

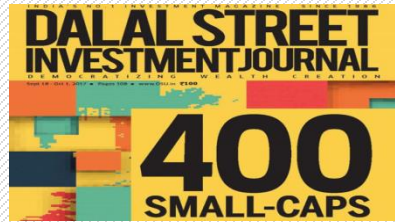


Capital Trust

INVESTOR PRESENTATION Q1 FY20



Enriching Lives



COMPANY OVERVIEW



COMPANY OVERVIEW

- \$10M PE investment
- Acquisition of Microfinance subsidiary
- Listing on NSE



As on 30.06.2019

AUM:
₹ 631 Crores

Clients:
1.63 Lacs

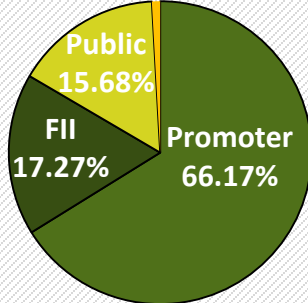
Branches:
251

Employees:
1720

Bank Borrowings:
₹ 428 Crores

Q1 Loss:
(₹ 11 Crores)

Credit Rating:
BBB+



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)

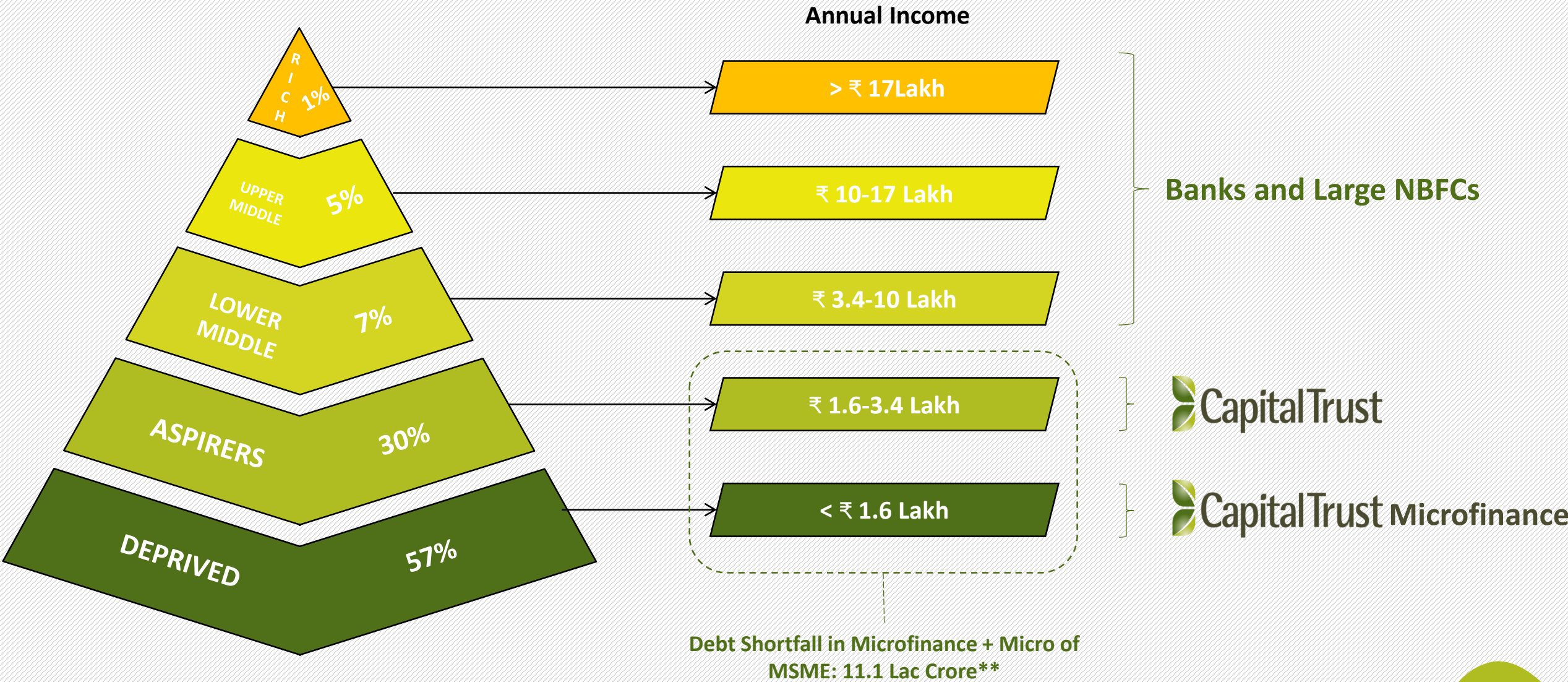
Extensive Rural Branch Network
 251 branches in 68 districts and 10 states encapsulating 'feet on street' model

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

TARGET SEGMENT

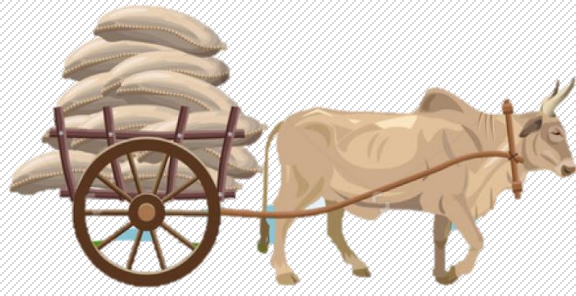


SERVING THE UNSERVED



*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

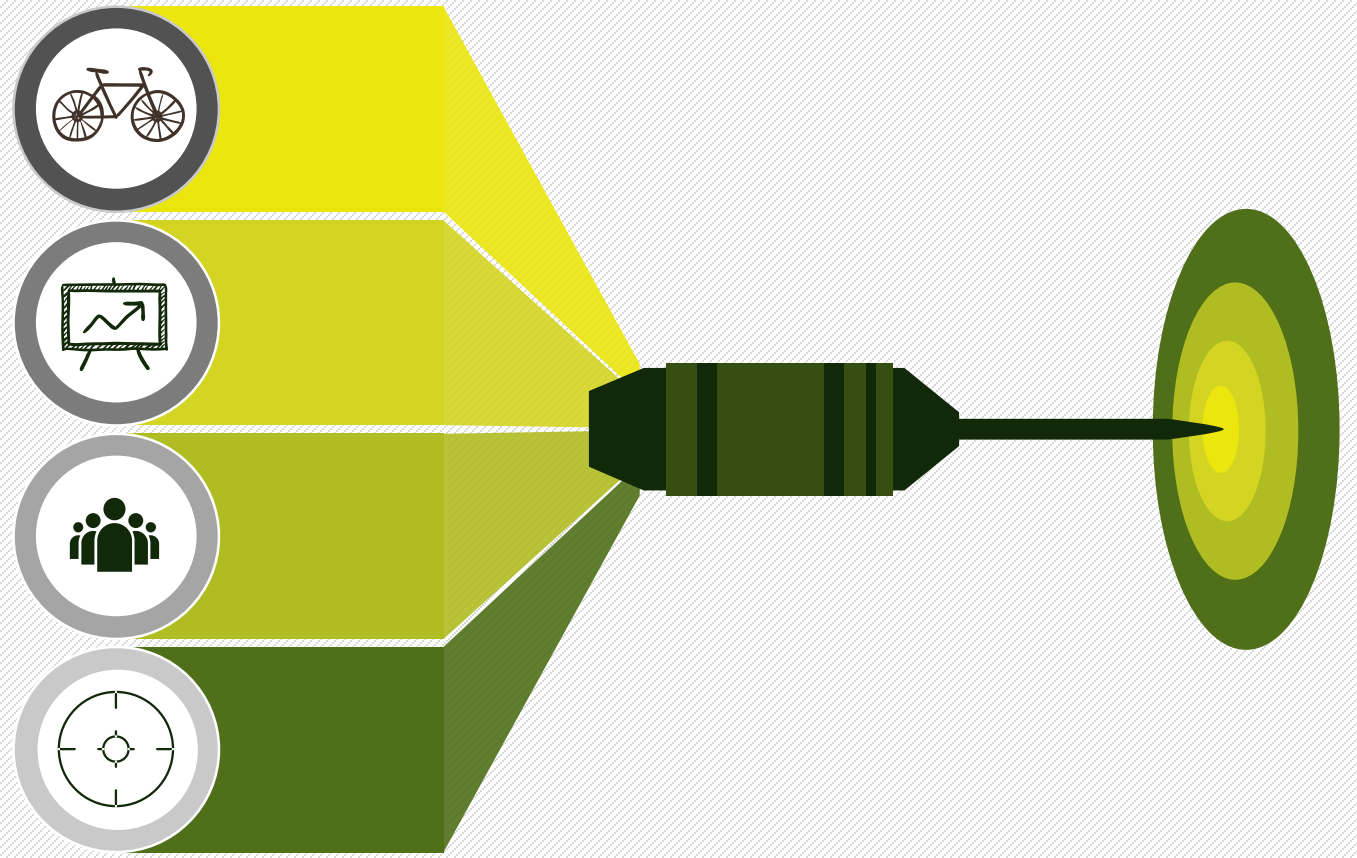
8% of the Microfinance clients graduate from the Microfinance sector each year and come and hit a wall

New to Organized Credit

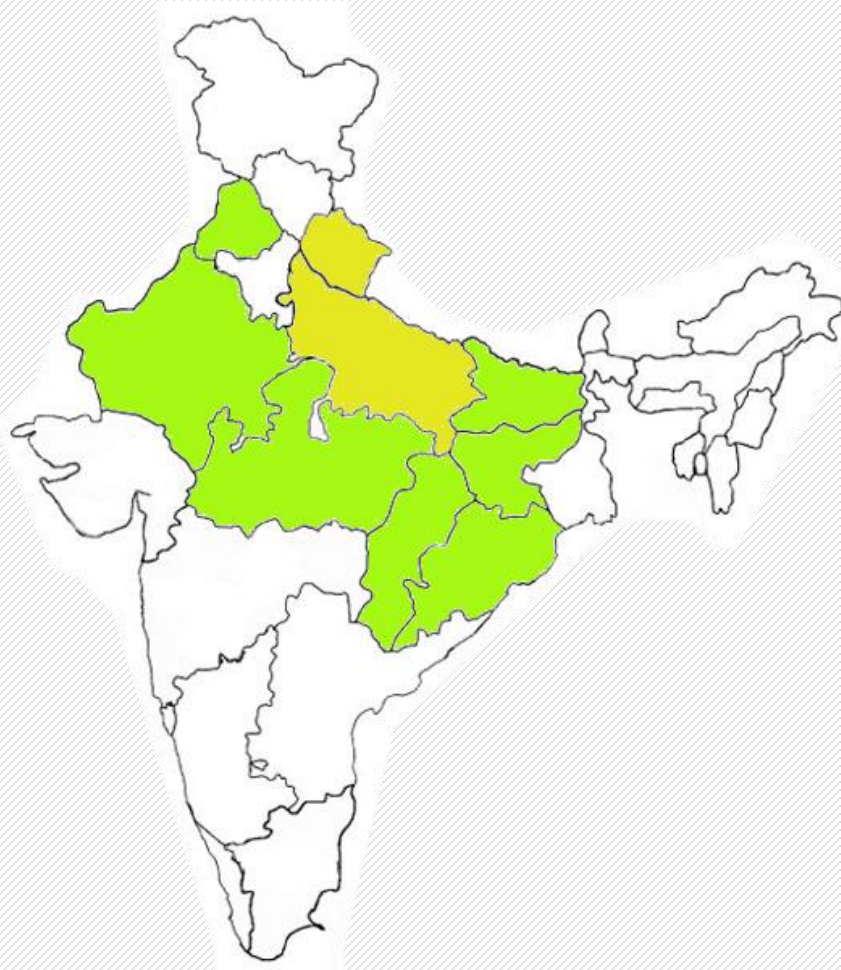
Replacing traditional informal sources of financing (local moneylenders) which currently account for 84% of all financing to MSMEs

'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: ₹525 Crore
 Ticket Size: ₹10,000 - ₹1,05,000
 Interest Rate: 26+%
 Tenure: 3 months – 3 years
 All new disbursements through banking channels
 Monthly Cashless NACH Repayment (older variant cash collection)

Microfinance Loan

AUM: ₹68 Crore
 Ticket Size: ₹20,000 - ₹30,000
 Interest Rate: 25%
 Tenure: 2 years
 Joint Liability
 Fortnightly Cash Repayment

Secured Enterprise Loan

AUM: ₹38 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





MICRO RURAL LOAN

Quick Disbursement

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

Flexible Loan

Flexi tenure loan can be used for unorganized sector, working capital, education, two wheeler, medical, consumer and other needs

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

First of Its Kind Digital Repayment 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



Requirement to have self occupied residence within 25kms of branch premise



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

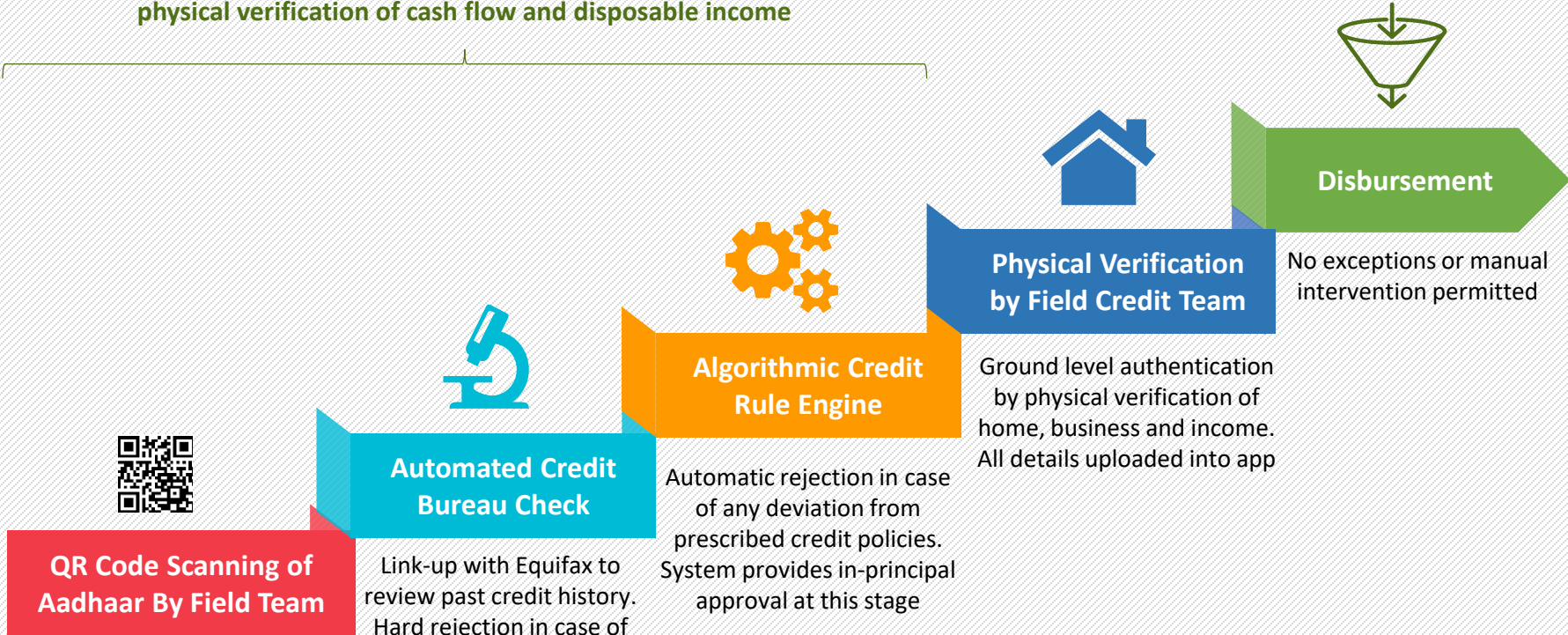


Strong collection focus with legal action initiation through Section 138 of NI Act on client becoming 90 DPD



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



Automatic uploading of client data into system. Location geo-tagged and case rejected if client residence is beyond 25kms from branch

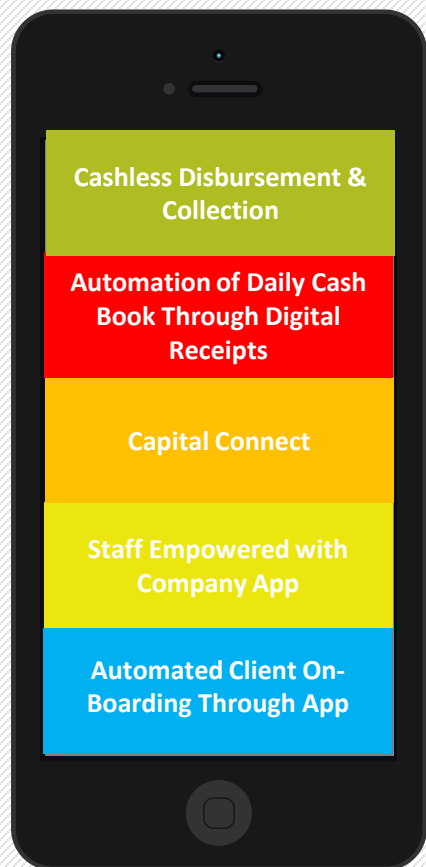
Link-up with Equifax to review past credit history. Hard rejection in case of negative credit bureau history






Automatic rejection in case of any deviation from prescribed credit policies. System provides in-principal approval at this stage

Ground level authentication by physical verification of home, business and income. All details uploaded into app

No exceptions or manual intervention permitted

- 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

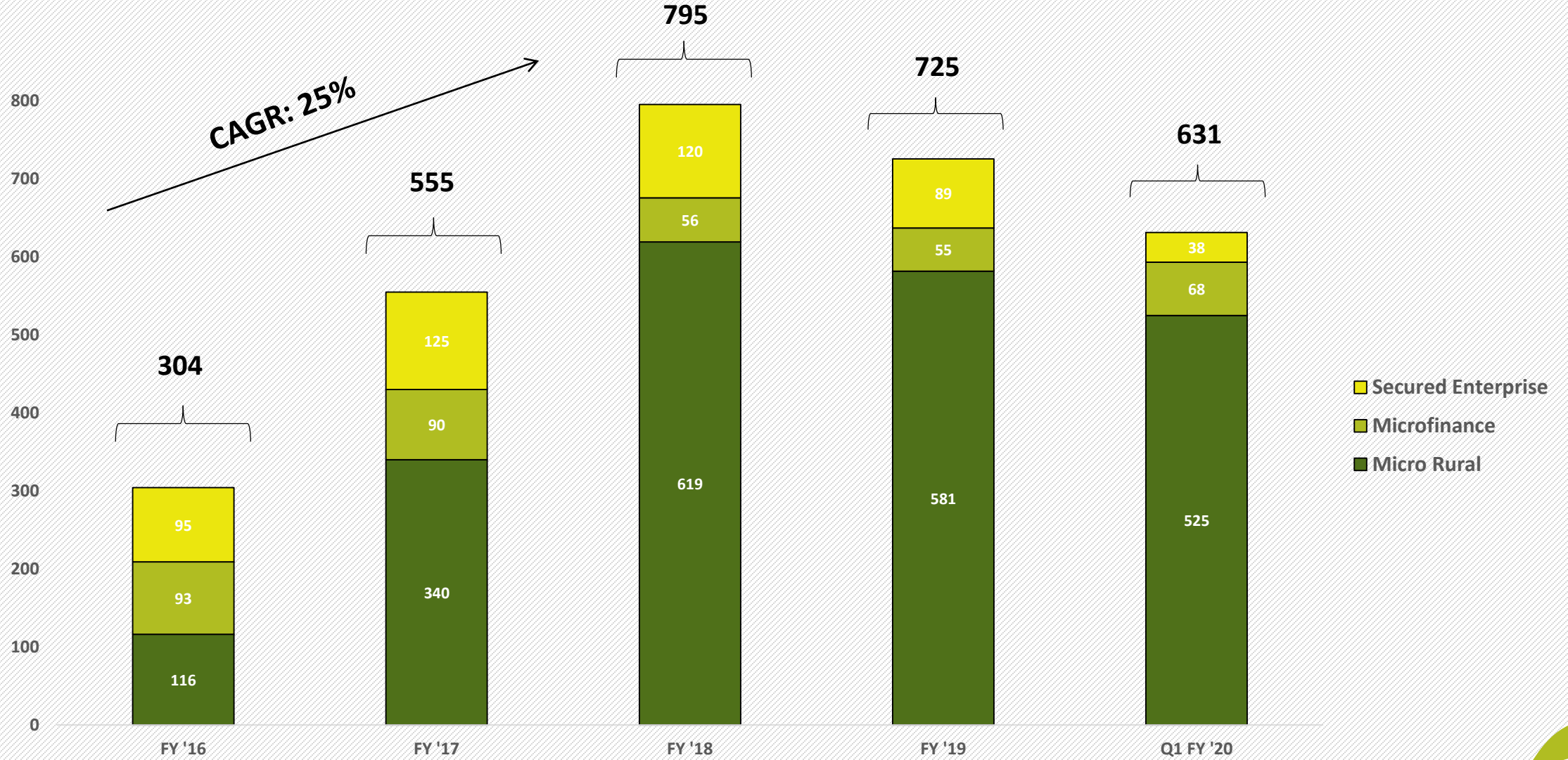


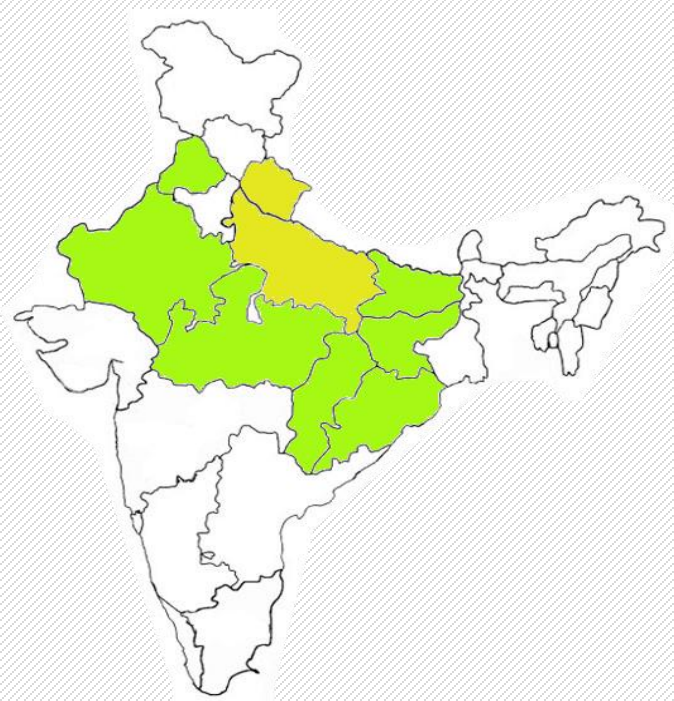
-  One of the first NBFCs to start cashless disbursement of all loans since 2015. Also started process of cashless repayment for all loans (except Microfinance) in 2019
-  Automated closing of company and all branch books at 6PM daily through collation of issued Digital Receipts (SMSs sent to client on collection of any repayment)
-  Client application with access to all details regarding the loan to promote transparency and authenticity
-  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
-  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 30.06.19	AUM (₹ Cr.)	NPA (₹ Cr.)	NPA (%)
Non-Demonetization Impacted	517.3	6.6	1.3%
Demonetization Impacted	113.6	14.9	13.0%
Total	630.9	21.5*	3.4%

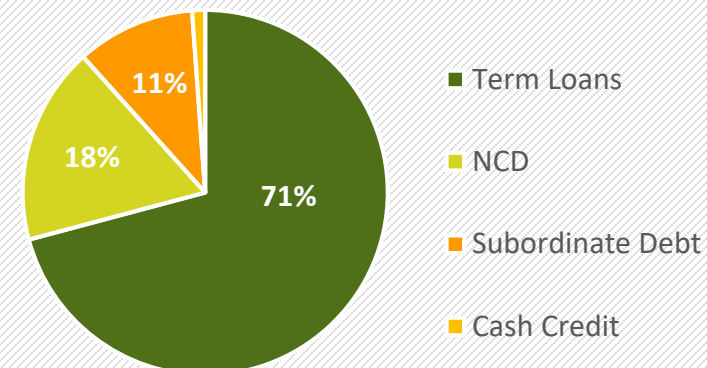
* Rs. 20.7 Cr has been provided against the same

LIQUIDITY POSITION

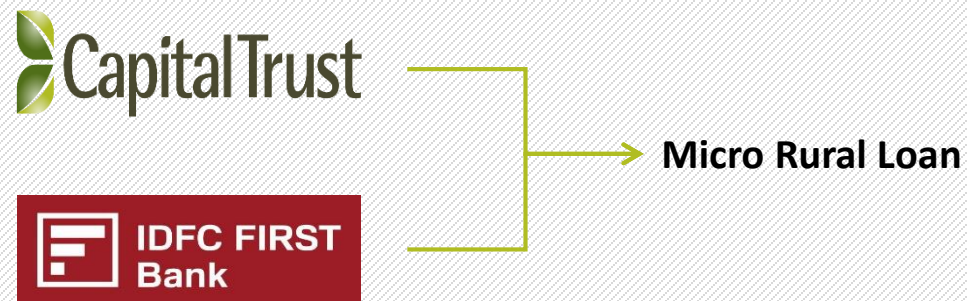
	Q2 FY20 (Expected)	Q3 FY20 (Expected)	Q4 FY20 (Expected)	Q1 FY21 (Expected)
Quarterly Collection (Cr.)	151.4	134.9	118.0	106.3
Quarterly Repayment (Cr.)	99.7	96.3	78.3	68.1
Quarterly Surplus (Cr.)	51.7	38.6	39.6	38.2
Monthly Surplus (Cr.)*	17.2	12.9	13.2	12.7

- Average Tenure of Borrowings: 51 months
- Average Tenure of Loans Given: 33 months
- No exposure to Commercial Paper or any other short term borrowing

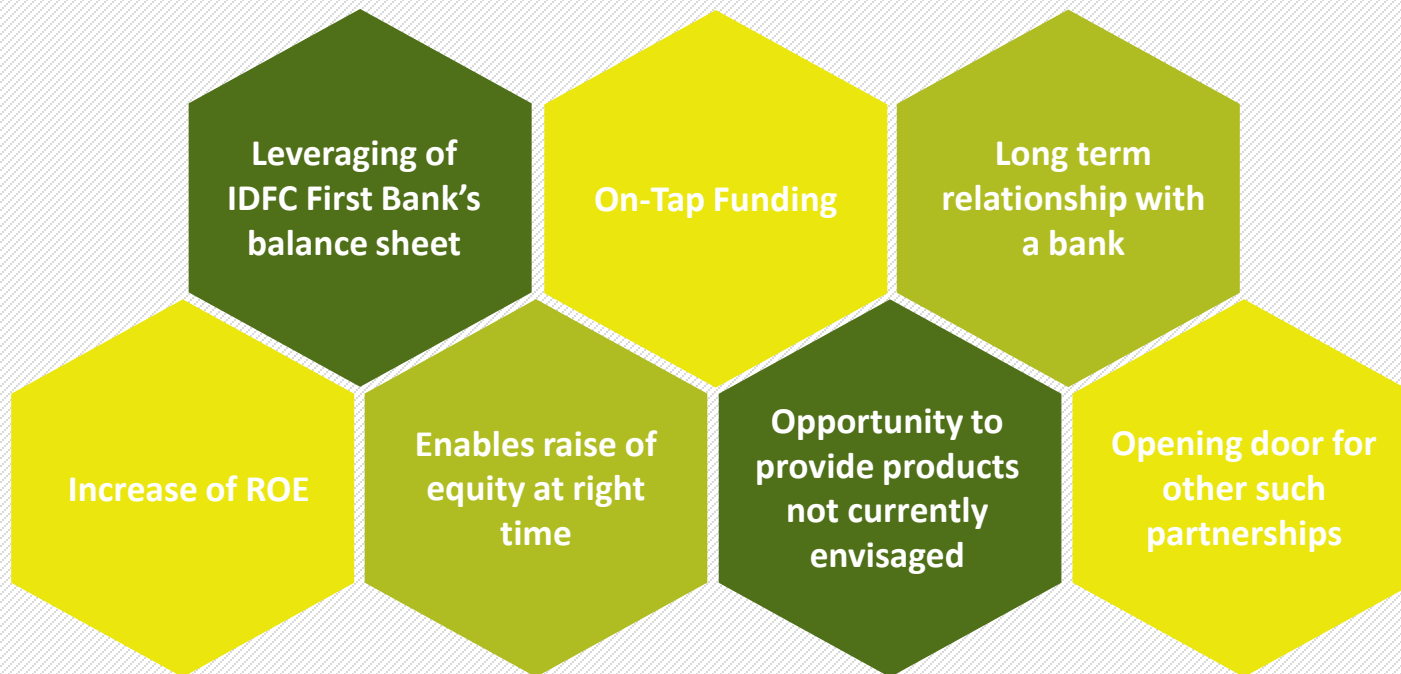
Borrowing Profile:



*Assuming no incremental disbursements



Benefits to CTL:



FINANCIALS

➤ IMPACT OF SHIFT FROM IGAAP TO IND-AS



IGAAP	Recognized Upfront on Sourcing Date	Amortized using Straight Line Basis	Incurred Loss Approach	Included in Share Capital and Security Premium
IND-AS	Amortized Across Agreement Tenor	Amortized Across Agreement Tenor Using EIR	Expected Credit Loss Approach	Adjusted from Share Capital and Security Premium
Affect	Income From Operations	Finance Cost	Other Expenses	Reserves and Surplus



ECL PROVISIONING

IND-AS	Micro-Finance	Micro-Rural	Secured-Enterprise
Classification	Unsecured	Unsecured	Secured
Stage 1 (0-30 DPD)	EAD X PD X LGD	EAD X PD X LGD	EAD X PD X LGD
Stage 2 (31-90 DPD)	EAD X PD X LGD	EAD X PD X LGD	EAD X PD X LGD
Stage 3 (>90 DPD)	EAD X PD X LGD	EAD X PD X LGD	EAD X PD X LGD

I-GAAP	Micro-Finance	Micro-Rural	Secured-Enterprise
Classification	Unsecured	Unsecured	Secured
Standard Asset (0-90 DPD)	0.40% provisioning	0.40% provisioning	0.40% provisioning
Substandard Asset (91-455 DPD)	50% of overdue installments till 180 days, 100% after	10% provisioning	10% provisioning
Doubtful Asset Year 1 (456-820 DPD)	100% provisioning	100% provisioning	20% provisioning
Doubtful Asset Year 2,3 (821-1550 DPD)	100% provisioning	100% provisioning	30% provisioning
Loss Asset (1551+ DPD)	100% provisioning	100% provisioning	50% provisioning

EAD: Exposure at Default
 PD: Probability of Default
 LGD: Loss Given Default

KEY FINANCIALS AND RATIOS

Line Item / Ratio (IND-AS)	Q1 FY19	Q1 FY20	(YoY)
Total Income	52.95	42.28	-20%
Total Expense (excluding tax)	41.80	54.79	31%
Profit / (loss) after tax	8.62	-11.48*	-
Micro-Rural Loan	620.63	524.50	-19%
Secured Enterprise Loan	116.91	38.07	-67%
Microfinance Loan	58.37	68.30	17%
Total Assets Under Management (AUM)	795.91	630.87	-21%
Gross Operational NPA (%)	10.9%	3.40%	-
Net NPA (%)	8.29%	0.13%	-

* After adjusting for cumulative ECL provisions made till Q4 FY19, net impact of write-offs on Q1 FY20 P&L is Rs. 21 Cr. Write-offs were primarily from the pre-demonetization originated portfolio

PARTNERS

➤ PARTNERSHIPS



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