



Capital Trust

INVESTOR PRESENTATION Q3 FY21

Enriching Lives



Empowering Enterprises



COMPANY OVERVIEW

COVID-19 UPDATE

MARKET SEGMENT

UNIQUE SELLING PROPOSITION

PRODUCT OFFERINGS

OPERATING MODEL

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PARTNERS



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

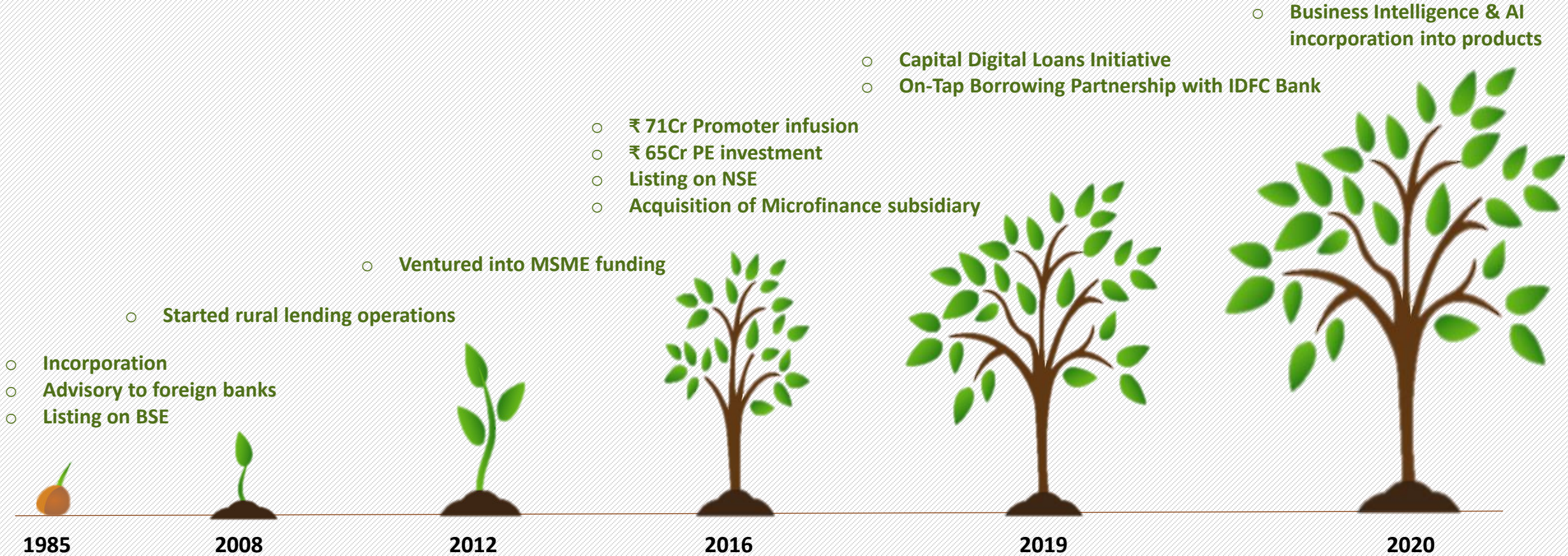
To provide financial assistance to the **unbanked in deep interiors of rural India using "low-cost, high-tech" digital processes**



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 31.12.2020

Portfolio:
₹ 427 Cr

Clients:
1,53,751

Branches:
233

States:
10

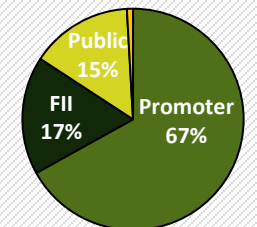
Employees:
2316

Q3 FY21 PAT:
(₹ 0.4 Cr)

FY21 PAT (Till Q3):
₹ 2.6 Cr

Net Worth:
₹ 157 Cr

Shareholding:



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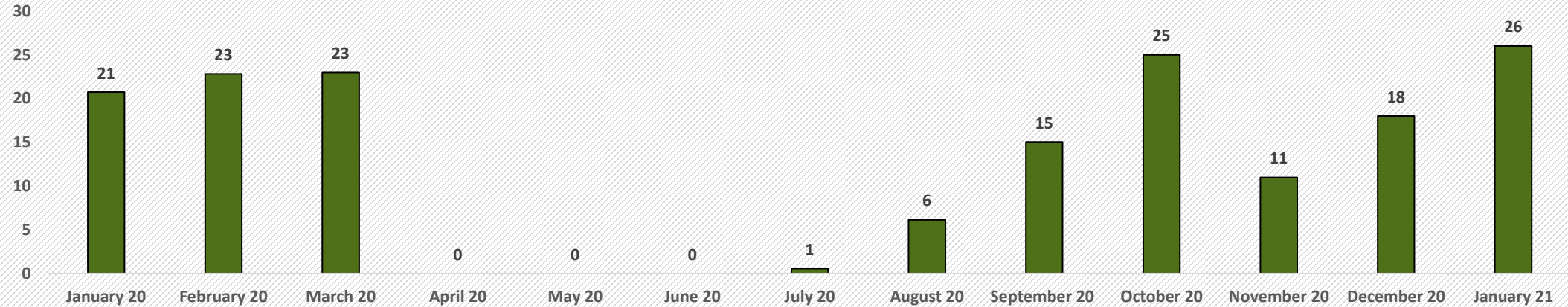


BUSINESS UPDATE

Disbursement

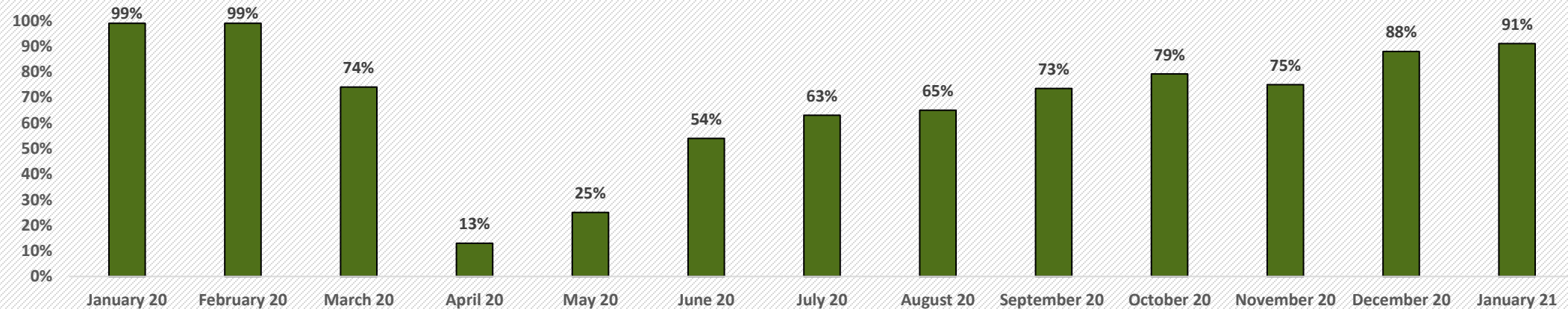
- Higher than Pre-Covid times
- Subject to newly developed automated disbursement engine and algorithmic credit scorecard

(In ₹ Cr)



Collection *

- Increased month on month
- ₹ 75 Cr portfolio disbursed in FY21 has a collection efficiency of 99.85%



* Without factoring moratorium given to clients



High Liquidity Buffers (Actual and Systematic)

Actual

- ₹ 28Cr Opening Cash Balance in January 2021
- Capital Adequacy of 51%
- Leverage Ratio of 1.5x

Systematic

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

Low Cost Funds Raised (FY21)

	Average ROI	Amount (Cr)
Term Loan	11.5%	10
Non-Convertible Debenture	11.5%	30
Others (PTC / AFF / DA / OD)	12.6%	51
Total	12.1%	91



High Cost Funds Paid Off (FY21)

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

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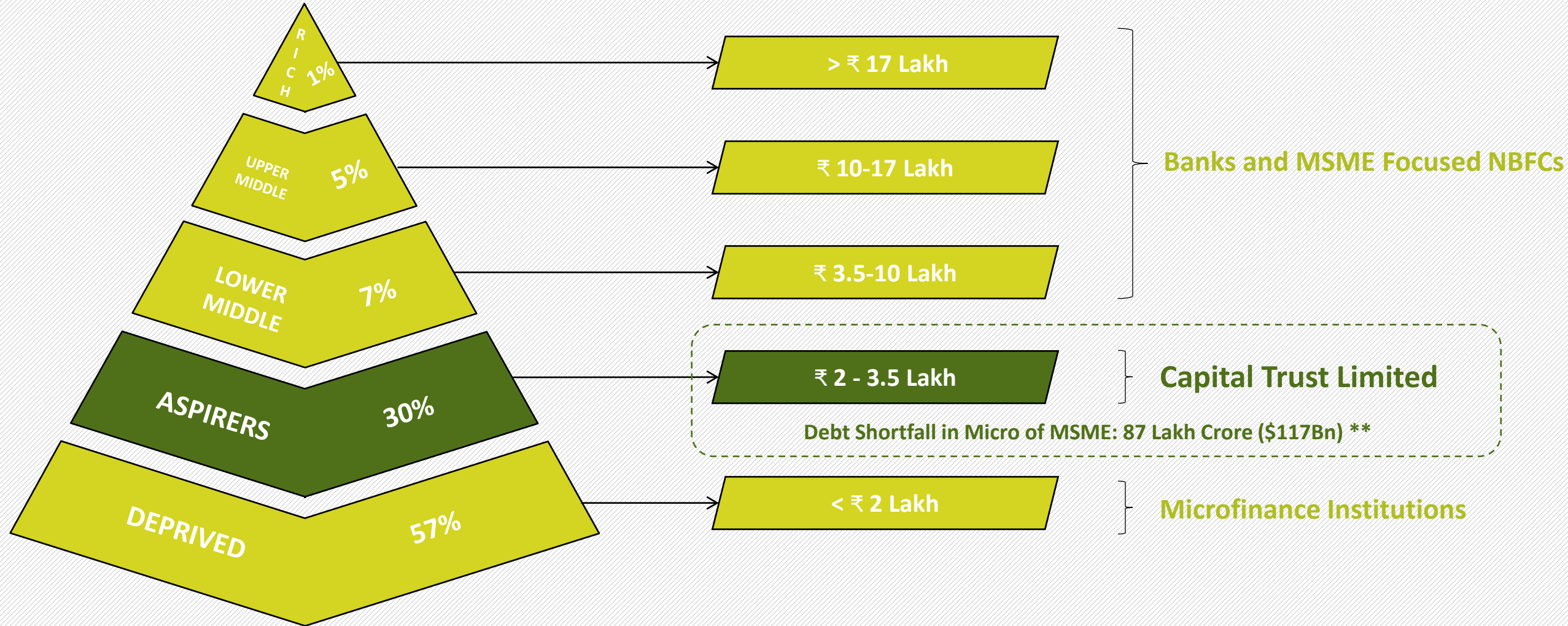
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➤ SERVING THE UNSERVED MISSING MIDDLE

Annual Income



*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)



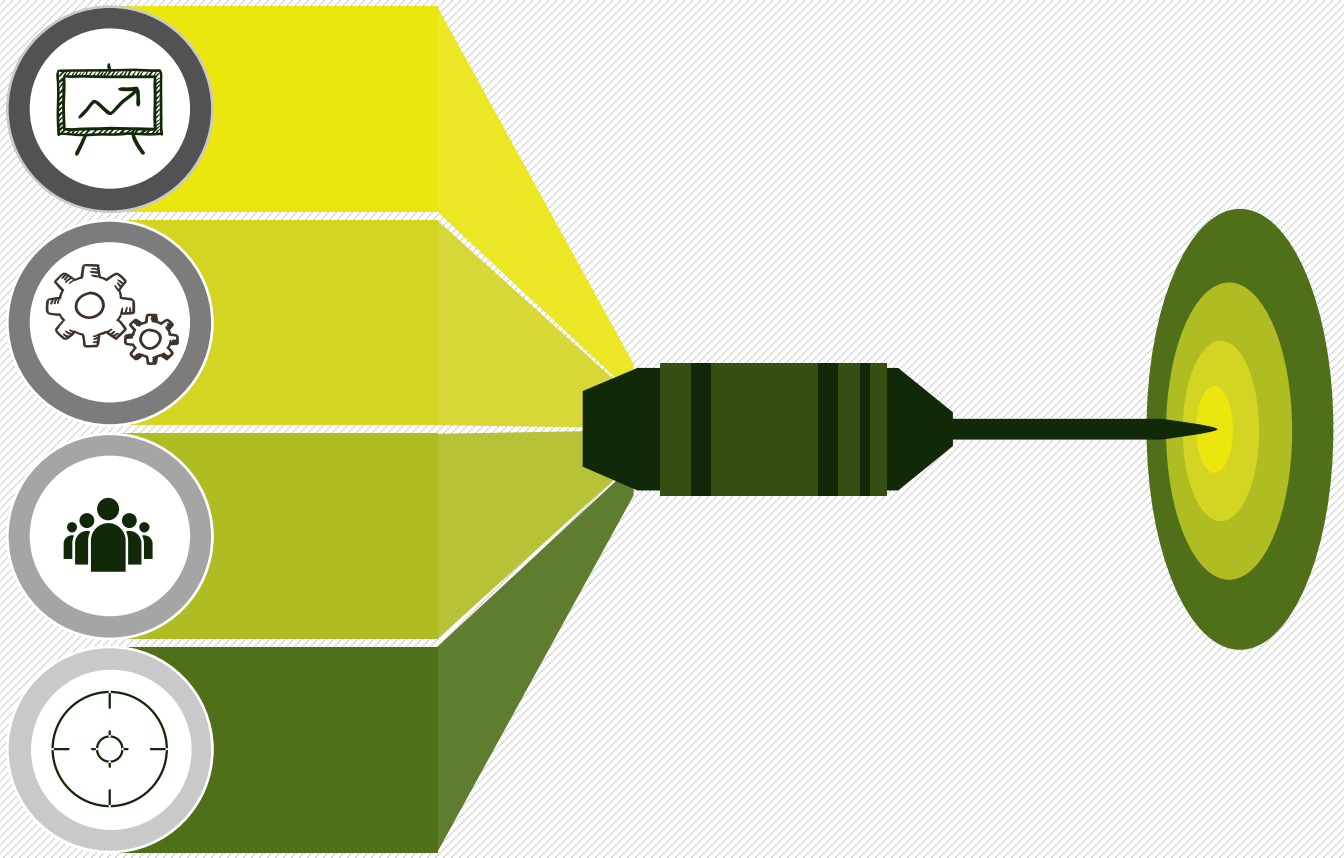
'Micro' of the MSME

Unserved by MFIs (owing to RBI guidelines) and banks / large NBFCs (owing to no formal income documentation)



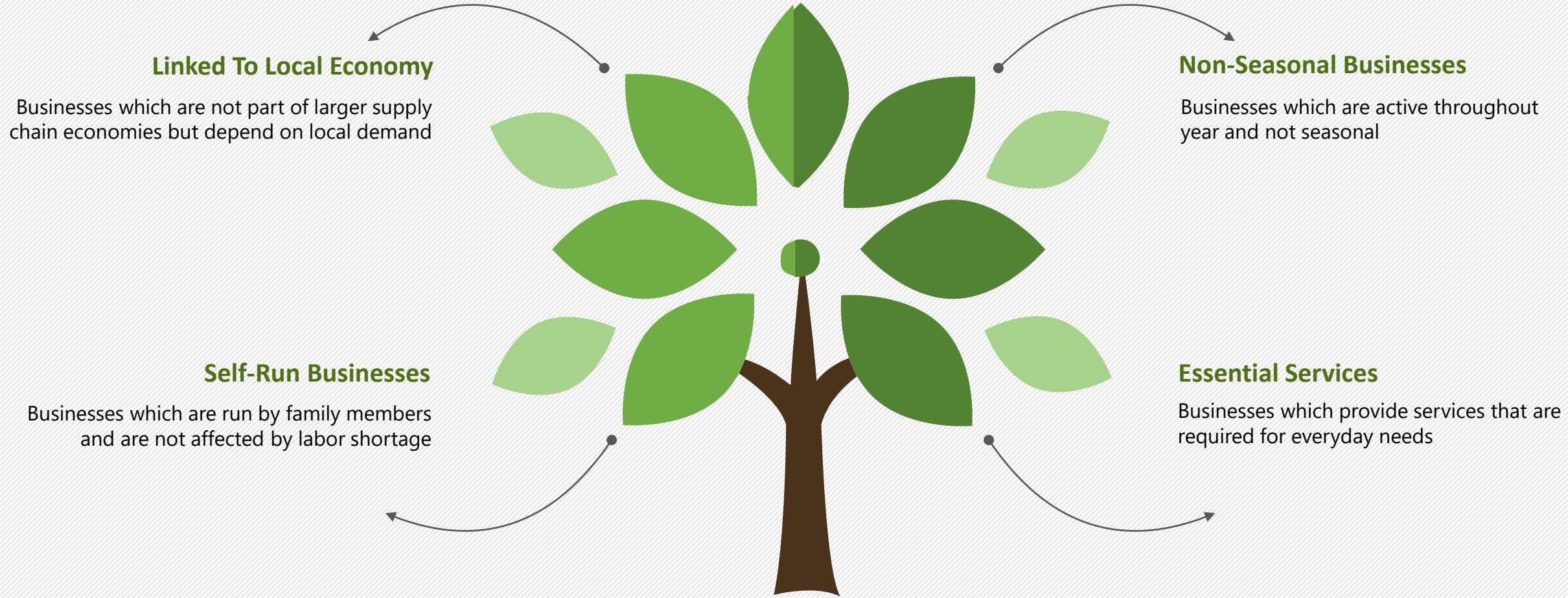
Instant Credit

With 100% digital processes, company is able to disburse loans in a matter of hours from onboarding





CUSTOMER SEGMENT





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

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

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

3. DIGITAL DISBURSEMENT

- E-Sign / Signing of Terms and Conditions
- E-NACH
- Disbursement



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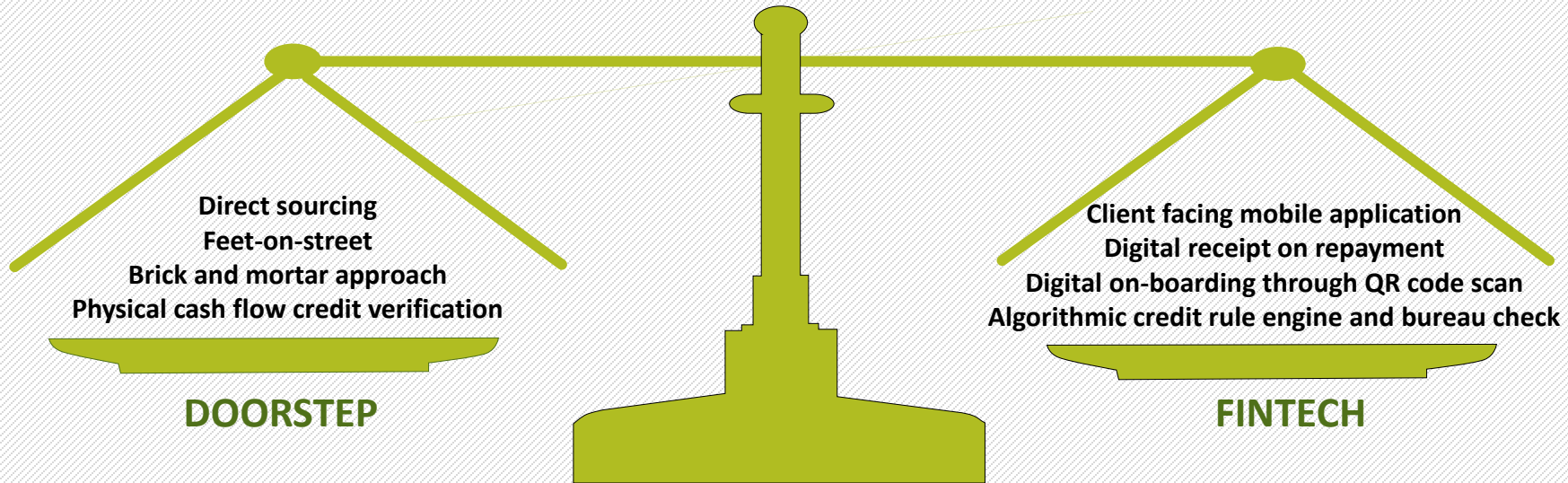
EVOLUTION PRE-LOCKDOWN

MOVE TO DIGITAL COLLECTION

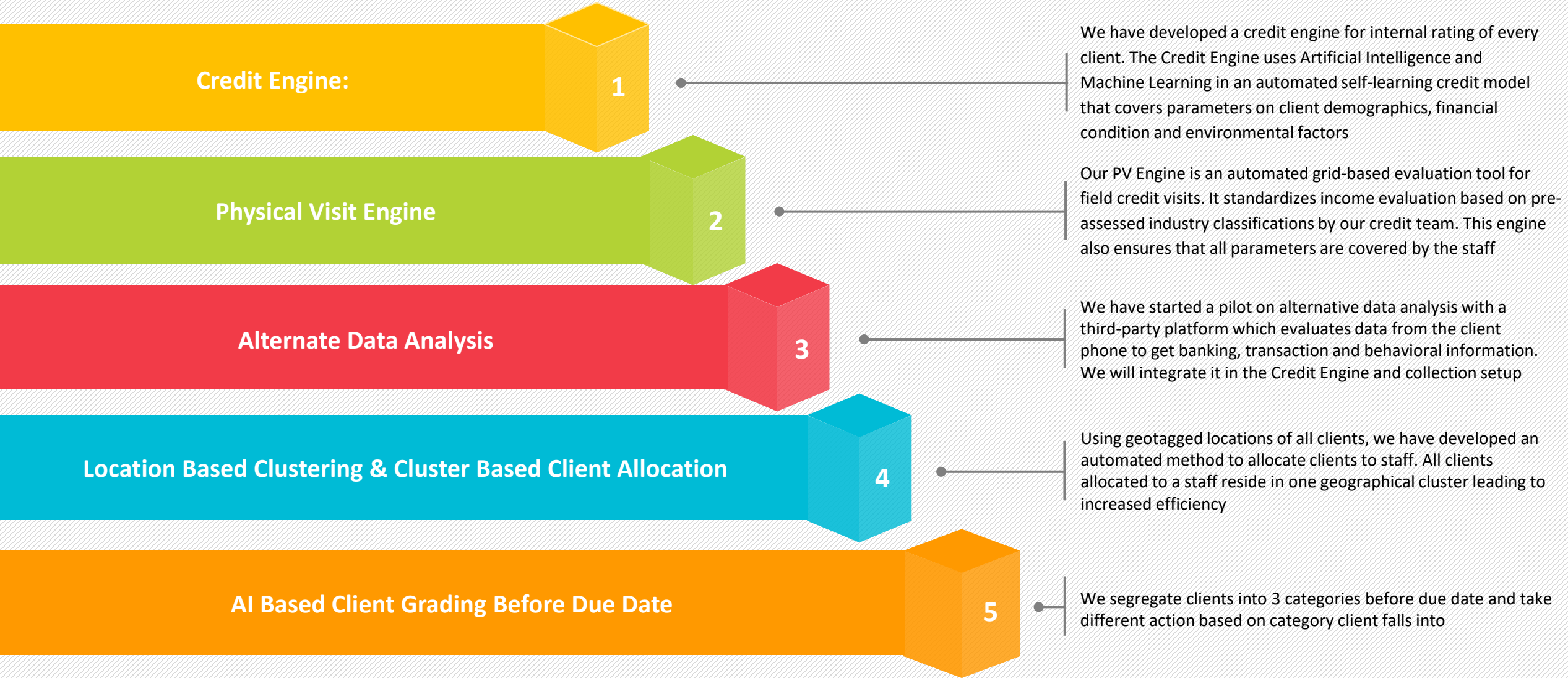


- DISBURSEMENT**
- One of the first rural NBFCs to start 100% cashless disbursement in 2015
- COLLECTION**
- Pioneered digital collection in rural lending in 2019
 - Loans given since January 2019 have online collection mode
 - Enabled all forms of online payment modes: NACH + Payment Gateway

TRADITIONAL LENDING PLUS TECHNOLOGICAL INNOVATION



EVOLUTION POST-LOCKDOWN 1.0



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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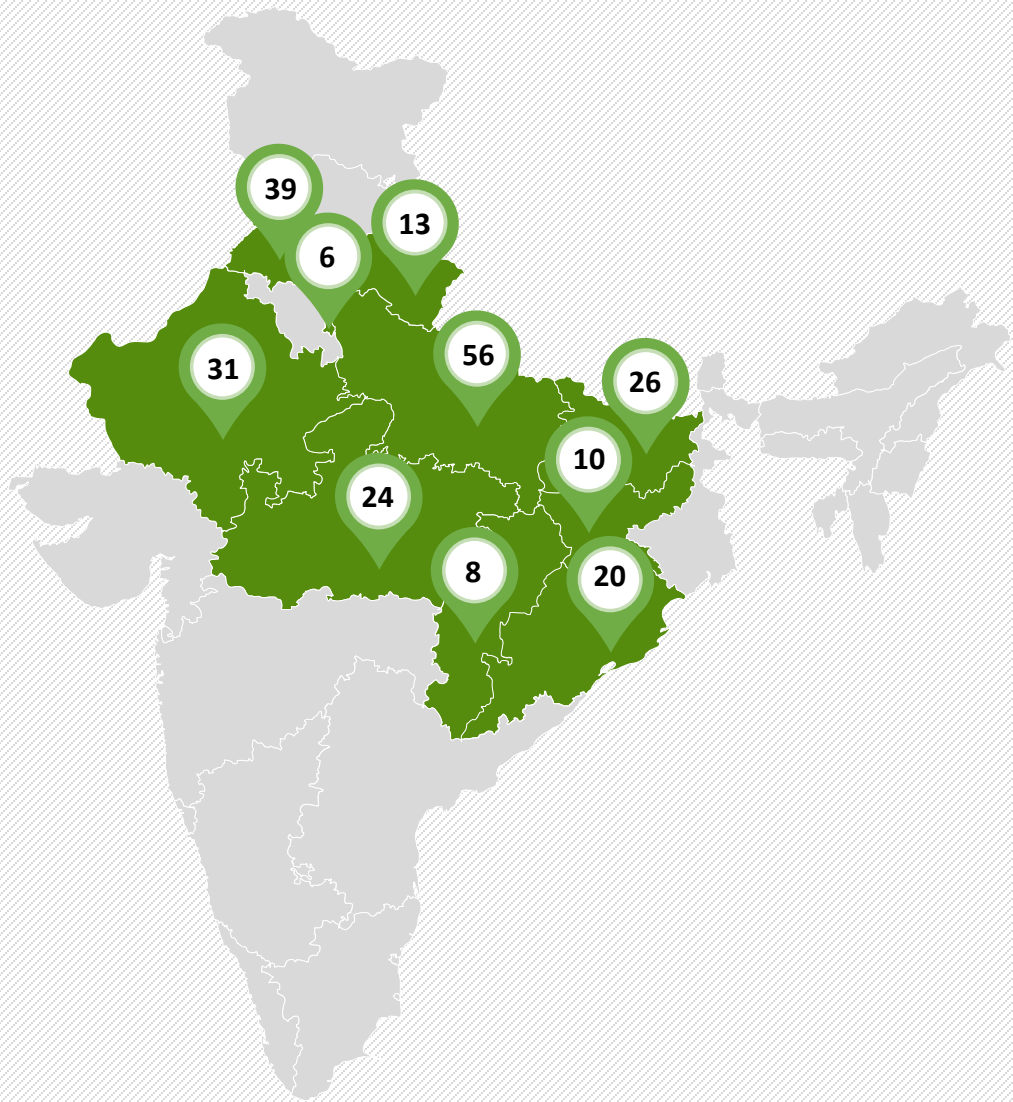
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BRANCH NETWORK

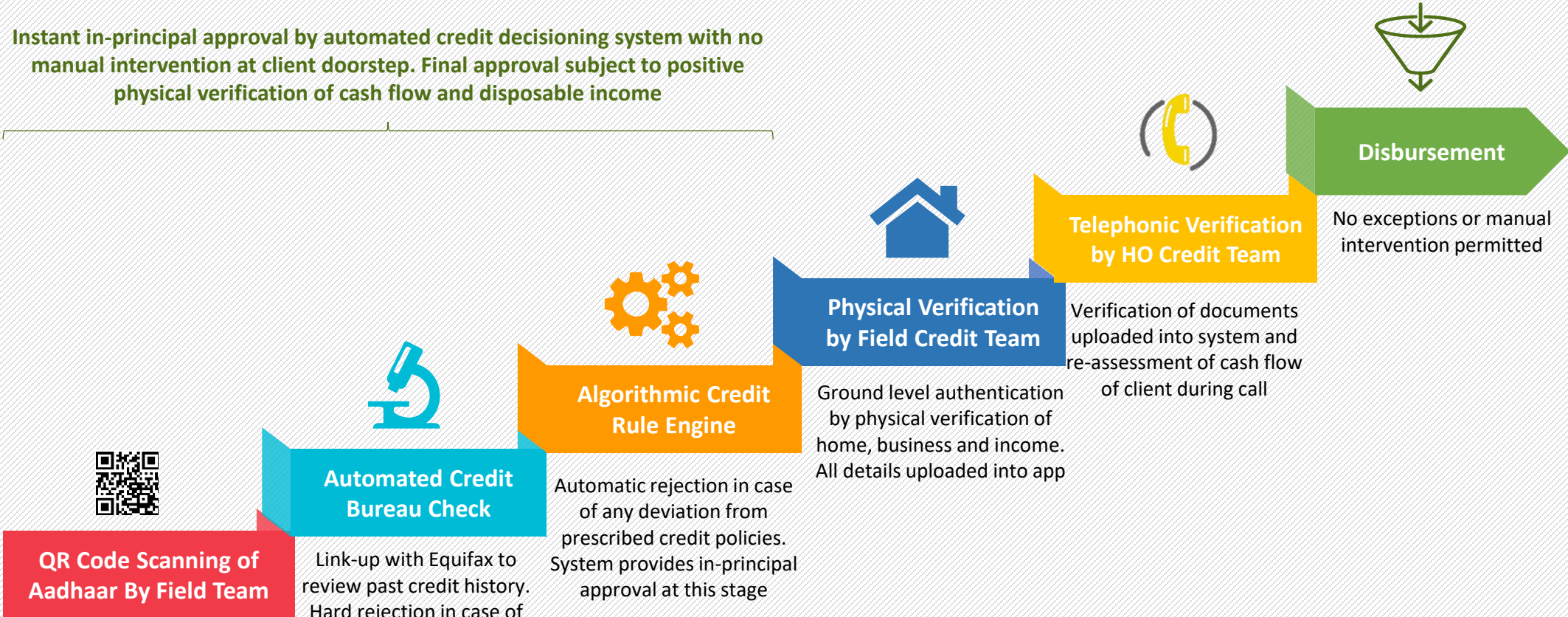


Branches: 233
Districts: 63
States: 10

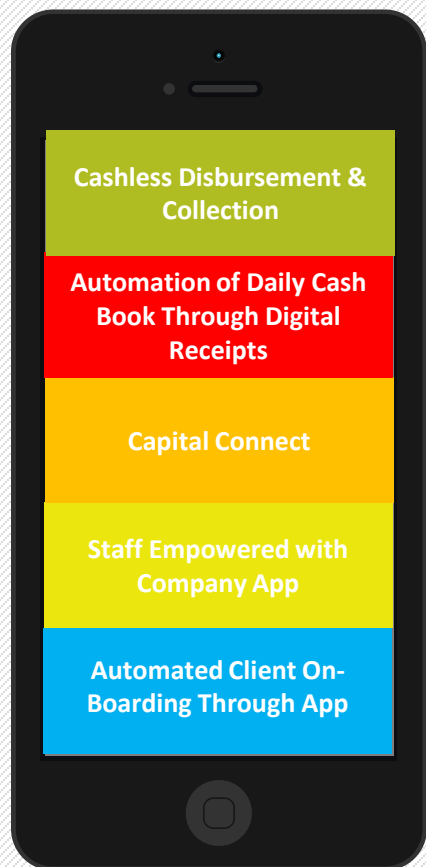


SMART CREDIT

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



- 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

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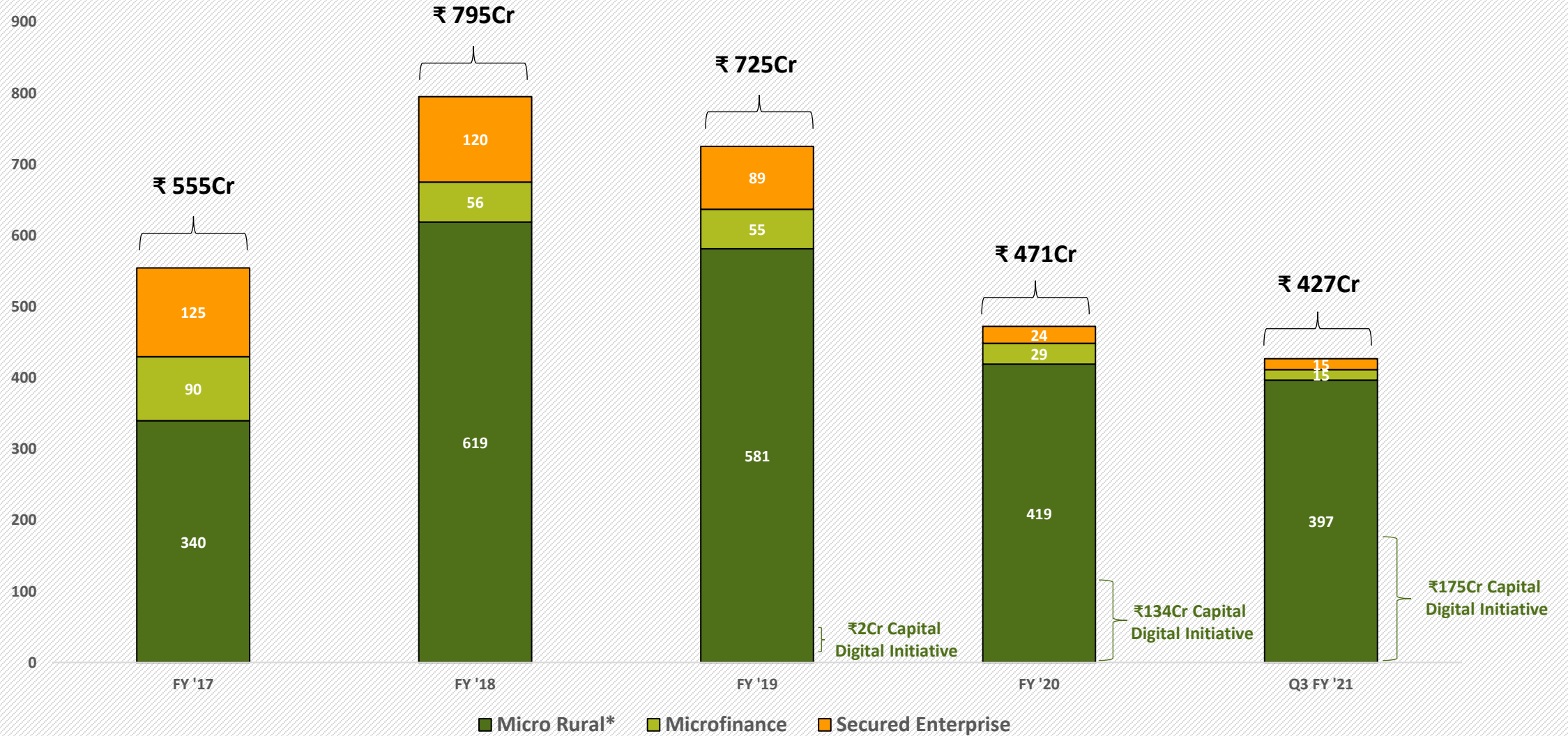
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PRODUCTWISE PORTFOLIO

(In ₹ Cr)

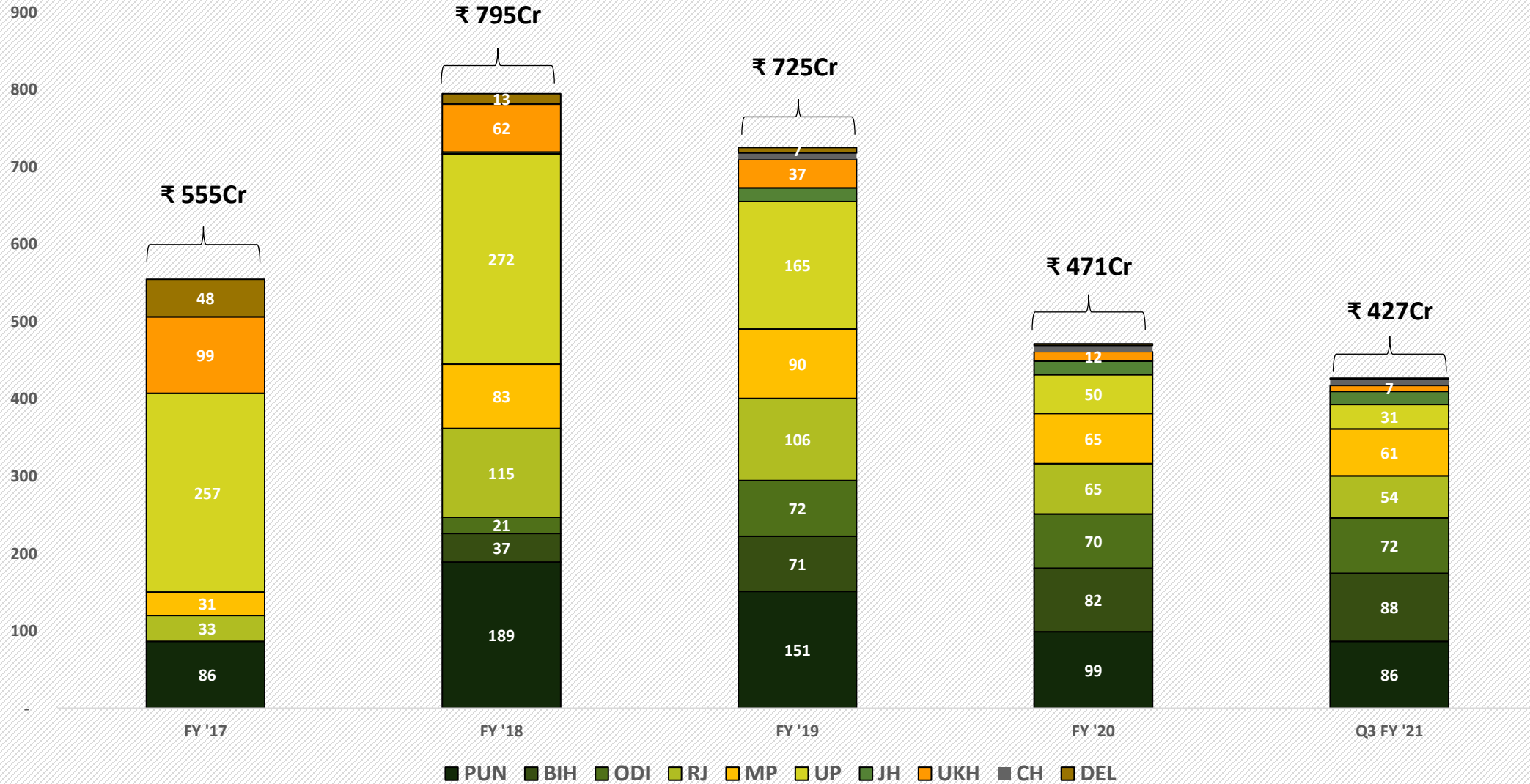


*Further Classified into Micro-Enterprise, Micro-Business and Capital Magic Loan



STATEWISE PORTFOLIO

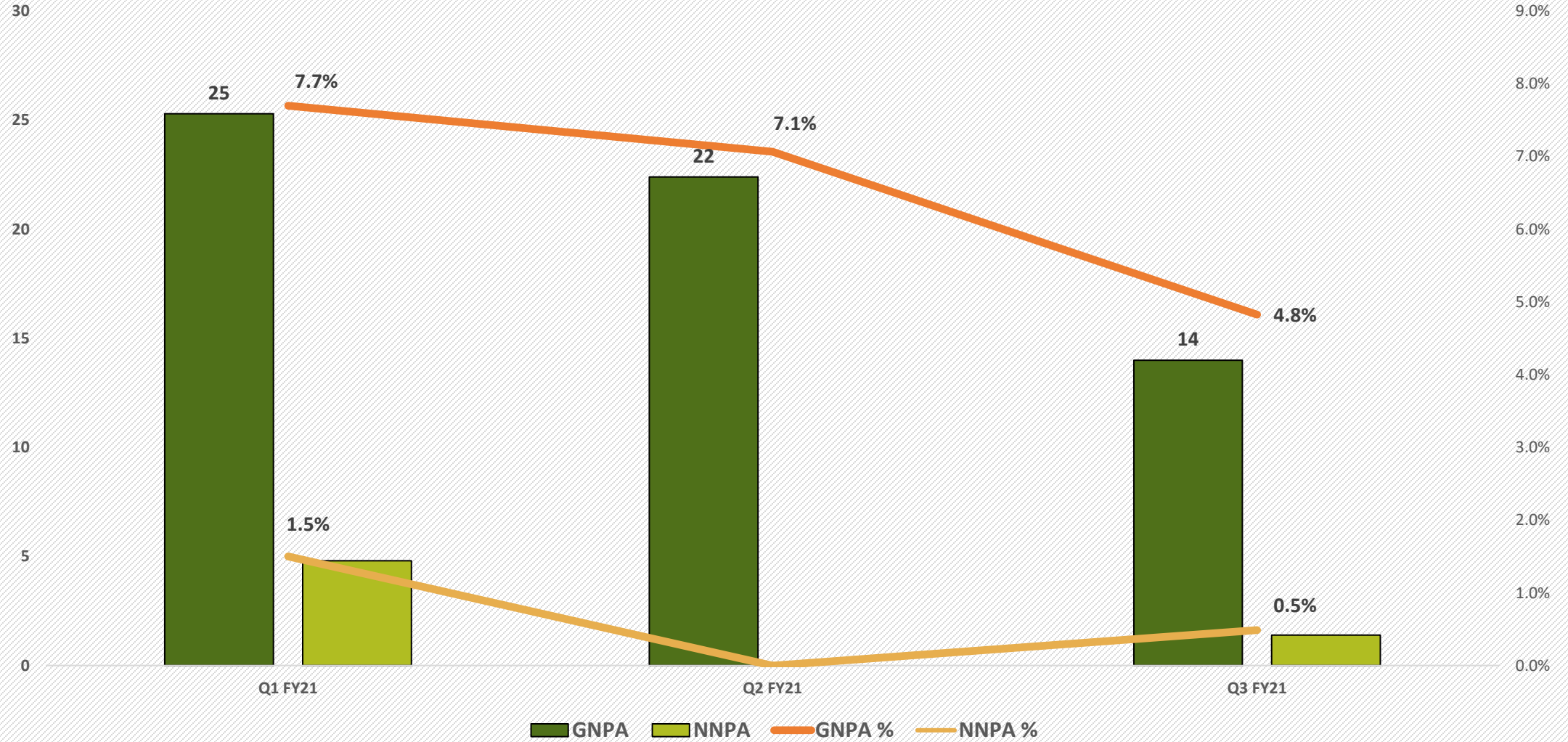
(In ₹ Cr)





PORTFOLIO QUALITY

(In ₹ Cr)



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ANNUAL CHANGE (Q3 FY20 vs Q3 FY21)

Assets Under Management (in Cr):

508.5



(-16%)

426.8

Capital Digital Initiative (in Cr.):

174.9



(88%)

93.1

Net Worth (in Cr):

162.2



(-3%)

157.0

Book Value Per Share (in Rs):

100.0



(-3%)

96.8

Capital Adequacy Ratio (in %):

51.2



(23%)

41.6

Gross NPA (in %):

6.4



(-24%)

4.8

Provision Coverage Ratio (in %):

89.9



(92%)

46.9

Borrowings (in Cr):

325.4



(-27%)

236.9

Leverage (in X)

2.0



(-25%)

1.5

➤ QUARTERLY CHANGE (Q2 FY21 vs Q3 FY21)

Assets Under Management (in Cr):

429.5



(-1%)

426.8

Capital Digital Initiative (in Cr.):

174.9



(22%)

144.3

Net Worth (in Cr):

157.5



(-0%)

157.0

Book Value Per Share (in Rs):

97.1



(-1%)

96.8

Capital Adequacy Ratio (in %):

51.2



(3%)

49.8

Gross NPA (in %):

7.7



(-37%)

4.8

Provision Coverage Ratio (in %):

89.9



(12%)

80.6

Borrowings (in Cr):

258.5



(-8%)

236.9

Leverage (in X)

1.6



(-8%)

1.5



KEY FINANCIALS

Line Item	Q3 FY20	Q3 FY21	(YoY)	Q2 FY21	Q3 FY21	(QoQ)
Total Income	41.5	31.2	-25%	27.0	31.2	15%
Total Expense (excluding tax)	30.4	31.2	2%	25.9	31.2	20%
Profit / (loss) before tax	11.1	0.0	-100%	1.1	0.0	-99%
Profit / (loss) after tax	8.2	-0.4	-105%	0.9	-0.4	-147%
Net Worth	162.2	157.0	-3%	157.5	157.0	0%
Micro-Enterprise Loan	347.1	222.0	-36%	245.1	222.0	-9%
Micro-Business Loan	55.1	89.6	63%	91.0	89.6	-1%
Capital Magic Loan	38.0	85.2	124%	53.3	85.2	60%
Total Micro-Rural Loan	440.3	396.9	-10%	389.3	396.9	2%
Secured Enterprise Loan	27.7	15.1	-45%	20.3	15.1	-26%
Microfinance Loan	40.6	14.8	-63%	19.8	14.8	-25%
Total Assets Under Management (AUM)	508.5	426.8	-16%	429.5	426.8	-1%
On-Book Portfolio	374.1	290.0	-22%	317.3	290.0	-9%
Off-Book Portfolio	134.4	136.8	2%	112.2	136.8	22%
Total Assets Under Management (AUM)	508.5	426.8	-16%	429.5	426.8	-1%



KEY RATIOS

Line Item	Q3 FY20	Q3 FY21	(YoY)	Q2 FY21	Q3 FY21	(QoQ)
Net Interest Margin*	10.7%	11.6%	9%	9.6%	11.6%	21%
Operating Cost to AUM Ratio*	12.4%	15.1%	22%	13.0%	15.1%	16%
Earning Per Share (Rs.)*	20.3	-1.0	-105%	2.2	-1.0	-147%
Book Value Per Share (Rs.)	100.0	96.8	-3%	97.1	96.8	0%
Return on Assets*	6.1%	-0.4%	-106%	0.8%	-0.4%	-150%
Return on Equity*	20.7%	-1.1%	-105%	2.2%	-1.1%	-147%
Gross NPA (%)	6.4%	4.8%	-24%	7.7%	4.8%	-37%
Net NPA (%)	3.5%	0.5%	-86%	2.5%	0.5%	-80%
Capital Adequacy Ratio	41.6%	51.2%	23%	49.8%	51.2%	3%
Provision Coverage Ratio	46.9%	89.9%	92%	80.6%	89.9%	12%
Cost of Borrowing	14.2%	13.1%	-8%	13.1%	13.1%	1%
Leverage	2.0	1.5	-25%	1.6	1.5	-8%

*Annualized

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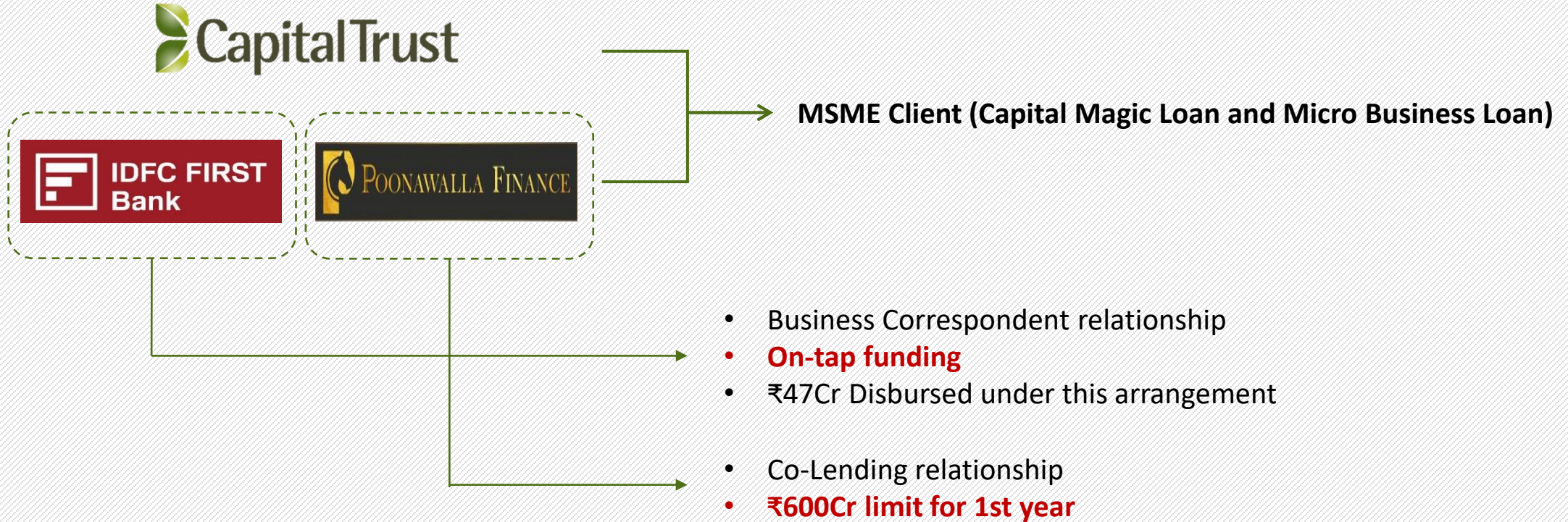
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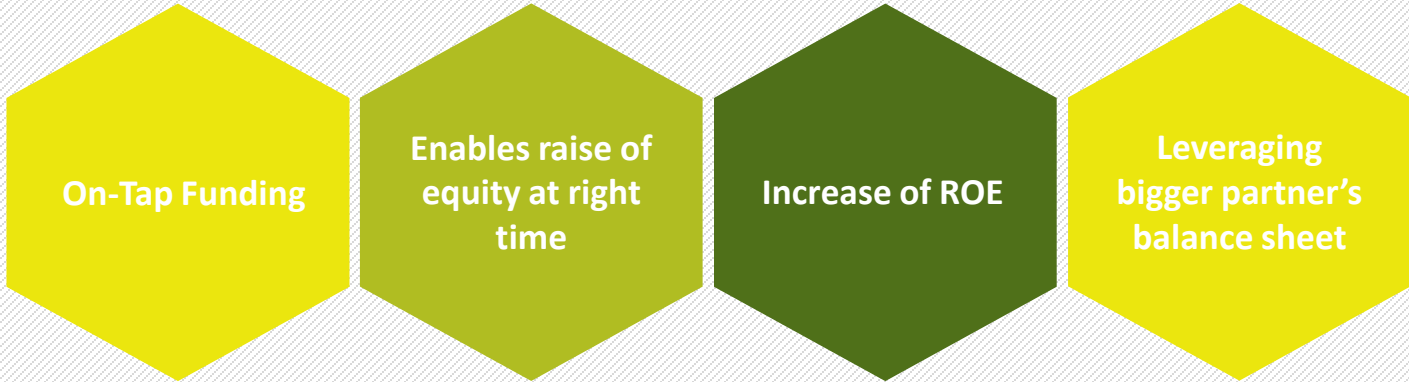
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Benefits of Long-Term Funding Secured:





DEBT & DIRECT ASSIGNMENT PARTNERSHIPS

Public Sector Banks: 5



Private Banks: 2



NBFCs: 5



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