



CAPITAL TRUST LIMITED

Q1 FY2024
INVESTOR
PRESENTATION

August 2023

Disclaimer



Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements.

Capital Trust Limited will not be in any way be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

TABLE OF CONTENTS

COMPANY OVERVIEW	04-06
RECENT UPDATES	07-10
OPERATING MODEL	11-17
CAPITAL TRUST 2.0	18-23
FINANCIALS	24-26
KEY PARTNERSHIPS	27-28



COMPANY OVERVIEW

 Capital Trust

Capital Trust - Financing with a Tech-Touch Balance

Company Snapshot

- Being **India's first "Rural Doorstep-Fintech Company,"** we are focused on providing financial inclusion services to underserved India by merging fintech and traditional financing.
- Our digitized rural financing model offers quick digital micro loans to MSMEs and caters to over **70,214 customers across 96 districts through 306 branches in 10 states in India.**

Our Vision

To become the first fully digitalised and most trusted consumer service point in rural India that redefines the rules of MSME financing.

Our Mission

To encourage self-sufficiency and entrepreneurship in the underserved part of India by using 'low-cost, high-tech' digital finance processes.



As we continue to address the growing capital needs of the underserved markets of India, we have reached a tipping-point in our digital transformation journey, propelling us into the next phase of growth to help us serve more customers, better.

Numbers at a Glance



PORTFOLIO

₹ 166 Cr

Off: ₹ 130 Cr
On: ₹ 36 Cr



NET WORTH

₹ 75 Cr



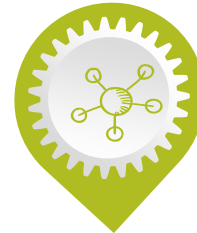
BORROWINGS

₹ 33 Cr



CAPITAL ADEQUACY

59 %



LEVERAGE

0.4 X



GNPA & NNPA

GNPA: 0.9 %

NNPA: 0.0 %



Q1 FY24 PBT

₹ 0.64 Cr

RECENT UPDATES



 Capital Trust

Q1 FY24 – Start Of The Turnaround:

1. Structural & Financial Updates

01 Merger of Subsidiaries

Final merger of subsidiaries (Capital Trust Microfinance and Capital Trust Housing) with the holding company, Capital Trust Limited, was completed in March 2023 (post reservation of order in December 2022).

02 Formalization of Informal MSMEs

In May 2023, RBI released “Formalisation of Informal Micro Enterprises on Udyam Assist Platform” circular thereby classifying all CTL Loans as PSL MSME loans.



03 Successful Bullet Repayments

In Q1 FY24, Capital Trust successfully repaid ₹77 Cr bullet repayments (₹45 Cr Sub-Debt repayment to IDFC First Bank and ₹32 Cr NCD+TL repayment to SBI).

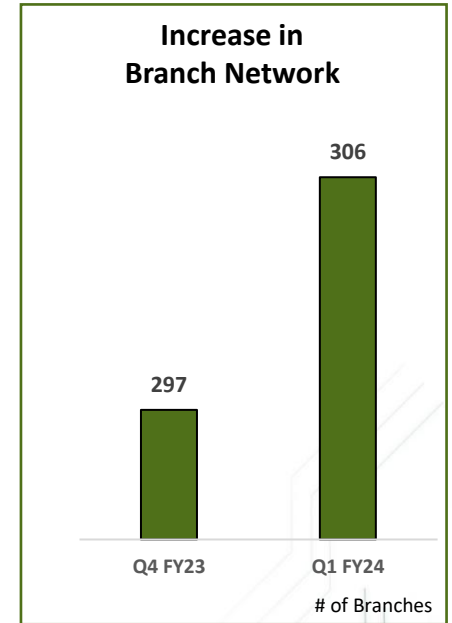
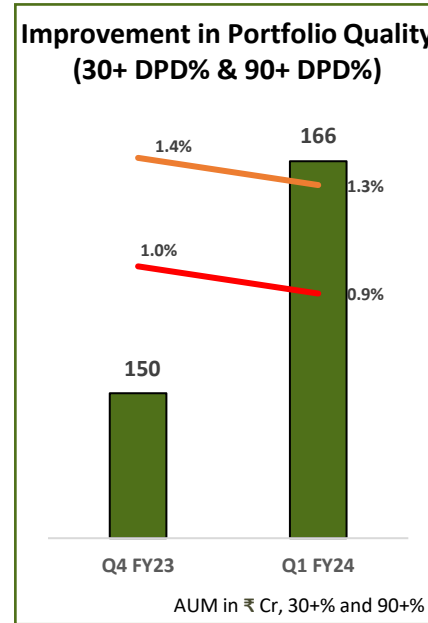
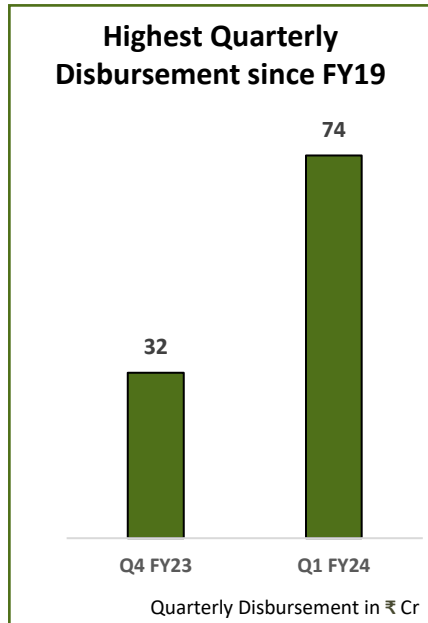
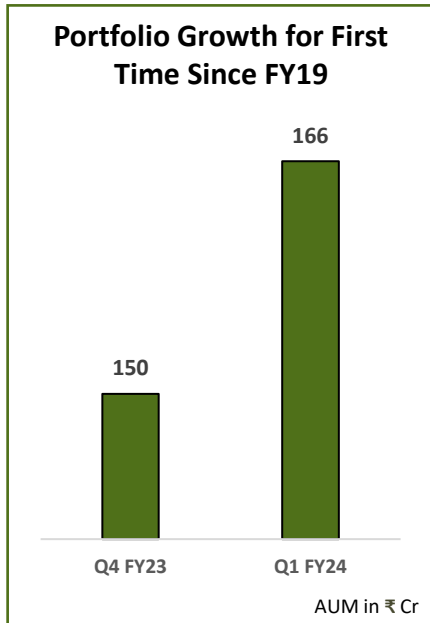
04 New Sanctions & Partnerships

Off Balance Sheet: Went live with 1 additional NBFC (Avanti Finance) through BC Partnership in aim of providing Lending-As-A-Service.

On Balance Sheet: Raised additional Term Loans from 1 Bank (IDFC First) and 4 NBFCs (Usha Finance, Prodigee Finance, Maxemo Capital, ISF Limited).

Q1 FY24 – Start Of The Turnaround:

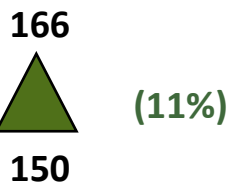
2. Operational Updates



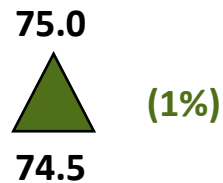
Q1 FY24 – Start Of The Turnaround:

3. Comparison of Q1 FY24 vs Q4 FY23

Assets Under Management (in Cr):



Net Worth (in Cr.):



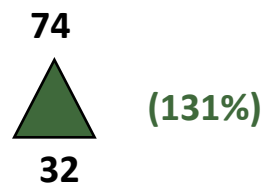
Profit After Tax (in Cr):



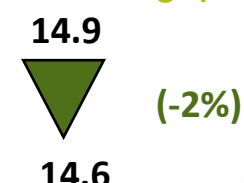
Gross NPA (in %):



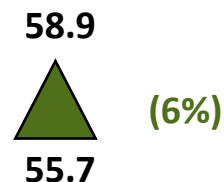
Disbursements (in Cr)



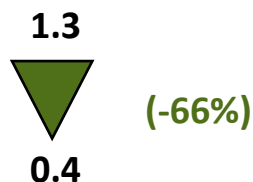
Cost Of Borrowings (in %):



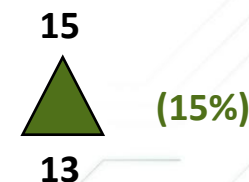
Capital Adequacy Ratio (in %):



Leverage (in X):



Funding Partnerships (in #):



OPERATING
MODEL



 Capital Trust

2. CREDIT UNDERWRITING

- QR Code scan of Aadhaar Card
- Automated credit bureau check
- Physical Verification of business and residence premise
- Business and cash flow analysis
- Physical Visit Engine
- Credit Engine
- Telephonic Verification

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

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

3. DISBURSEMENT

- E-Sign / Signing of Terms and Conditions
- E-NACH
- Penny-drop verification
- Disbursement into bank account

DIGITAL PROCESS

PHYSICAL PROCESS

Current Product Offering

Product Name	Capital Digital Loan
Type of Loan	Unsecured Income Generating Business Loan
Ticket Size (₹)	30,000 – 75,000
Tenure	12 – 24 months
ROI	32%+
Repayment	Digital NACH followed by physical cash collection

Why CTL?

- Branch banking
- Ease of getting loan
- Unsecured loan
- Digital loan
- Human connect
- Quick turnaround time
- Transparency with connect app
- Paperless Process

Production 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

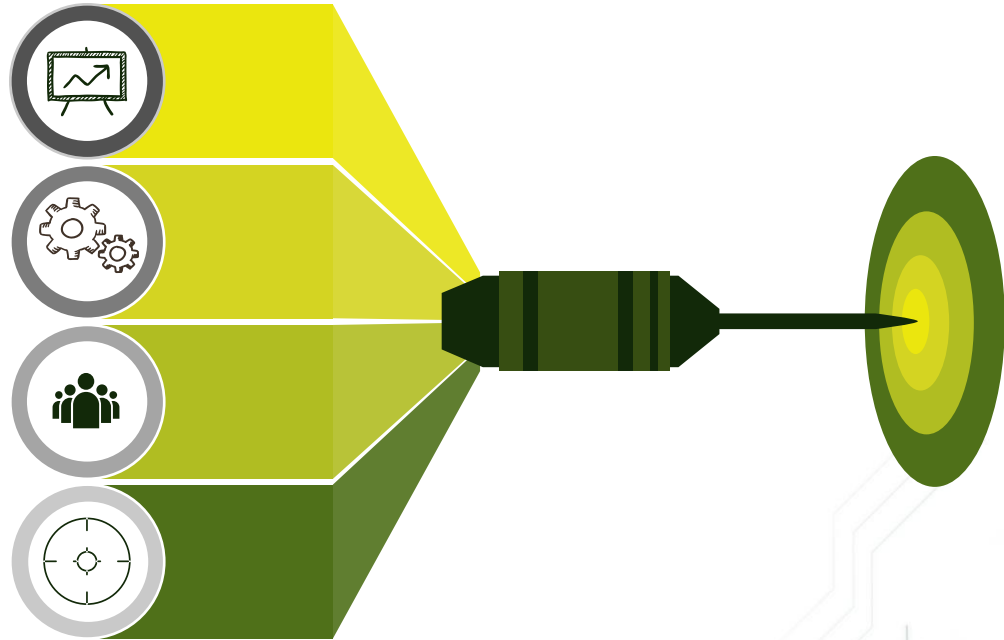
Market Segment

<u>CLASSIFICATION</u>	<u>DOCUMENTATION</u>	<u>TICKET SIZE</u>	<u>ANNUAL INCOME</u>	<u>UNSECURED</u>	<u>SECURED</u>
Formal MSME	<ul style="list-style-type: none"> - Income Tax Return - GST Certificate - Shop & Establishment - PAN Card - Udyam Aadhaar 	> ₹ 10 Lakh	> ₹ 10 Lakh	New Age Fintechs	Banks / Large SME Focused NBFCs
		₹ 1Lac - 10 Lakh	₹ 4Lac - 10 Lakh	Geography Focused MSME NBFCs	Product Focused MSME NBFCs
Informal MSME	<ul style="list-style-type: none"> - Aadhaar Card - Udyam Assist - Bank Account 	₹ 30,000 – 1 Lac	₹ 3Lac - 4 Lakh		
Microfinance	<ul style="list-style-type: none"> - Aadhaar Card 	₹ 20,000 – 60,000	< ₹ 3 Lakh	NBFC-MFIs	

Target Audience

MISSING MIDDLE

- Graduated from Microfinance**
8% of the Microfinance clients graduate yearly from the Microfinance sector 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
- Informal MSMEs**
Unserved by MFIs (owing to RBI guidelines) and banks / large NBFCs (owing to no formal income documentation)
- Clients Needing Instant Credit**
With 100% digital processes, company is able to disburse loans in a matter of days from onboarding



Typical Clientele



Kirana Stores



Dairy and Livestock Farmers



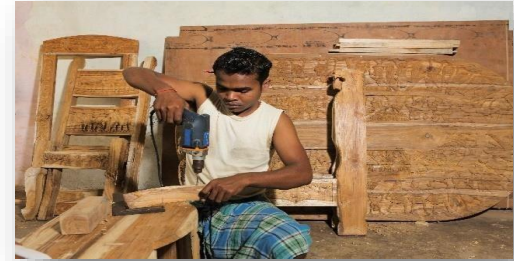
Grocery Vendors



Small Eateries



Textile Stores



Handicraft Manufacturers



Utility Stores

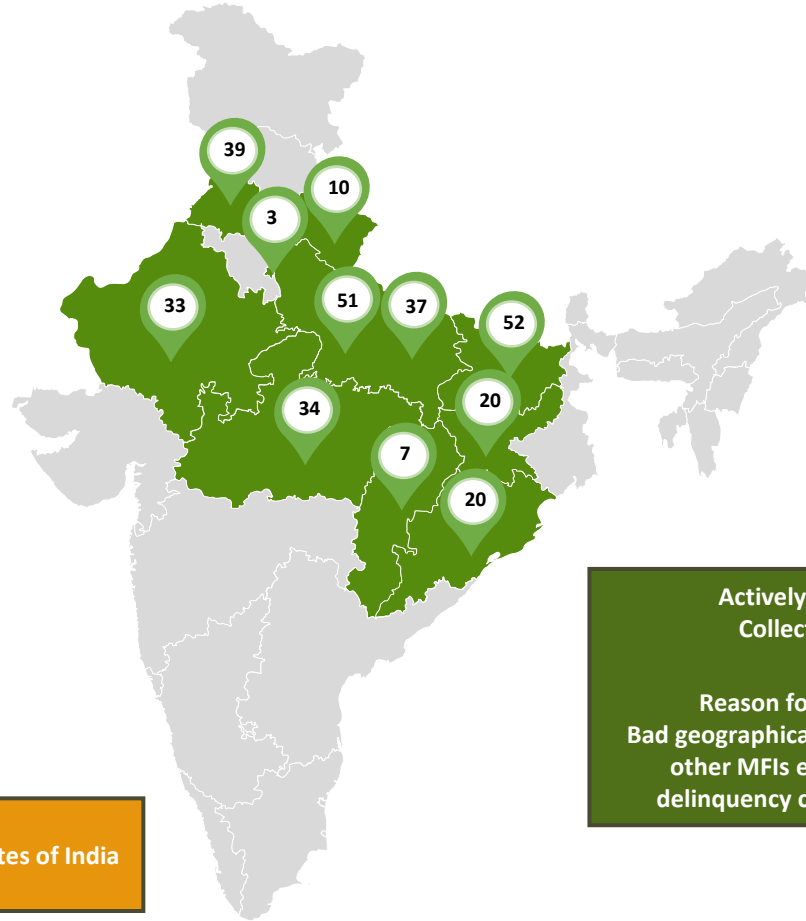


Salons



Flower Vendors

Branch Network



306 Branches spread across 96 Districts in 10 States of India

Actively Disbursing Branches: 188
Collection-Only Branches: 118

Reason for Collection-Only Branches:
Bad geographical delinquency in past, high DPD of other MFIs evident in pin code report, CDL delinquency crossing set 30+DPD benchmark

CAPITAL TRUST 2.0



 Capital Trust



Capital Trust 2.0: A Clean Slate

1. Portfolio Details

- High quality, seasoned AUM with 0.9% GNPA and 0% NNPA
- Current product continues to show strength with ₹586 Cr total disbursement with minimal credit cost. Portfolio sourced prior to FY20 continues to reduce

2. Pioneers in Technological Advancements

- By leveraging technology to penetrate underserved segments, we have capitalized on the inability of banks to rapidly scale operations and customize rigid policies in regard to providing business loans in rural India



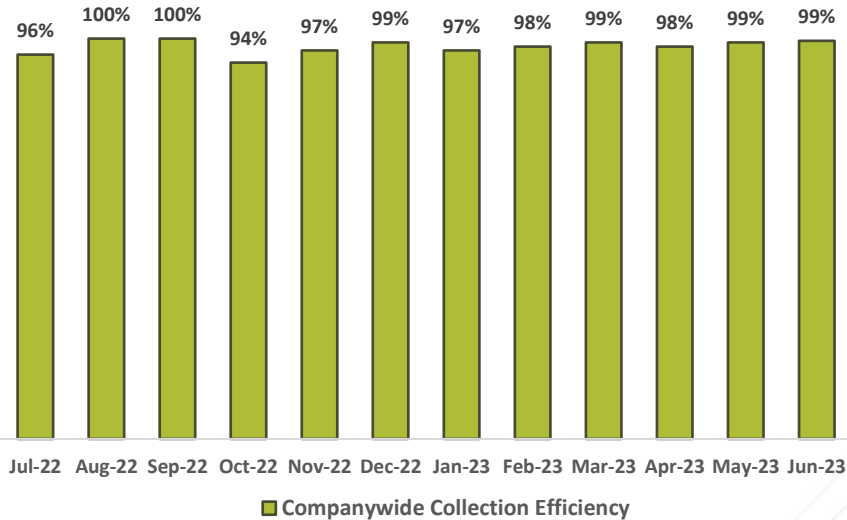
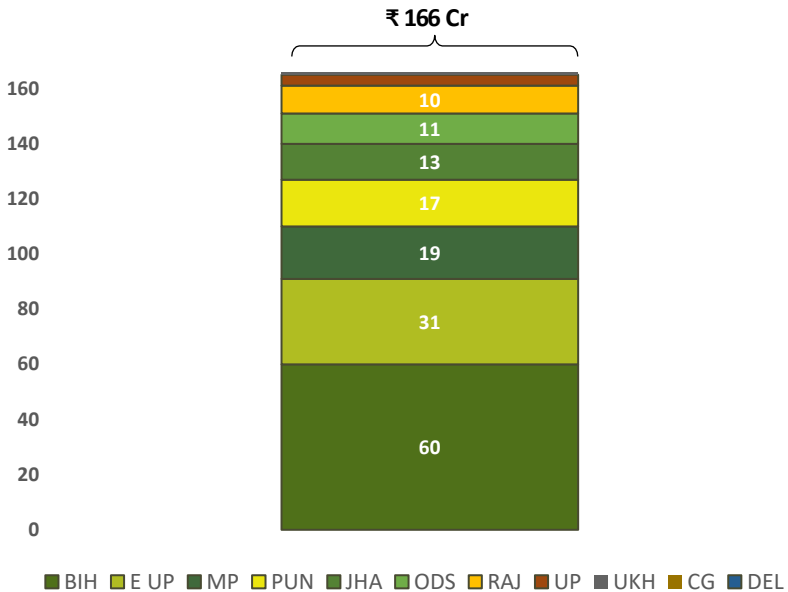
3. Hybrid Dual Credit

- Automated credit (credit bureau checks and preset algorithms) supplemented with Traditional Safeguards of Branch Banking (physical verification of residence, business premise and cash flow analysis)

4. Lending-As-A-Service

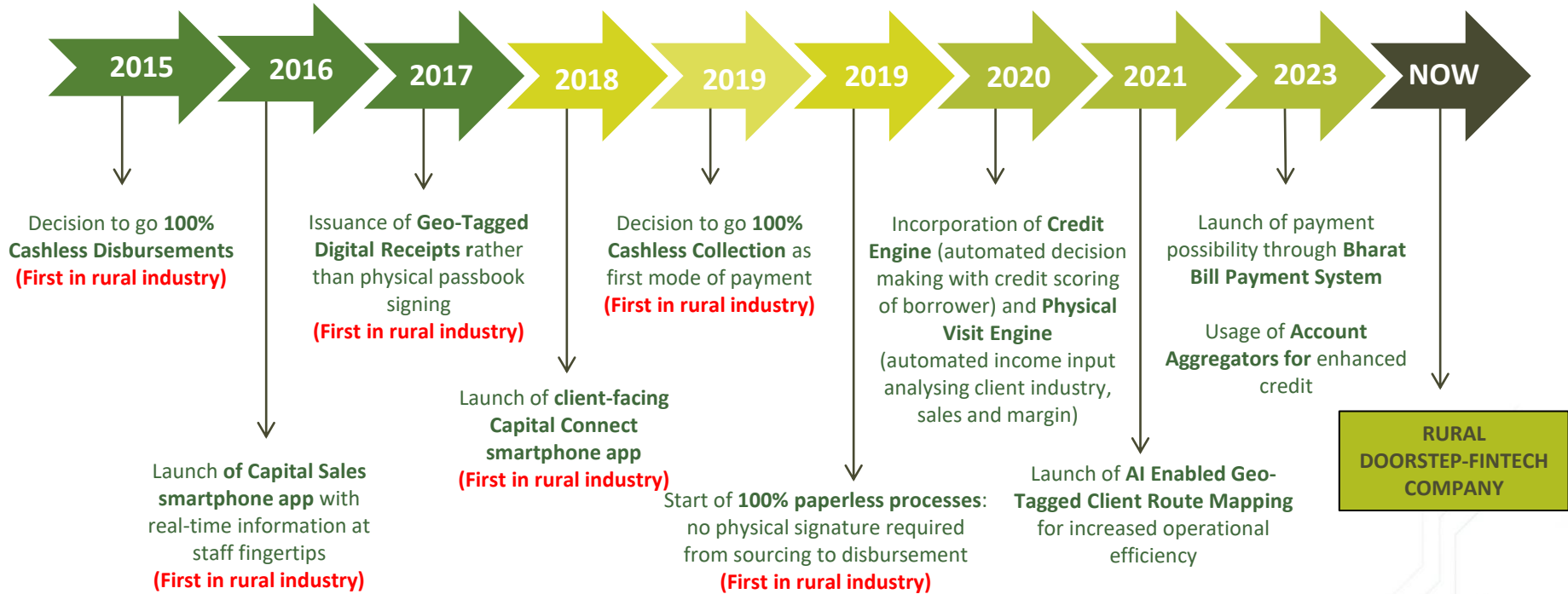
- With the inherent potential to disburse upwards of Rs. 70Cr monthly through its existing branch network, Capital Trust is employing Lending-As-A-Service as a model for growth
- 7 partnerships live with more expected soon

1. Portfolio Details



Portfolio Under Management	₹ 166.2 Cr
GNPA	₹ 1.5 Cr
GNPA %	0.9 %
Provision Balance	₹ 3.1 Cr
NNPA %	0.0 %

2. Pioneers in Technological Advancements



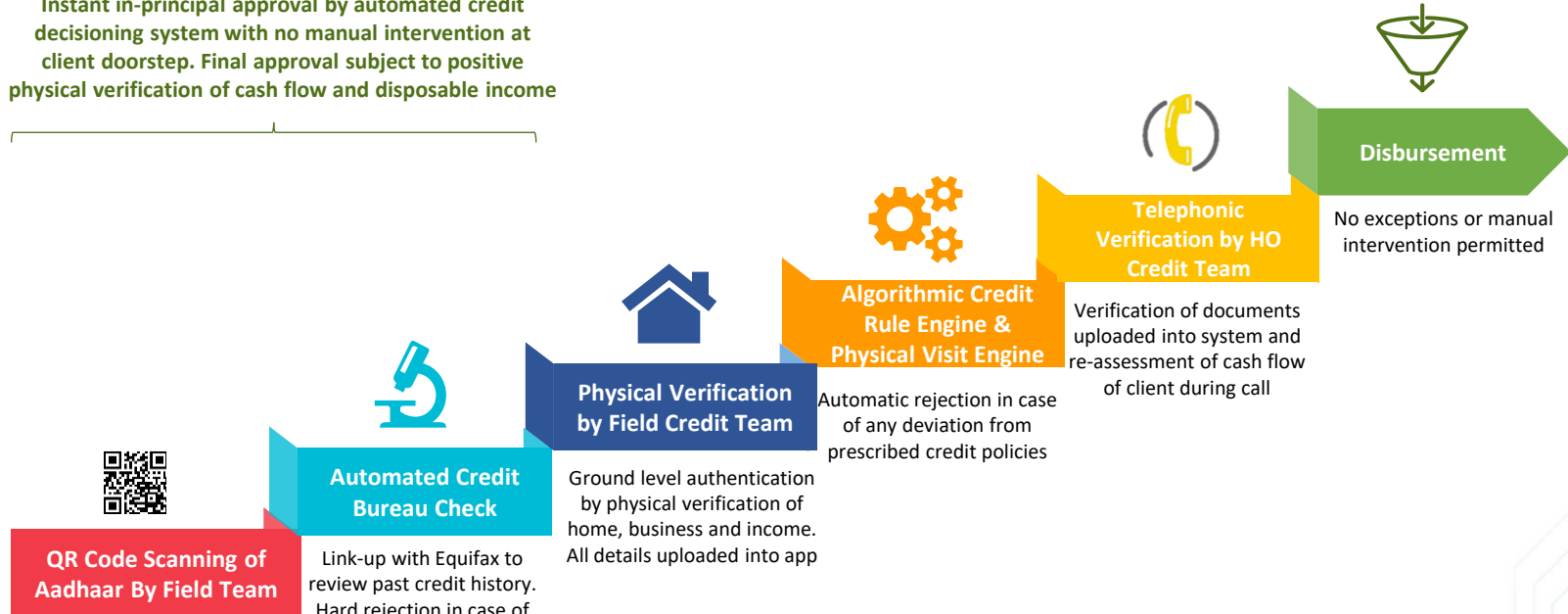
PROACTIVE RATHER THAN REACTIVE:

Capital Trust is emerging as a **Thought and Innovation leader** capturing the changing rural landscape.

With our newly developed automated disbursement engine and algorithmic credit scorecard, our disbursements have increased consistently. Further, our average turnaround time has improved to less than 48 hours as on Q1 FY24

3. Hybrid Dual 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 20kms from branch

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

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

Automatic rejection in case of any deviation from prescribed credit policies

Verification of documents uploaded into system and re-assessment of cash flow of client during call

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

4. Lending-As-A-Service

Shift towards Off Balance Sheet partnerships for last 2 years in an aim to offer Lending-As-A-Service (LAAS)
BC / Co-Lending Disbursements done with:



	Total Disbursements (₹ in Cr)	POS (₹ in Cr)	30+ % (on POS)	90+ % (on POS)	30+ % (on Disbursement)	90+ % (on Disbursement)
7 Live Partnerships	310	123	1.5%*	1.1%*	0.6%*	0.4%*



expected to go live in Q2 FY24

* With current portfolio performance, partners have started sharing risk



FINANCIALS



Key Highlights & Ratios

(₹ in Crores)

Particulars	Q1 FY23	Q1 FY24	YoY %	Q4 FY23	QoQ %
Total Income	24.7	17.7	-28%	20.0	-11%
Total Expense (excluding tax)	22.1	17.1	-23%	81.9	-79%
Profit / Loss After Tax	1.9	0.5	-75%	-46.0	
Net Worth	122.5	75.0	-39%	74.5	1%
On-Book Portfolio	197.5	35.9	-82%	43.4	-17%
Off-Book Portfolio	110.0	130.2	18%	106.9	22%
Total Assets Under Management (AUM)	307.4	166.2	-46%	150.3	11%
Net Interest Margin	19.4%*	20.6%*	6%	17.6%*	17%
Cost Of Borrowing	13.9%	14.6%	5%	14.9%	-2%
Book Value Per Share (in ₹)	75.5	46.3	-39%	46.0	1%

* Annualized

Consolidated Balance Sheet

(₹ in Crores)

Assets	Q1 FY24	Q4 FY23	Q3 FY23
Financial Assets			
Cash and Cash Equivalents	11.2	8.1	12.0
Bank Balances other than cash & cash Equivalents	8.2	65.1	68.4
Trade Receivables	4.0	3.2	3.2
Loan Portfolio	32.7	40.2	106.1
Investments	0.6	0.1	0.0
Other Financial Assets	12.3	13.4	23.1
Total Financial Assets	69.1	130.1	212.8
Non-Financial Assets			
Current Tax Assets (Net)	6.5	6.0	6.9
Deferred Tax Assets (Net)	49.1	49.3	33.9
Property, Plant and Equipment	1.2	1.3	1.4
Right to use Asset	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	0.6	0.8	1.1
Total Non-Financial Assets	57.6	57.6	43.5
Total Assets	126.7	187.7	256.3

Liabilities And Equity	Q1 FY24	Q4 FY23	Q3 FY23
Financial Liabilities			
Trade Payables	0.5	0.8	0.8
Debt Securities	0.0	30.0	32.4
Borrowings other than Debt Securities	33.0	20.9	36.4
Deposits	0.0	0.0	0.0
Subordinate Liabilities	0.0	45.0	45.0
Lease Liabilities	0.0	0.0	0.0
Other Financial Liabilities	15.6	13.4	18.4
Total Financial Liabilities	49.2	110.1	133.1
Non-Financial Liabilities			
Current Tax Liabilities (Net)	0.0	0.0	0.0
Provisions	1.3	1.2	1.4
Other Non-Financial Liabilities	1.2	1.8	2.6
Total Non-Financial Liabilities	2.5	3.0	4.0
Equity			
Equity Share Capital	16.2	16.2	16.2
Other Equity	58.8	58.3	102.9
Total Shareholders Fund	75.0	74.5	119.2
Total Liabilities and Equity	126.7	187.7	256.3



KEY PARTNERSHIPS

 Capital Trust

Equity & Funding Partnerships

Equity:
1



Public Sector Banks:
1



Private Sector Banks:
1



DFI / NBFCs / P2Ps:
13





THANK YOU



Capital Trust

Vinod Raina

Chief Financial Officer

Vinod.raina@capitaltrust.in

Vahin Khosla

Executive Director

Vahin.khosla@capitaltrust.in

