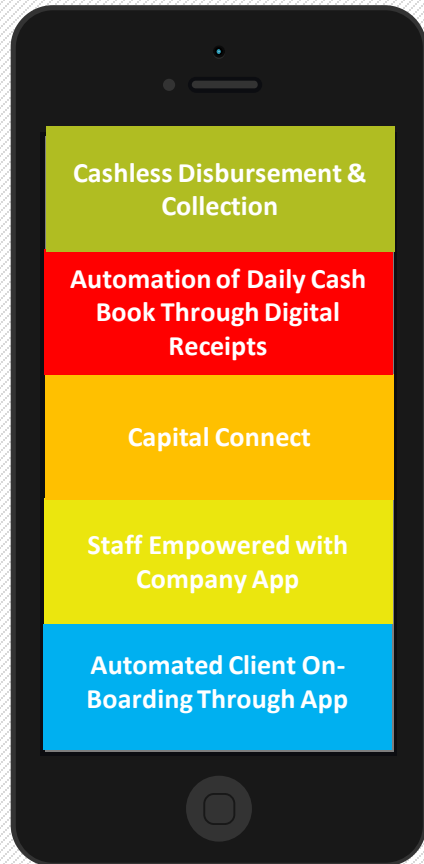
Link-up with Equifax to review past credit history. Hard rejection in case of negative credit bureau history



## 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

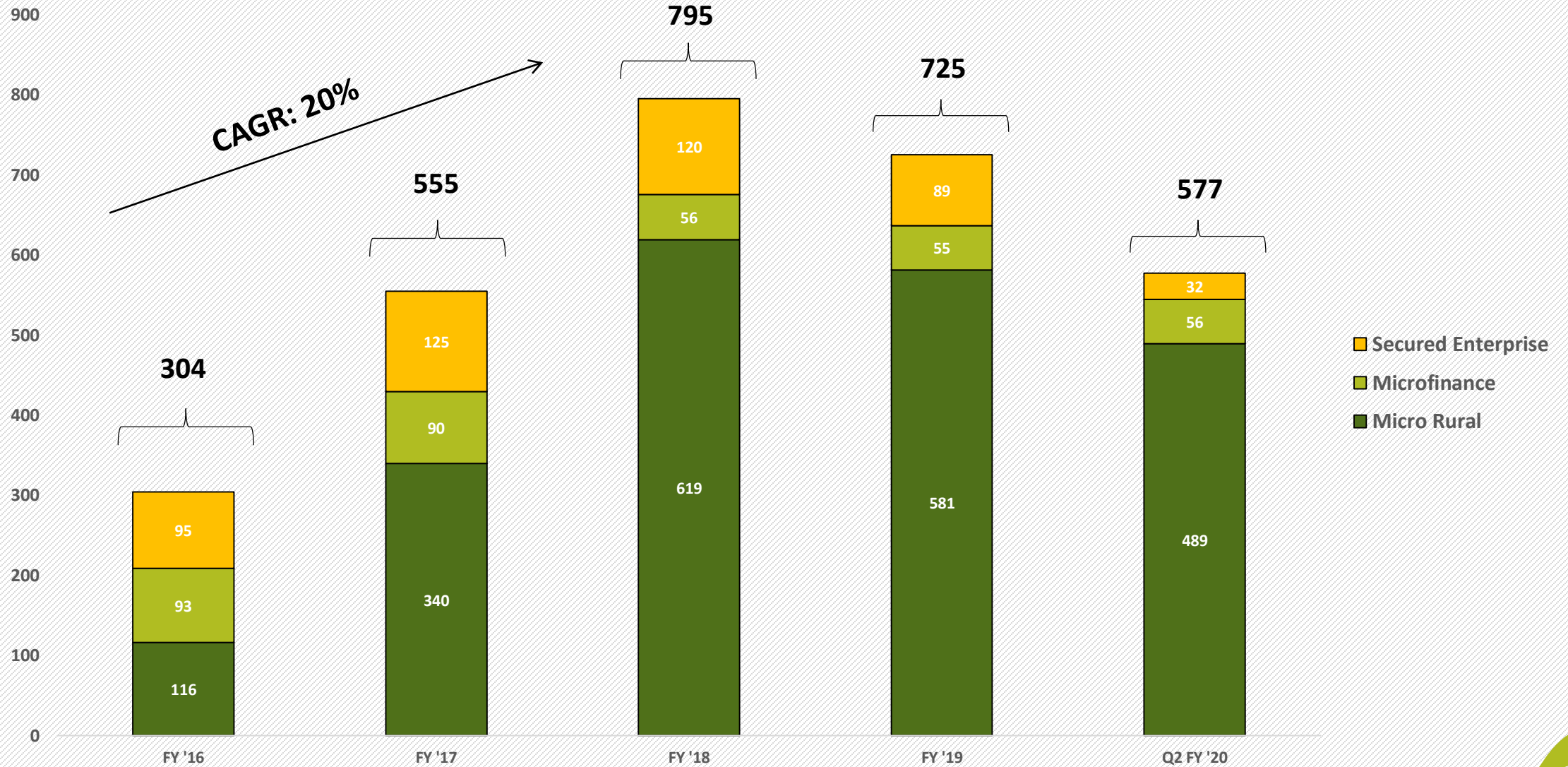


Smart credit enabling client on-boarding and in-principle approval from scanning of client's Aadhar card at his doorstep. No manual entry allowed for any clients

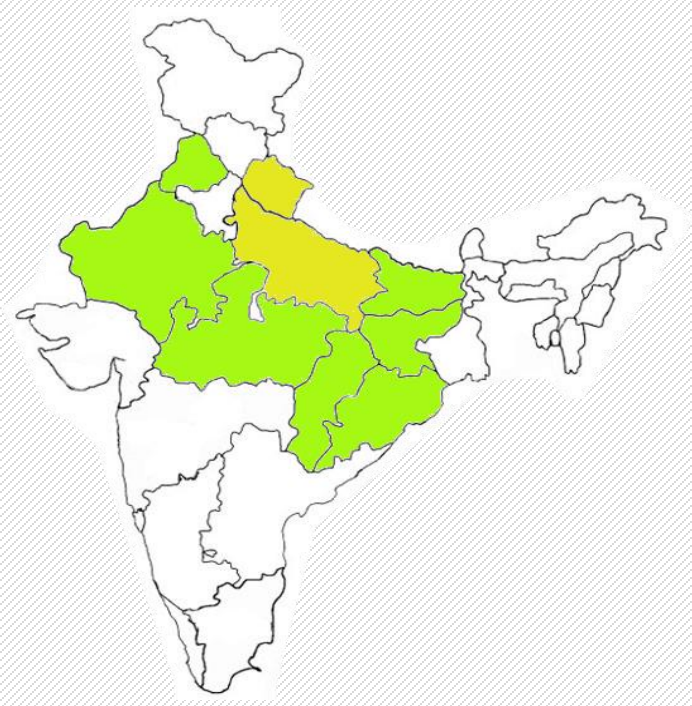
# PORTFOLIO UPDATE



# PRODUCTWISE PORTFOLIO





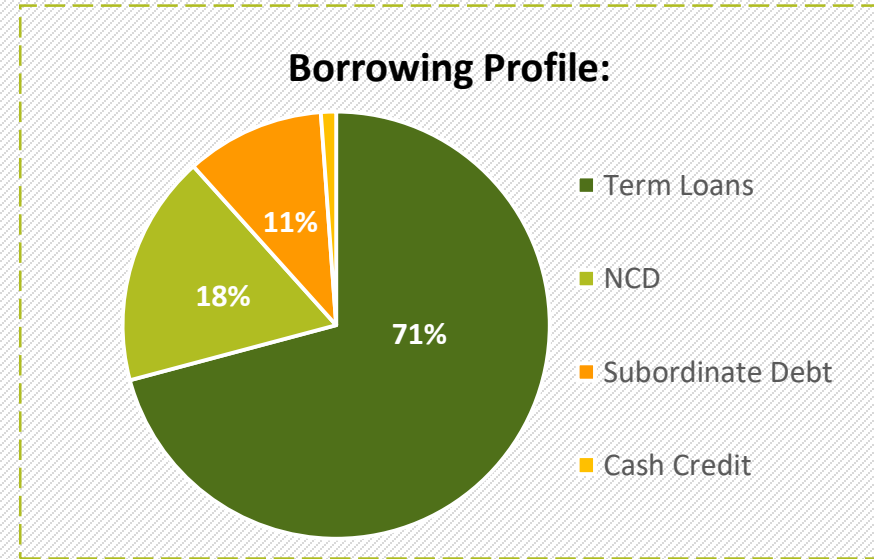


COMPANYWIDE			
As on 30.09.19	AUM (₹ Cr.)	Operational NPA (₹ Cr.)	NPA (%)
Non-Demonetization Impacted	483.0	11.5	2.4%
Demonetization Impacted	94.2	15.7	16.6%
<b>Total</b>	<b>577.2</b>	<b>27.2</b>	<b>4.7%</b>

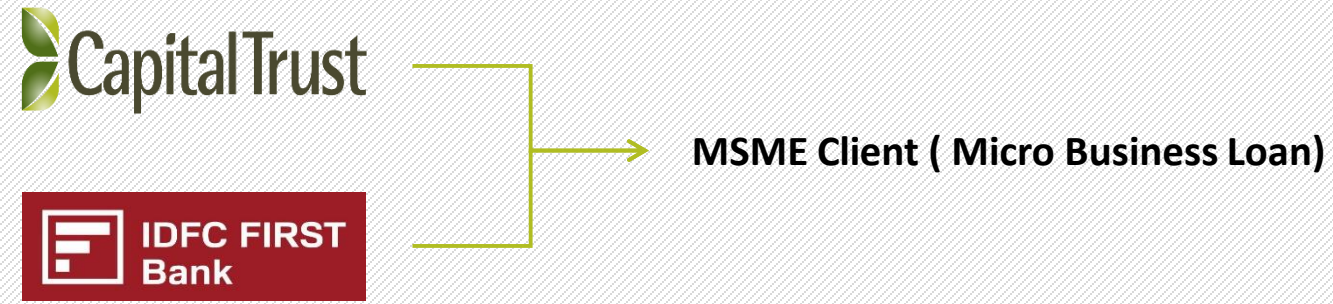
# LIQUIDITY POSITION

	Q2 FY20 (Actual)	Q3 FY20 (Expected)	Q4 FY20 (Expected)	Q1 FY21 (Expected)
Quarterly Collection (Cr.)	153.5	150.6	136.1	124.6
Quarterly Repayment (Cr.)	101.8	97.5	81.1	70.5
Quarterly Surplus (Cr.)	51.7	53.1	55.0	54.0
Monthly Surplus (Cr.)*	17.2	17.7	18.3	18.0

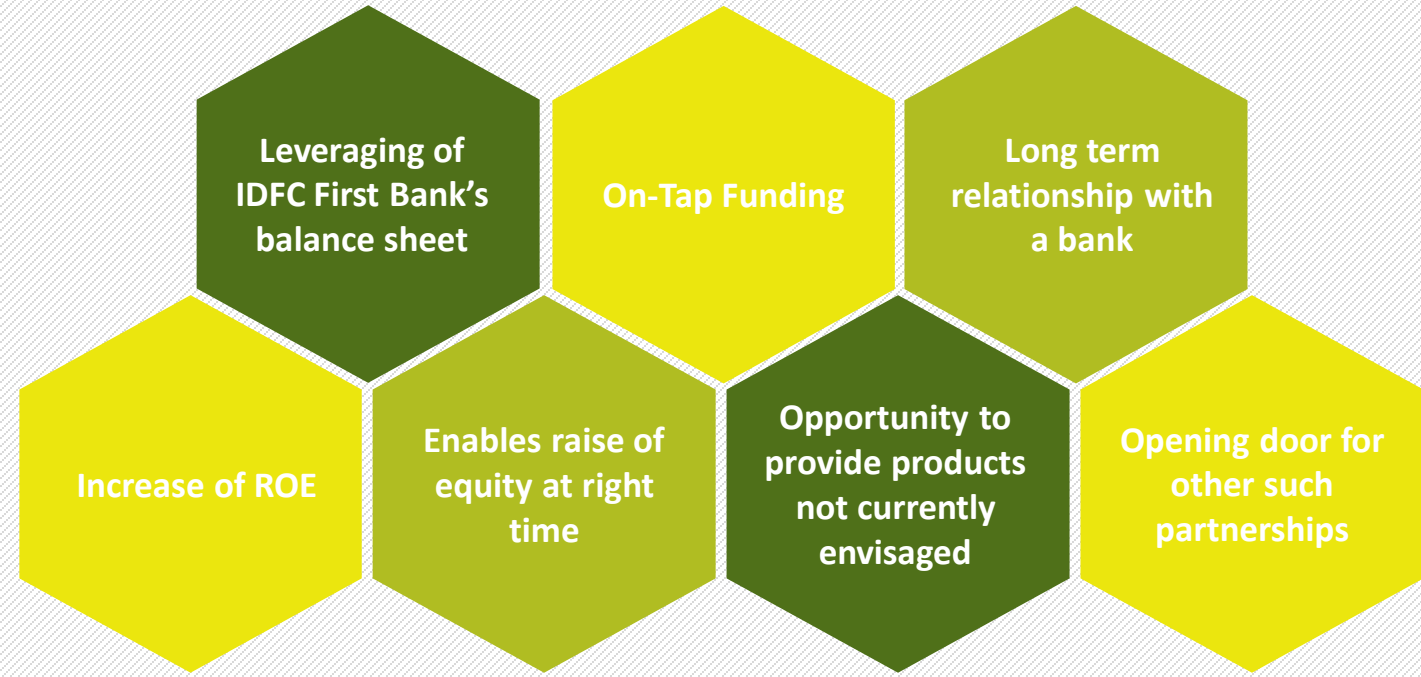
- Average Tenure of Borrowings: 48 months
- Average Tenure of Loans Given: 31 months
- No exposure to Commercial Paper or any other short term borrowing



\*Assuming no incremental disbursements



**Benefits to CTL:**





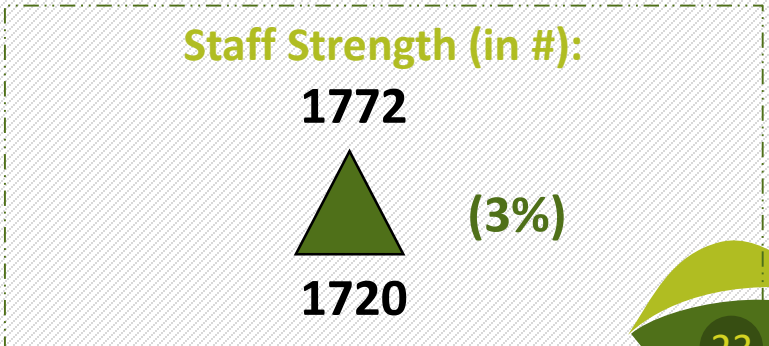
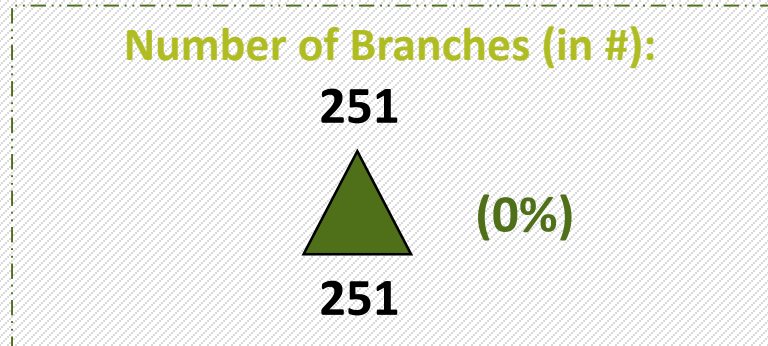
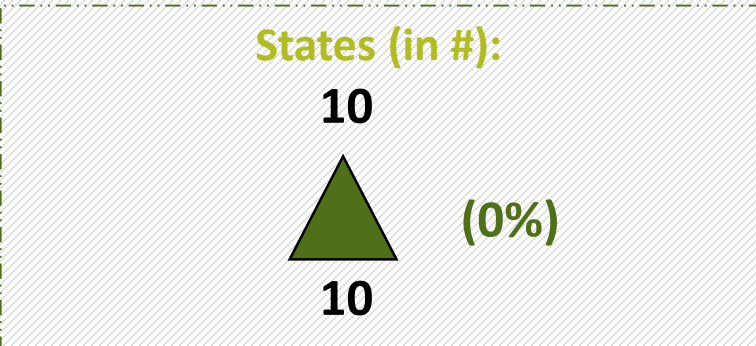
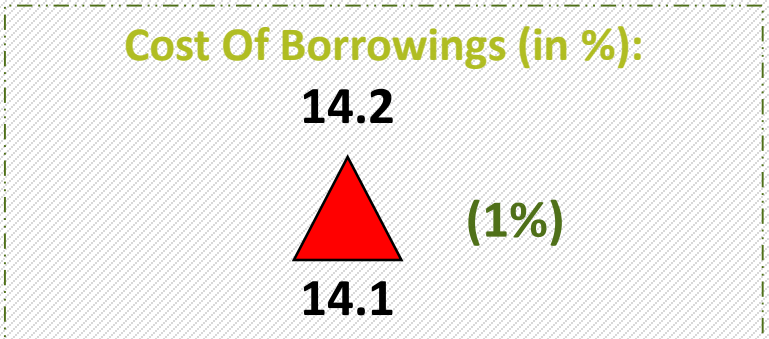
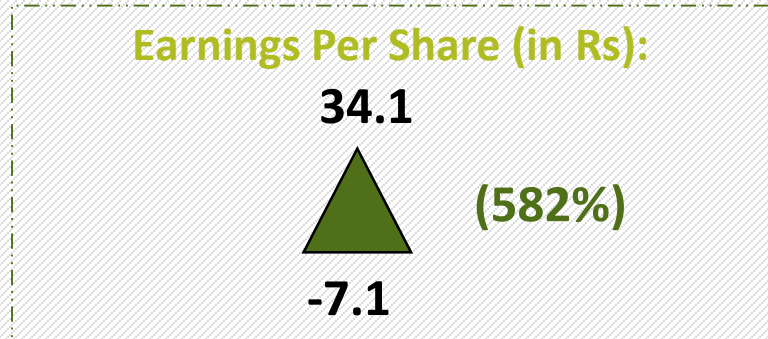
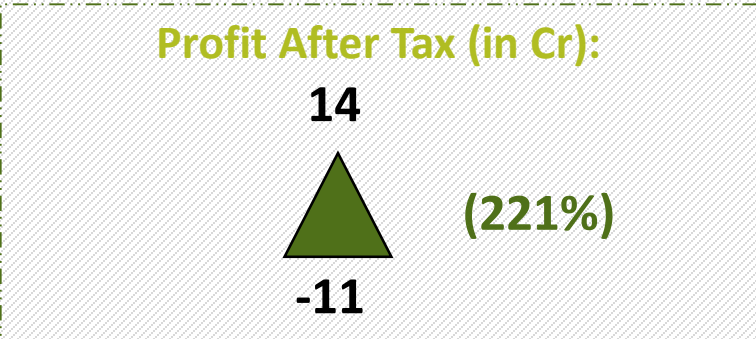
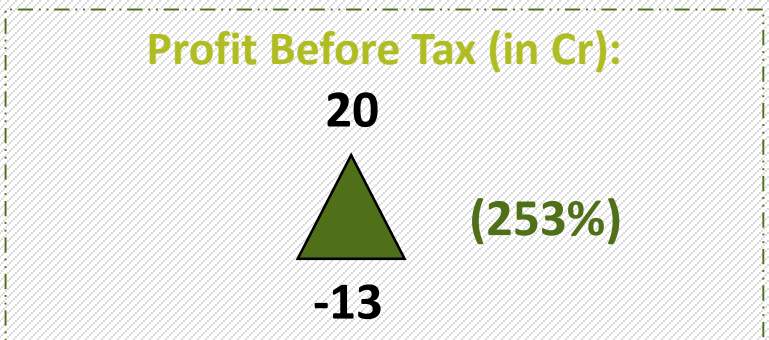
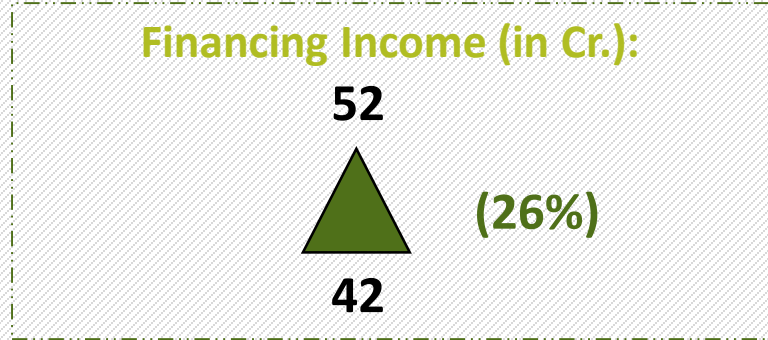
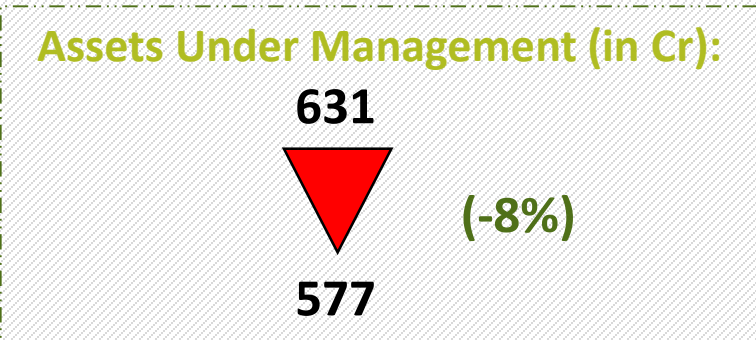
# BUSINESS PARTNERSHIP WITH IDFC FIRST

	AUG '19	SEP '19	OCT '19	NOV '19
<b>Disbursed till.. (Cr.)</b>	2.7	11.9	18.9	<b>28.0</b>
<b>Portfolio (Cr.)</b>	2.6	10.0	18.7	<b>26.3</b>
<b>No. of Clients</b>	130	1665	3148	<b>4514</b>
<b>No. of 0+ DPD Clients</b>	0	0	6	<b>12</b>
<b>No. of 30+ DPD Clients</b>	0	0	0	<b>1</b>
<b>First Time Clearance (%)</b>	90%	90%	88%	<b>83%</b>

# FINANCIALS



# QUARTER OVER QUARTER GROWTH (Q1FY20 vs Q2FY20)





# KEY FINANCIALS

Line Item (IND-AS)	Q1 FY20	Q2 FY20	(QoQ)
Total Income*	42.3	52.1	23%
Total Expense (excluding tax)	54.8	31.9	-42%
Profit / (loss) after tax	<b>-11.5</b>	<b>13.8</b>	<b>221%</b>
Net Worth		<b>155.1</b>	

Micro-Enterprise Loan	503.8	422.1	-16%
Micro-Business Loan	0.3	17.5	6097%
Capital Magic Loan	20.4	49.5	143%
Total Micro-Rural Loan	524.5	489.0	-7%
Secured Enterprise Loan	38.1	32.4	-15%
Microfinance Loan	68.3	55.8	-18%
Total Assets Under Management (AUM)	<b>630.9</b>	<b>577.2</b>	<b>-9%</b>
On-Book Portfolio	493.6	461.6	-6%
Off-Book Portfolio	137.3	115.6	-16%
Total Assets Under Management (AUM)	<b>630.9</b>	<b>577.2</b>	<b>-9%</b>

\*Includes reversal of impairment on financial instruments amounting to Rs. 7.8 Cr due to ECL





# QUARTER OVER QUARTER PROFITABILITY INCREASE

Significant Factors (In Cr)	Q1 FY20	Q2 FY20	QoQ Change	Remarks
<b>INCOME</b>				
Interest Income	30.3	33.9	3.5	CML business at higher interest rate
Fees and Commission Income	4.4	5.1	0.7	IDFC BC Commission and PF accrual
Gain on Derecognition of Financial Instruments	2.6	-	(2.6)	No DA in Q2 FY20
Reversal of Impairment on Financial Instruments	-	7.8	7.8	Provision Reversal due to ECL
Write-Off Collections	-	1.1	1.1	1.1 Cr WO Collection
Non Significant factors	4.5	4.2	(0.3)	
<b>TOTAL INCOME</b>	<b>41.9</b>	<b>52.1</b>	<b>10.2</b>	
<b>EXPENSE</b>				
Finance Costs	17.2	15.6	(1.7)	Decrease in borrowing from 429 Cr to 386 Cr
Impairment on Financial Instruments	23.7	-	(23.7)	No additional provision created in Q2 FY20
Employee Benefit Expense	9.3	9.8	0.5	Increase in staff count
Non Significant factors	4.2	6.6	2.4	
<b>TOTAL EXPENSE</b>	<b>54.4</b>	<b>31.9</b>	<b>(22.5)</b>	
<b>PROFIT BEFORE TAX</b>	<b>(12.5)</b>	<b>20.2</b>	<b>32.7</b>	<b>+24 (no impairment of financial assets) + 8 (provision reversal)</b>



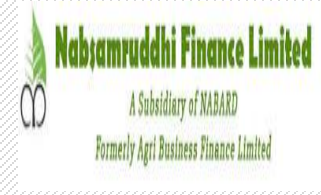
# KEY RATIOS

Ratio (IND-AS)	Q1 FY20	Q2 FY20	(QoQ)
Net Interest Margin*	8.2%	12.1%	48%
Operating Cost to AUM Ratio*	7.9%	10.8%	36%
Earning Per Share (Rs.)*	-7.1	34.1	582%
Book Value Per Share (Rs.)	-	95.1	-
Return on Assets*	-6.8%	9.2%	235%
Return on Equity*	-	35.7%	-
Gross Operational NPA (%)	3.4%	4.7%	39%
Net NPA (%)	0.0%	1.4%	-
Capital Adequacy Ratio	-	37.1%	-
Provision Coverage Ratio	-	68.5%	-
Cost of Borrowing	14.1%	14.2%	1%
Leverage		2.5	-

\*Annualized

# PARTNERS

# ➤ PARTNERSHIPS



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