



# Capital Trust

INVESTOR PRESENTATION Q1 FY19

Enriching Lives



Empowering Enterprises

**INDIA  
SME 100**  
*Awards*  
Celebrating SME Achievers of 2015-16

THE **10** MOST ADMIRABLE  
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 30.06.2018

**AUM:**  
Rs. 796 Crores

**Clients:**  
1.77 Lacs

**Branches:**  
242

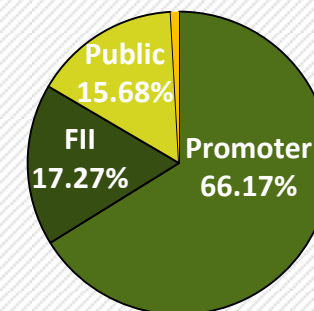
**Employees:**  
2098

**Bank Borrowings:**  
Rs. 511 Crores

**Profit After Tax:**  
Rs. 6.72 Crores

**Net Worth:**  
Rs. 226 Crores

**Credit Rating:**  
BBB+



# RECENT UPDATES AND INVESTMENT HYPOTHESIS

**Highlights**

- Awarded one of India's **Top 400 Small Cap Companies** by Dalal Street
- Awarded one of India's **Top 1000 Best Performing Corporations** by Dalal Street
- Awarded **78<sup>th</sup>** position in **FT's 1000 High Growth Companies in Asia-Pacific**
- Closure of **Rs. 150 Crore NCD** with **Baring Private Equity Asia - Credit**
- Hiring of **new top management team (CFO, COO, HR Head, Audit Head, Business Head)**
- Diverse borrowing profile of **24 financial partners (12 banks and 12 NBFCs)**



# INVESTMENT HYPOTHESIS



- Strong Entry Barriers** (inability of MFIs and non desire of banks to cater to our clients)
- One Stop Financial Institution** (with a 100% owned MFI subsidiary, we offer loans from 25K-10Lacs)
- Robust Financials and Established Growth Record** (56% CAGR of AUM in last 3 years, 36% CAR)
- Extensive Branch Network** (242 branches spread over 62 districts and 10 states)
- Perfect Example of Digi-Touch Model** (cashless disbursement with fortnightly cash collection)
- Skin in the Game** (high promoter shareholding of ~66%)
- Diversified Equity and Liability Partners** (1PE fund, 12 banks and 12 NBFCs providing support)

# 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)

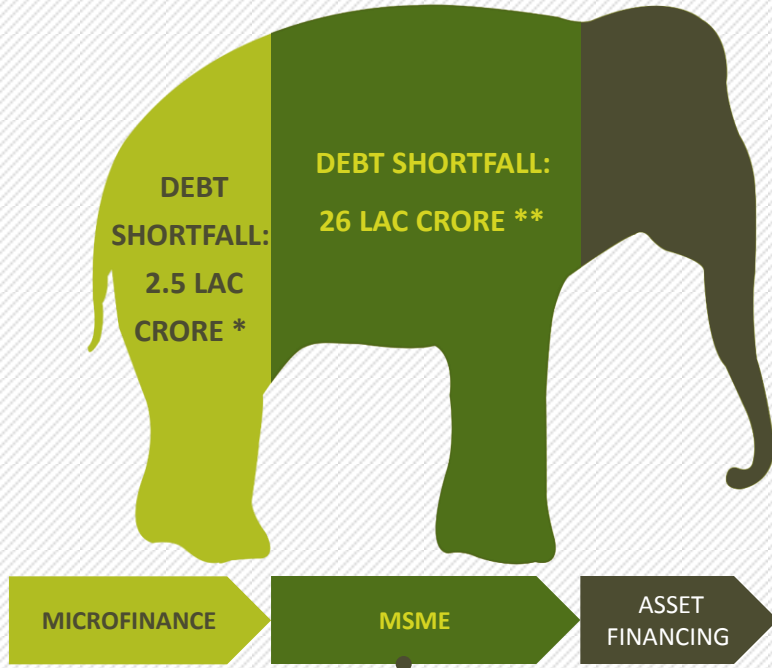


Rs. 1.05Lac loan  
Footwear Business (Saharanpur)

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

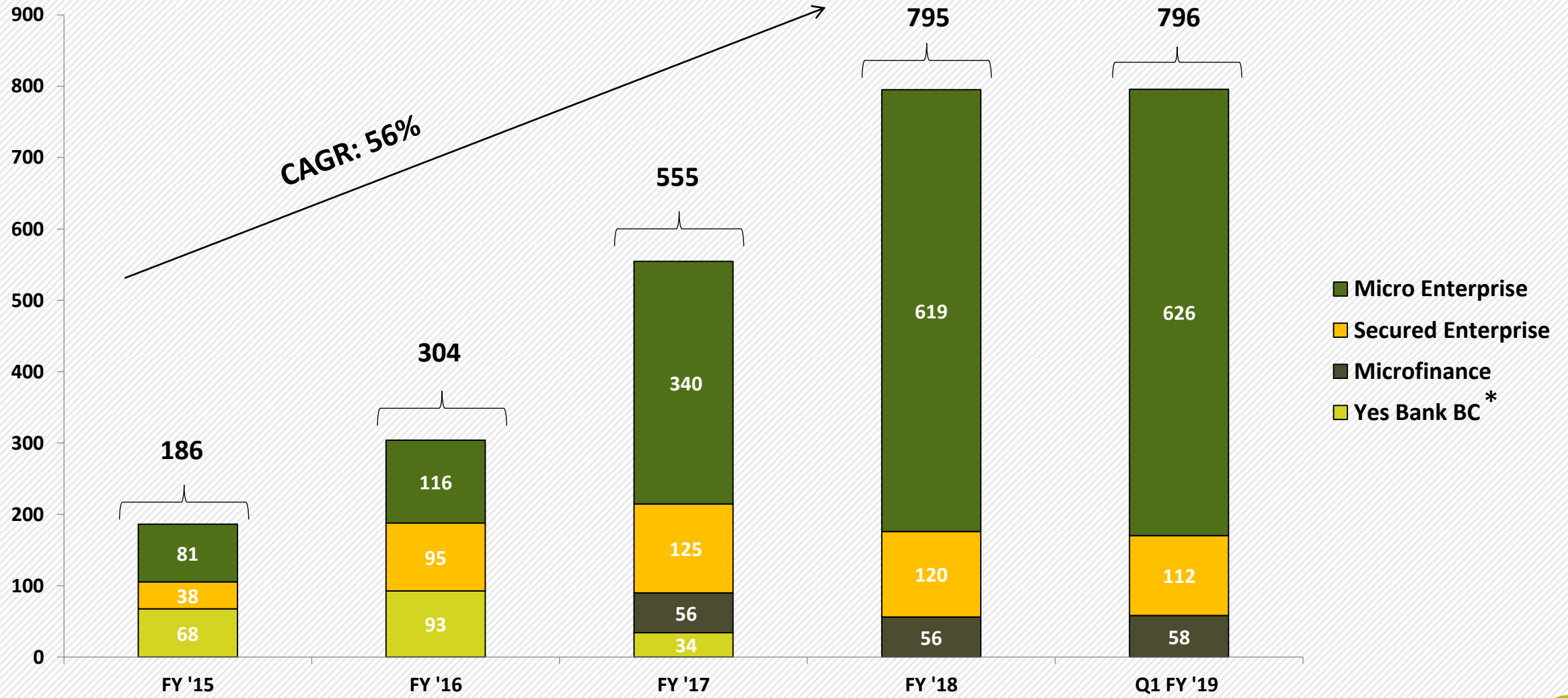
- Loan of Rs. 1,05,000
- Tenure: 36 months
- Joint Liability
- Interest Rate: 26%

### 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% - 30%



# PRODUCT BREAKUP



\* Microfinance Loan as a Business Correspondent

# OPERATING MODEL



# GEOGRAPHICAL PRESENCE

**DELHI**  
Branches: 4  
Portfolio: 15 Crores

**UTTARAKHAND**  
Branches: 17  
Portfolio: 57 Crores

**PUNJAB**  
Branches: 40  
Portfolio: 180 Crores

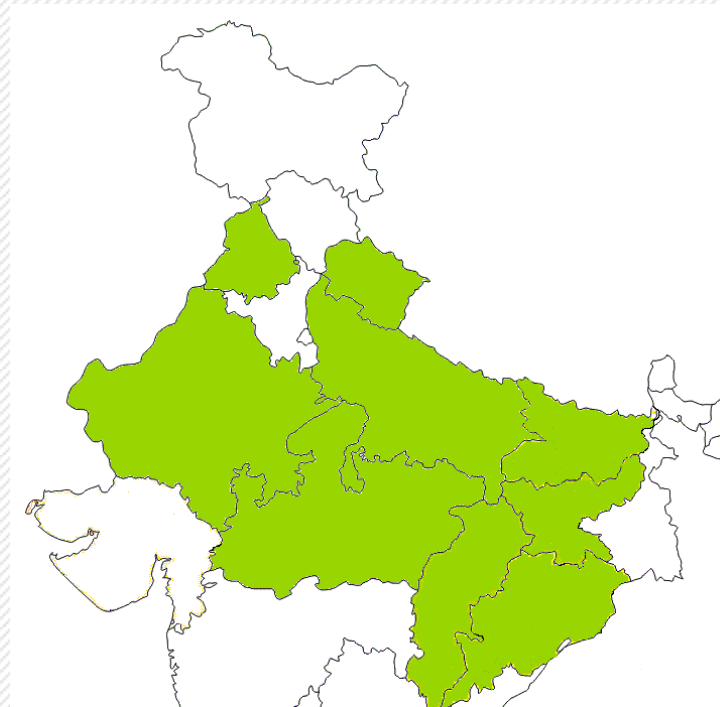
**UTTAR PRADESH**  
Branches: 65  
Portfolio: 247 Crores

**RAJASTHAN**  
Branches: 32  
Portfolio: 106 Crores

**BIHAR**  
Branches: 25  
Portfolio: 51 Crores

**MADHYA PRADESH**  
Branches: 25  
Portfolio: 87 Crores

**ODISHA**  
Branches: 20  
Portfolio: 40 Crores



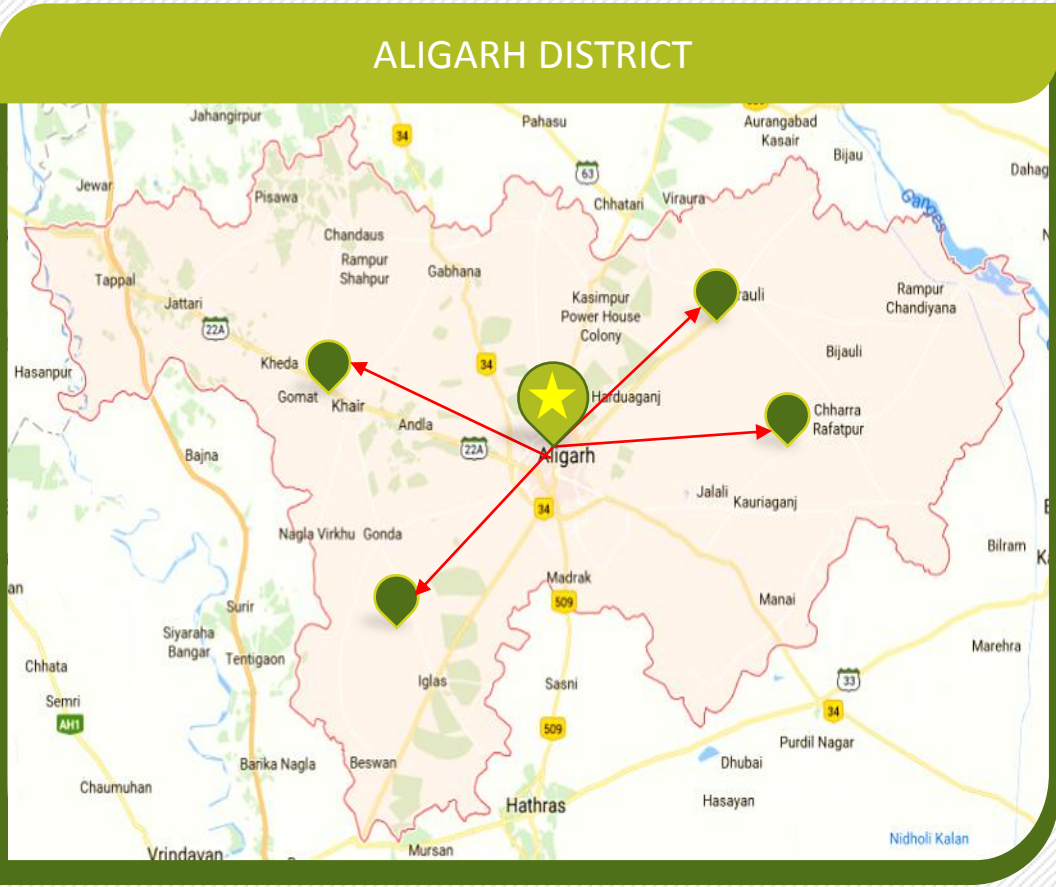
**CHHATISGARH**  
Branches: 6  
Portfolio: 4 Crores

**JHARKHAND**  
Branches: 8  
Portfolio: 9 Crores



# BRANCH NETWORK

## HUB-AND-SPOKE MODEL



DISTRICT LEVEL BRANCH



BLOCK LEVEL BRANCH

## DISTRICT OFFICES

### Aligarh



### Bijnor



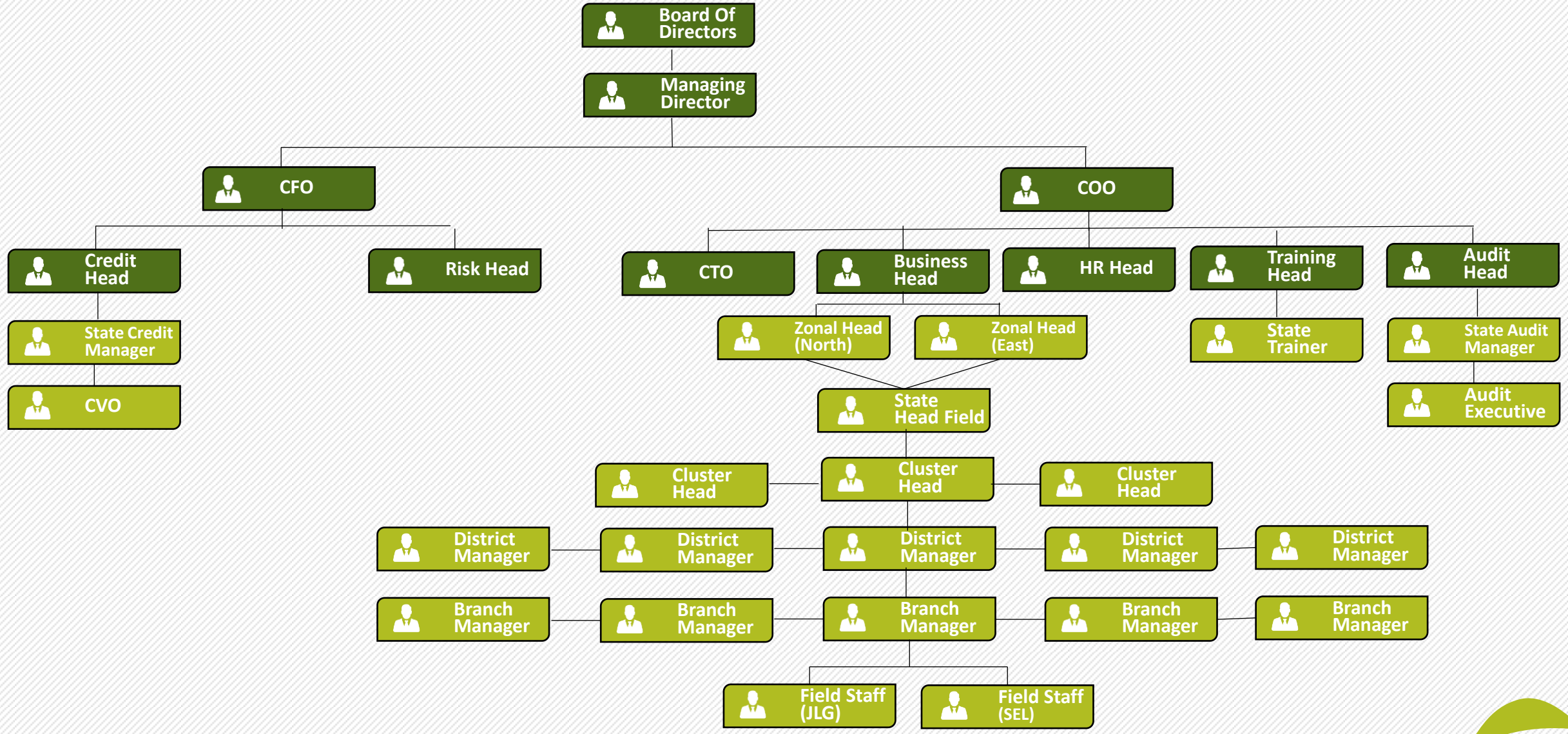
### Khanpur



### Sehore



# ORGANIZATIONAL STRUCTURE







Cashless Disbursement for all products since April 2015



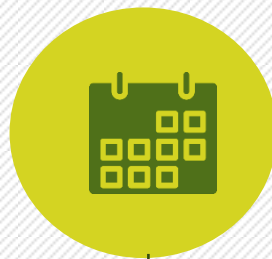
Staff empowered with smartphones with access to customized mobile application



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



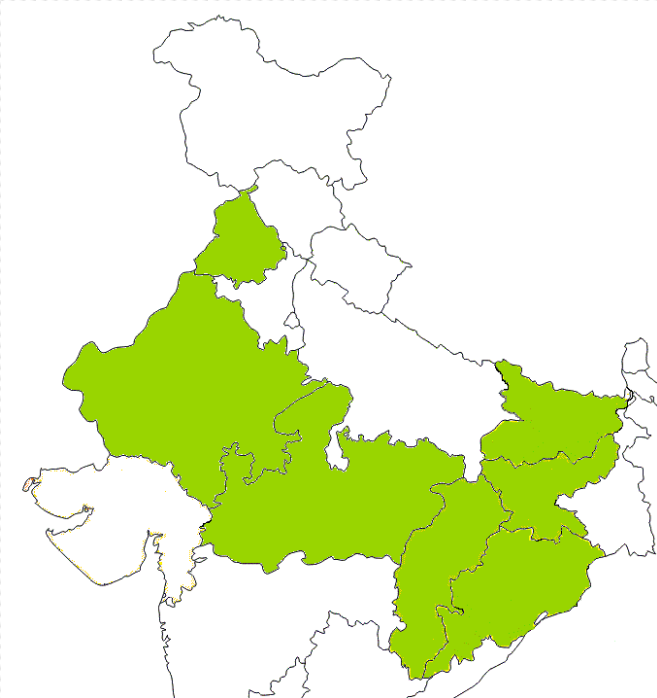
Paperless Audit and closing of EOD cashbook branch-wise at 6PM



One of the most technologically advanced NBFCs in this sector

# PORTFOLIO UPDATE

# ➤ NON-AFFECTED STATES (OVERVIEW)



States	Punjab, Rajasthan, Madhya Pradesh, Bihar, Odisha, Jharkhand, Chhattisgarh
AUM	Rs. 477 Crores
90+ %	0.63%
Branches	156
Clients	1.14 Lacs
Staff	1199

# NEW LOANS DISBURSED FY17 ONWARDS

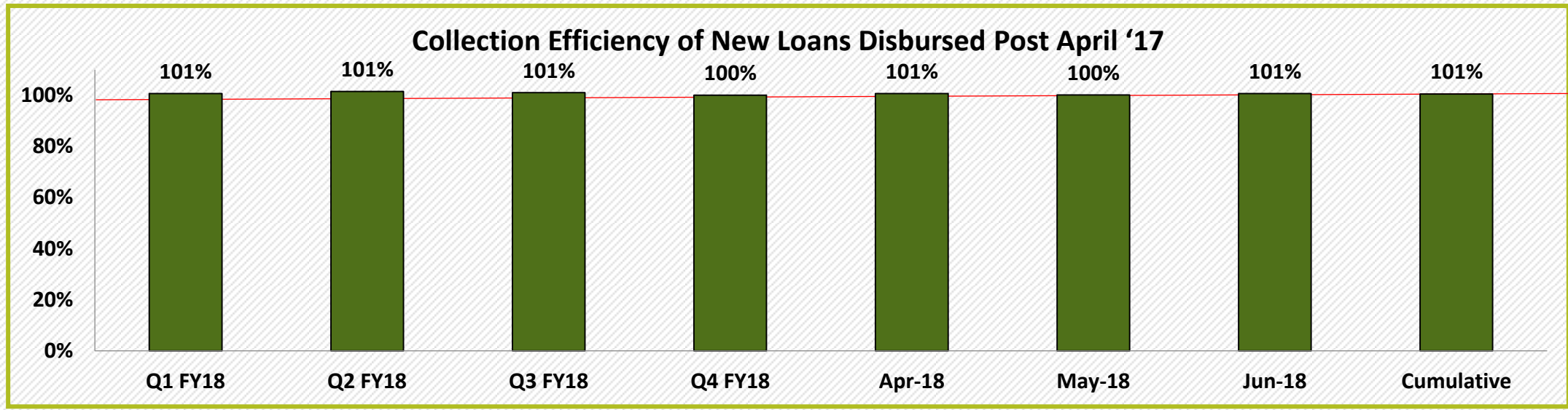
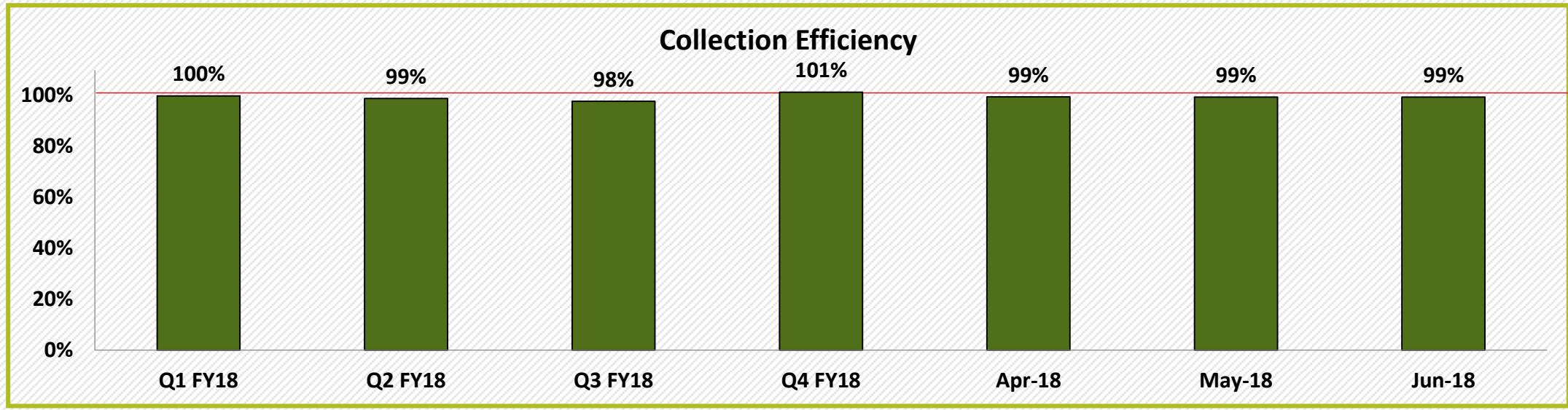
	Non Affected States	Affected States (UP / UKH/ DEL)	Company-Wide
<b>Disbursement</b>	432.79	188.23	621.01
<b>AUM (Cr.)</b>	359.68	157.34	517.01
<b>90+ AUM(Cr.)</b>	0.06	1.44	1.50
<b>90+%</b>	0.02%	0.92%	0.29%

 **COMPANY-WIDE (PORTFOLIO QUALITY)**

	Non Affected States	Affected States (UP / UKH/ DEL)	Company-Wide
<b>AUM (Cr.)</b>	476.93	318.98	795.91
<b>90+ AUM(Cr.)</b>	3.03	84.00	87.03
<b>90+%</b>	0.63%	26.33%	10.93%

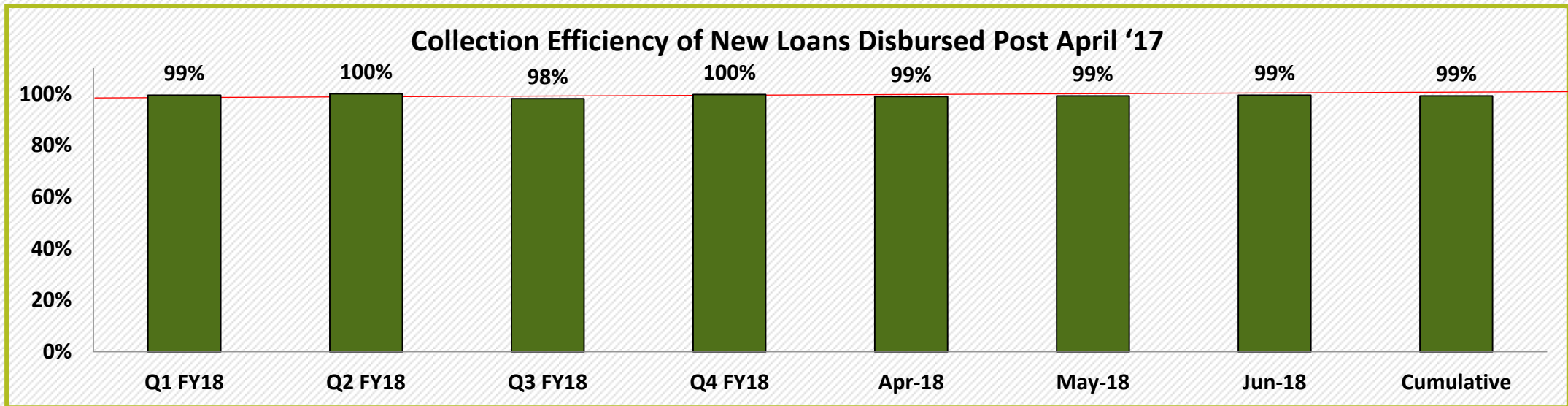
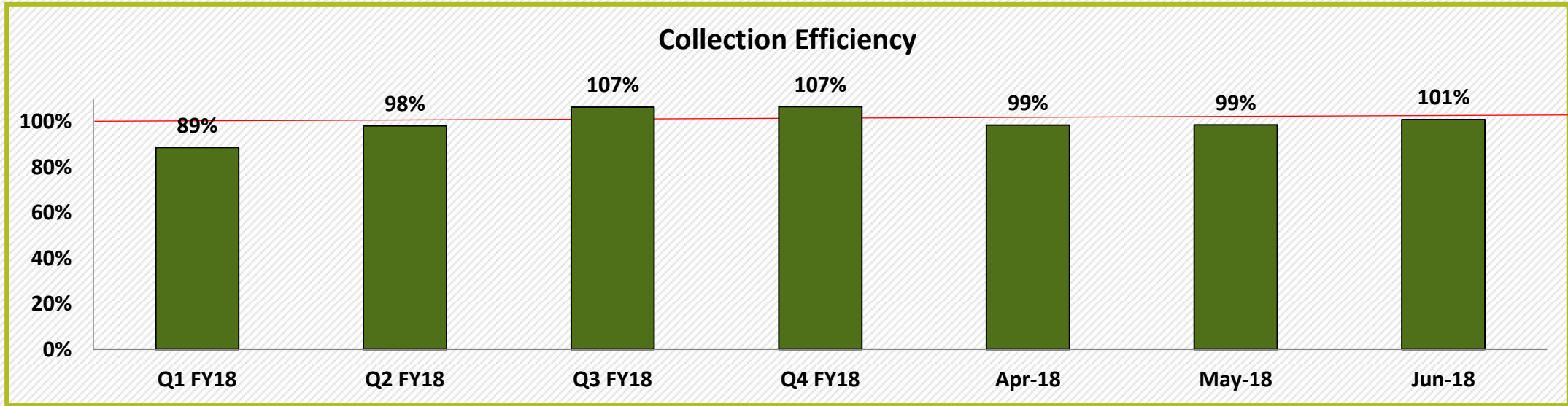


# NON-AFFECTED STATES (CUMULATIVE COLLECTION UPDATE)



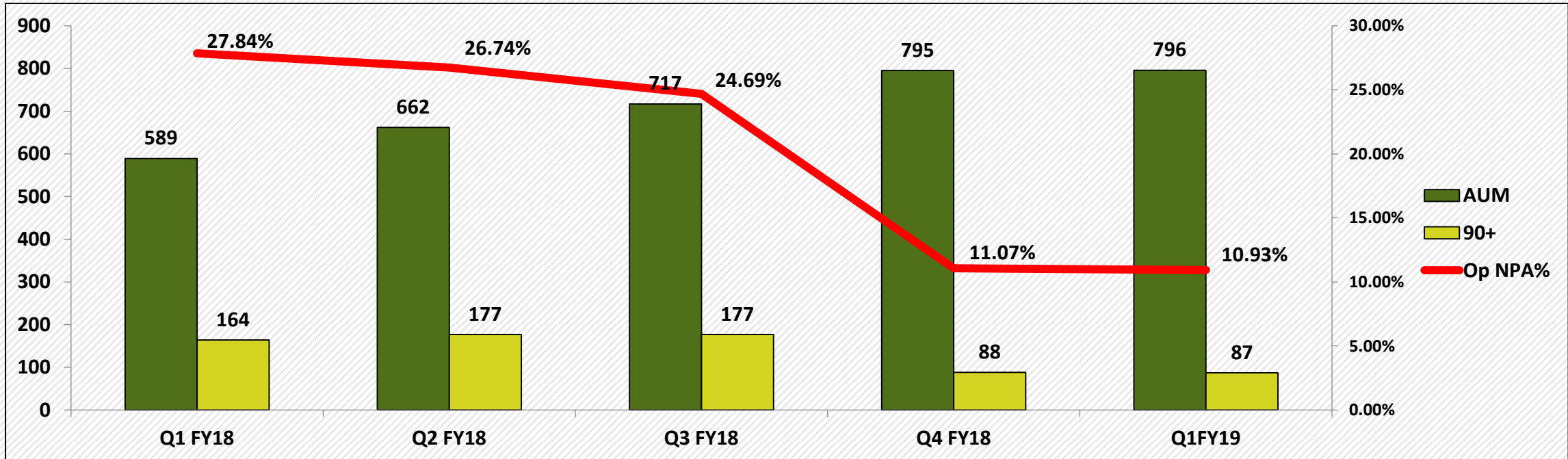


# COMPANY-WIDE (CUMULATIVE COLLECTION UPDATE)





# 90+ NPA MOVEMENT



Reduction:

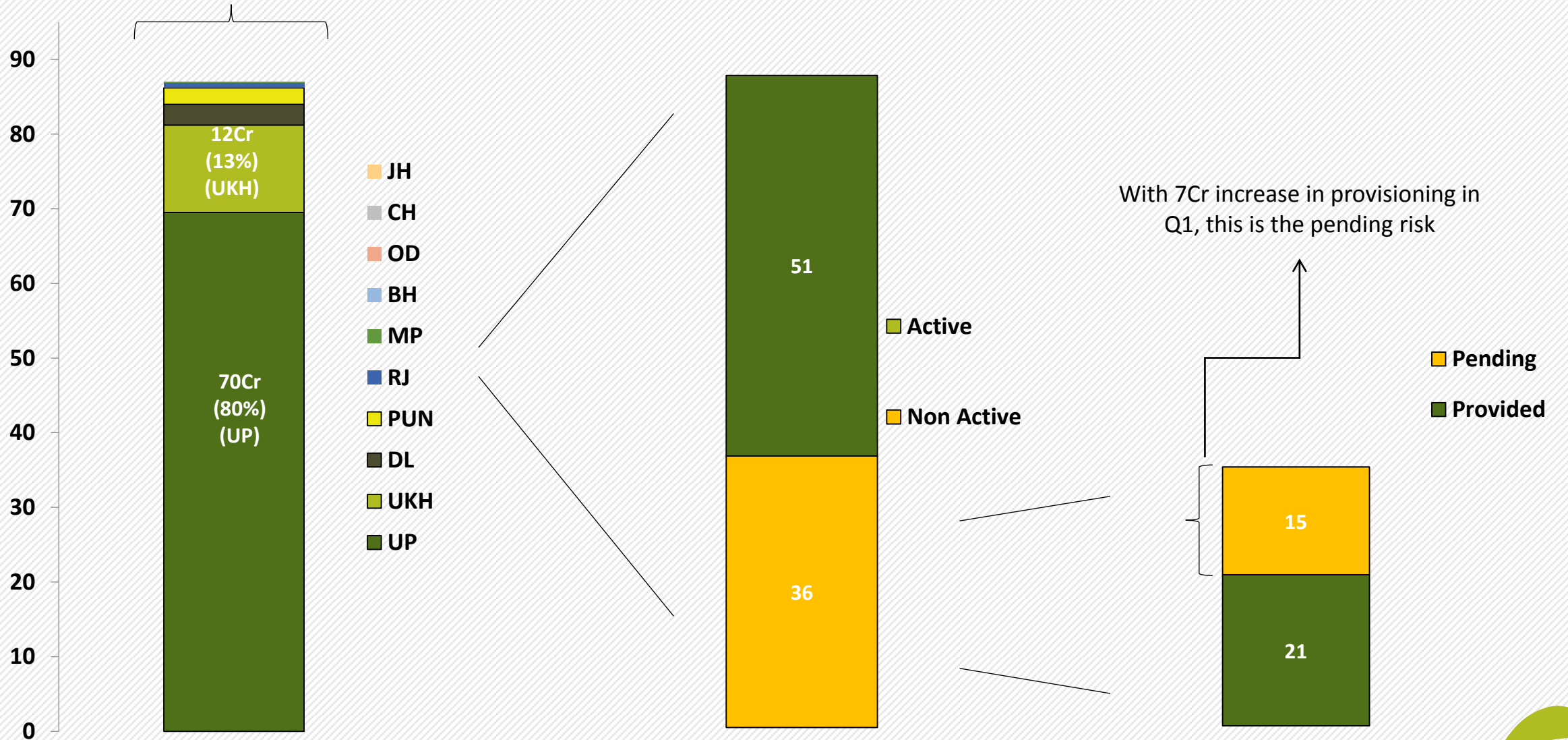
Owing to the lag of installments between November '16 – March '17, the company is dealing with **“Active 90+ cases.”** These are cases that are giving us **timely installments but are still potentially reflecting as NPAs** on our books because of the company’s decision to **not provide any top up loan / do any form of restructuring.** What was a 36month loan is now behaving as a 40-42 month loan. When **the tenure of an active client gets over, every additional installment received shifts the client one bucket to the left.**





# OUTSTANDING RISK

87 Crores NPA





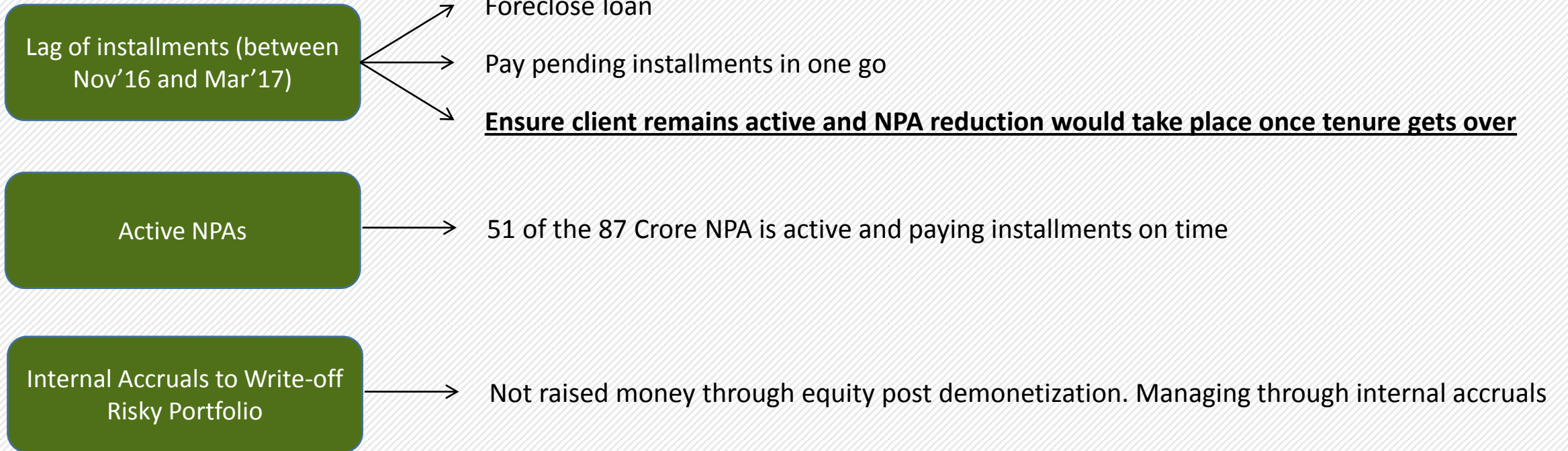
# LINGERING NPAs

Collection Efficiency: 101.1%

Collection Efficiency of Loans Disbursed Post FY17: 99.2%

NPA% of disbursements post FY17: 0.29%

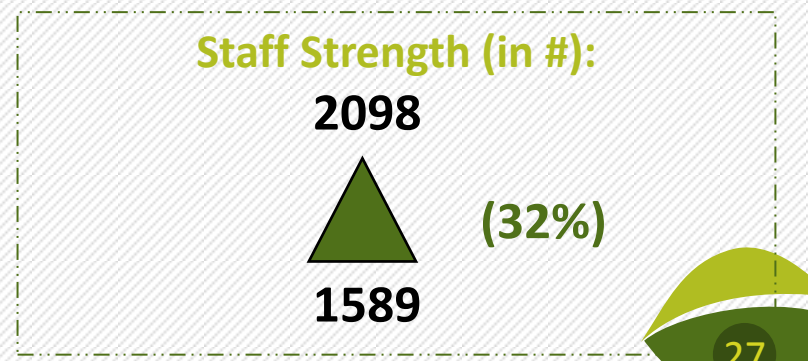
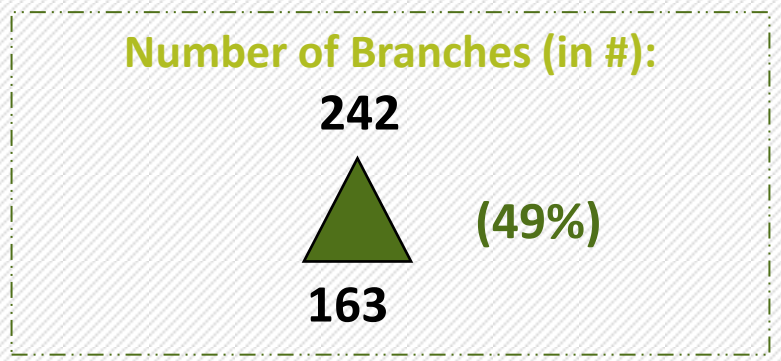
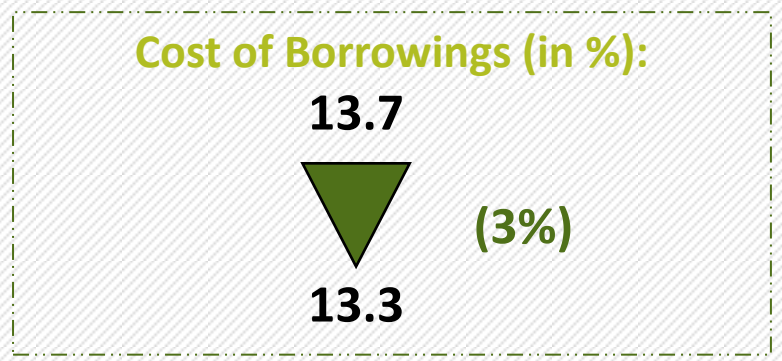
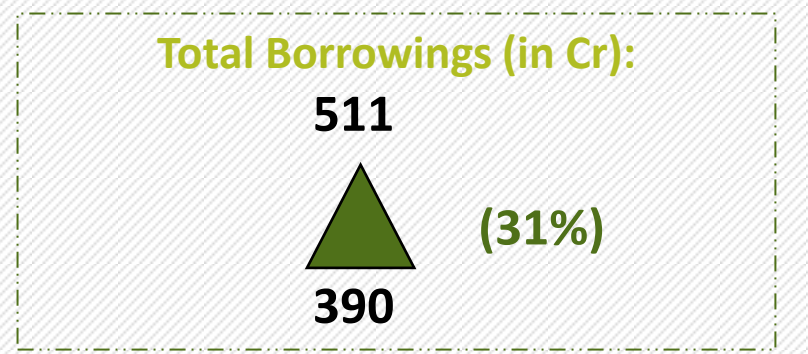
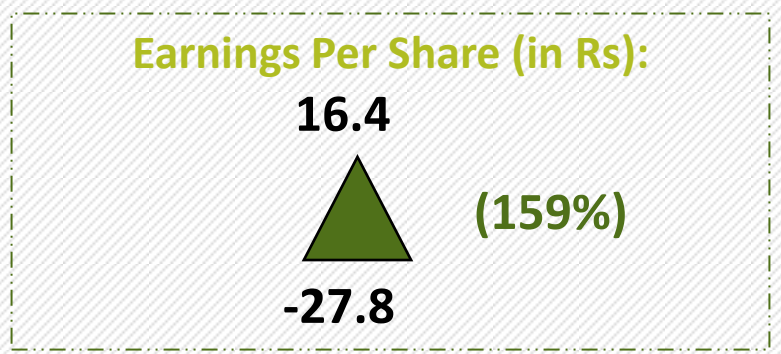
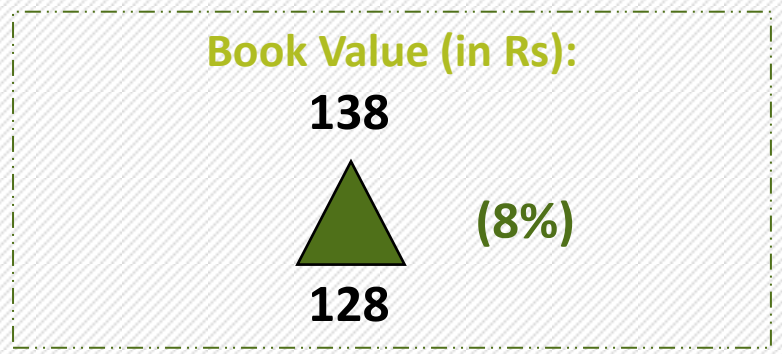
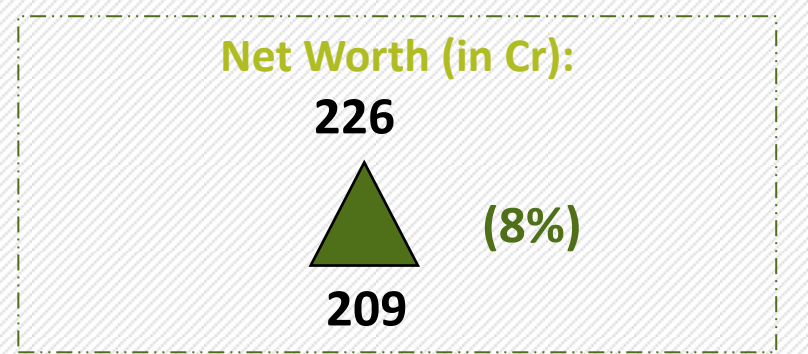
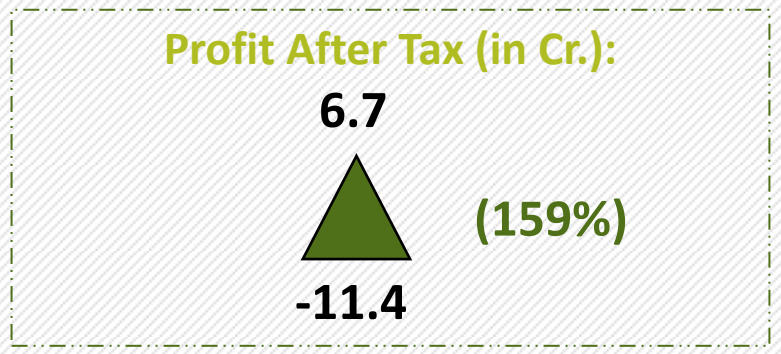
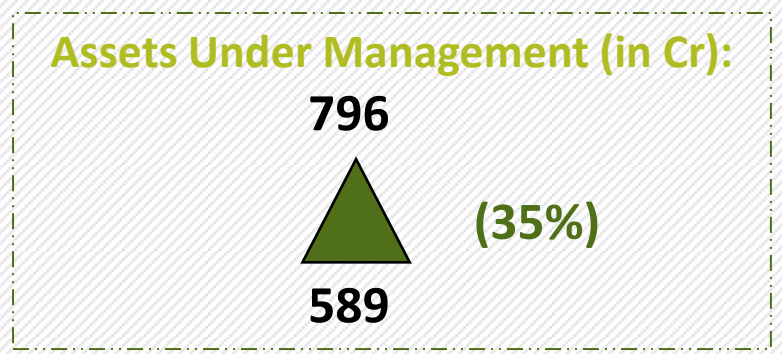
Why does the company still have high NPA?



# FINANCIALS

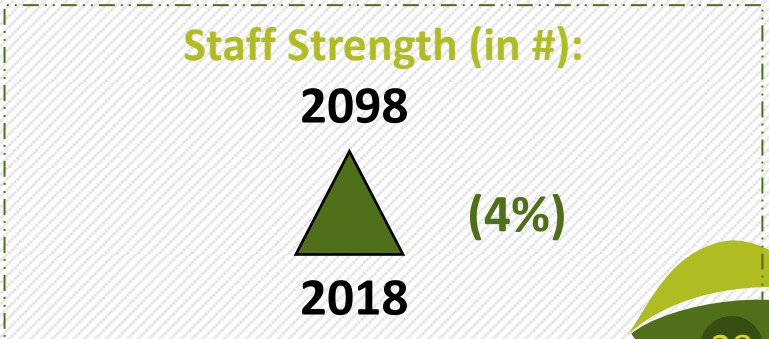
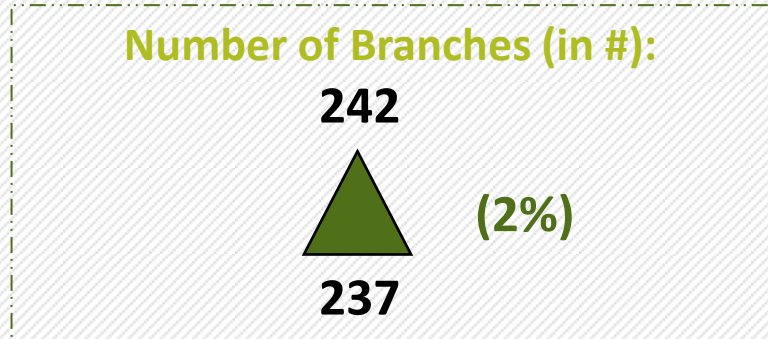
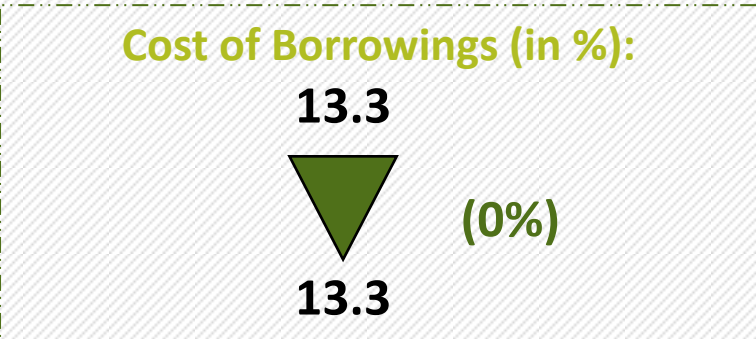
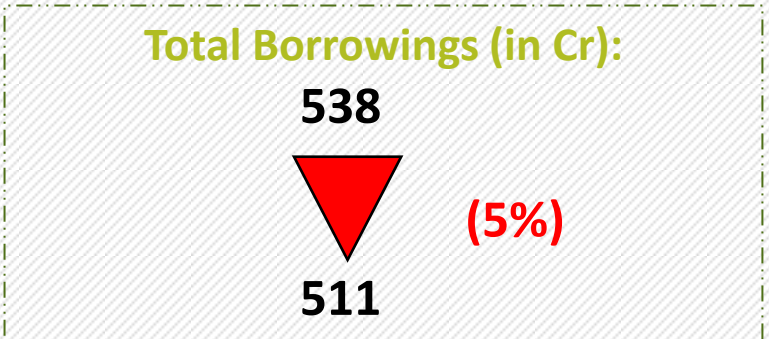
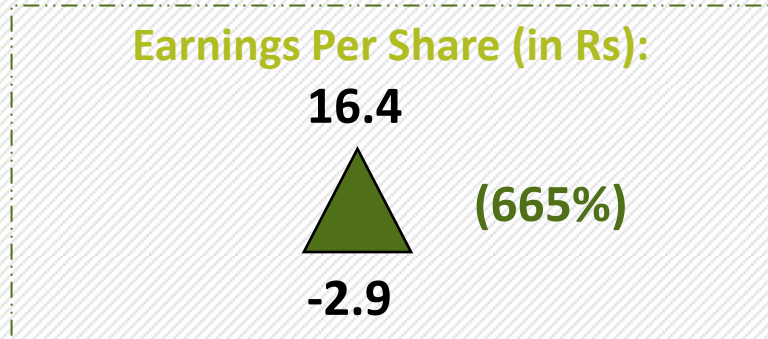
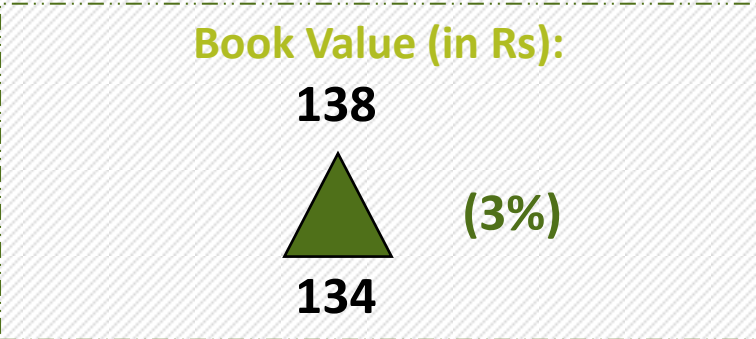
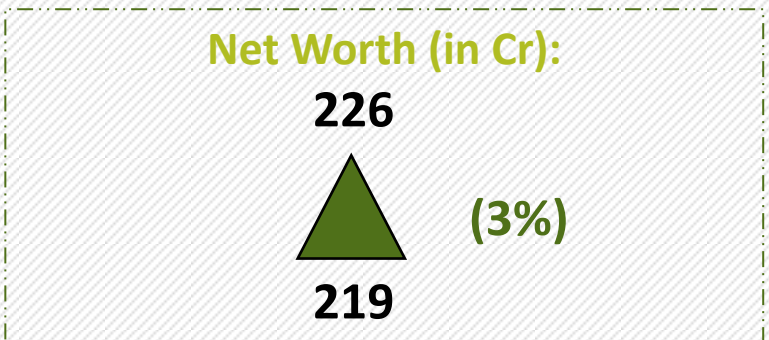
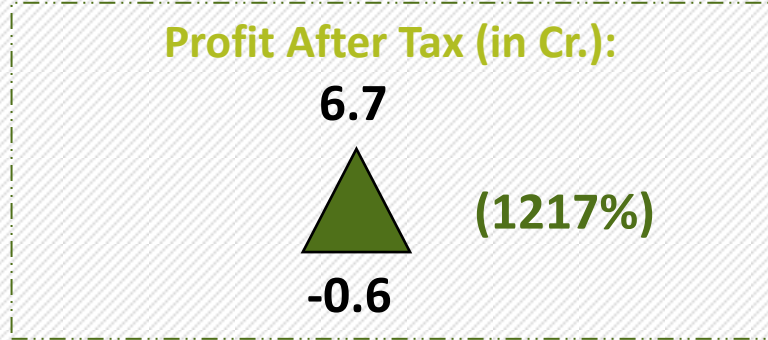
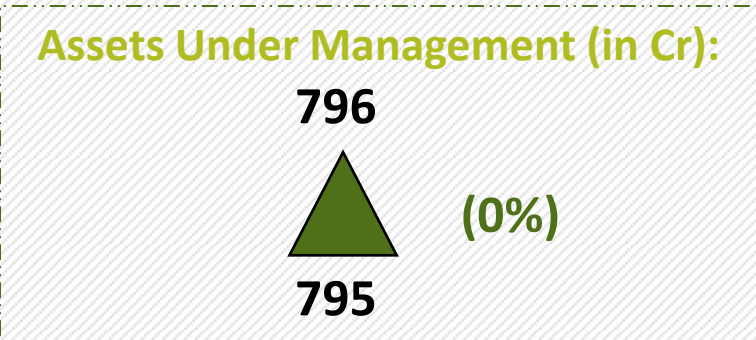


# YEAR-OVER-YEAR GROWTH (Q1FY19 vs Q1FY18)





# QUARTER-OVER-QUARTER GROWTH (Q1FY19 vs Q4FY18)





# KEY FINANCIALS AND RATIOS

Line Item / Ratio	Q1FY18	Q1FY19	(YoY)	Q4FY18	Q1FY19	(QoQ)
<b>Total Income</b>	37.0	51.3	39%	56.0	51.3	-8%
<b>Total Expense (excluding tax)</b>	54.1	41.6	-23%	54.2	41.6	-23%
<b>Profit / (loss) after tax</b>	-11.4	6.7	-159%	-1.2	6.7	-674%
<b>Net Worth</b>	209.0	225.5	8%	218.8	225.5	3%

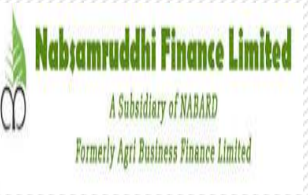
<b>Micro-Enterprise Loan</b>	381.2	625.7	63%	619.0	625.7	1%
<b>Secured Enterprise Loan</b>	125.2	111.8	-7%	119.9	111.8	-7%
<b>Microfinance Loan</b>	82.6	58.4	-29%	56.3	58.4	4%
<b>Total Assets Under Management (AUM)</b>	589.0	795.9	35%	795.2	795.9	0%

<b>Net Interest Margin</b>	13.3%	14.2%	7%	13.2%	14.2%	8%
<b>Operating Cost to AUM Ratio</b>	7.2%	9.0%	26%	9.5%	9.0%	-5%
<b>Earnings Per Share (Diluted) (Rs.)</b>	-27.8	16.4	159%	-0.7	16.4	2380%
<b>Book Value Per Share (Rs.)</b>	127.8	137.8	8%	133.7	137.8	3%
<b>Return on Assets</b>	-8.4%	3.8%	145%	-0.7%	3.8%	661%
<b>Return on Equity</b>	-21.2%	12.1%	157%	-2.1%	12.1%	665%
<b>Gross 90+ Operational NPA (%)</b>	9.6%	10.9%	13%	11.1%	10.9%	-2%
<b>Provision Coverage</b>	64.8%	24.2%	-63%	15.7%	24.2%	54%
<b>Cost of Borrowing</b>	13.7%	13.3%	-3%	13.3%	13.3%	0%
<b>Capital Adequacy Ratio</b>	39.0%	36.2%	-7%	34.8%	36.2%	4%

# PARTNERS



# PARTNERS





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