



CAPITAL TRUST LIMITED

**Q3 FY2023  
INVESTOR  
PRESENTATION**

February 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.

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## COMPANY OVERVIEW

 Capital Trust

# Capital Trust - Financing with a Tech-Touch Balance

## Company Snapshot

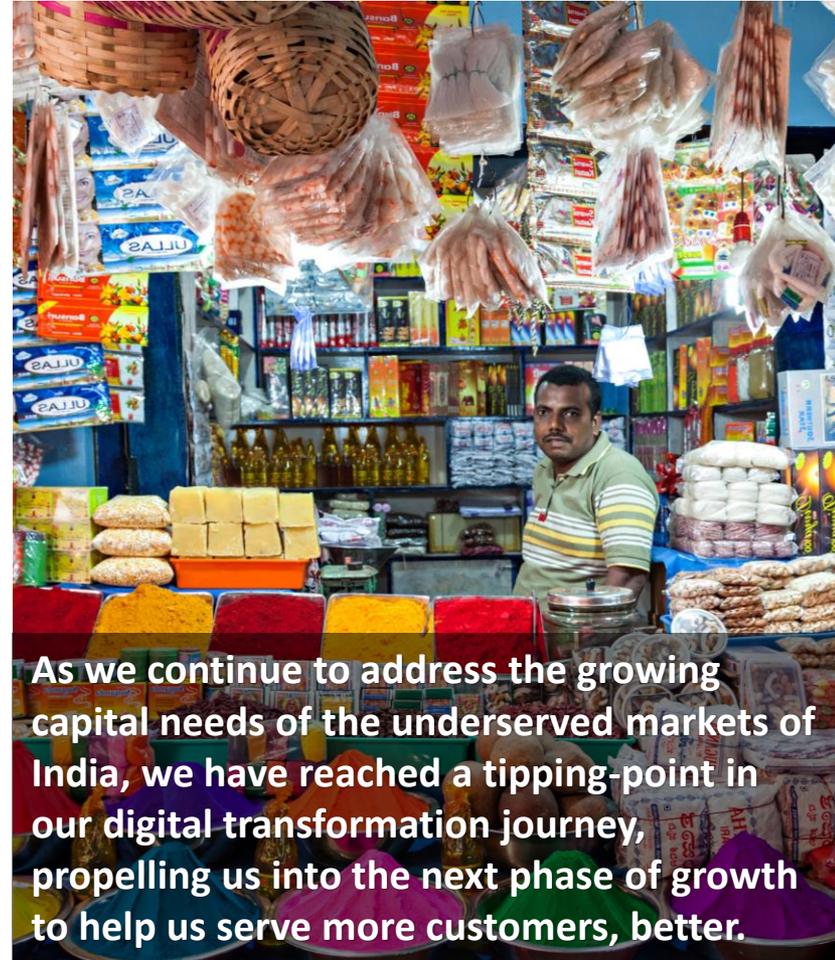
- Being **India's first "Rural Doorstep-Fintech Company,"** we are focused on providing financial inclusion services to underserved India by merging fintech and traditional financing.
- Our digitized rural financing model offers quick digital micro loans to MSMEs and caters to over **1,05,691 customers across 94 districts through 297 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.**

# Capital Trust – Numbers at a Glance



**PORTFOLIO**  
₹ 261.1 Cr



**NET WORTH**  
₹ 119.2 Cr



**CAPITAL ADEQUACY**  
47.6 %



**BOOK VALUE**  
₹ 73.5



**NET NPA**  
1.9 %



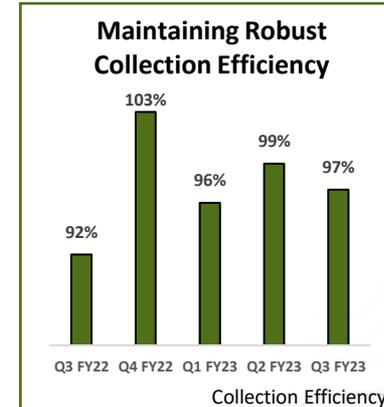
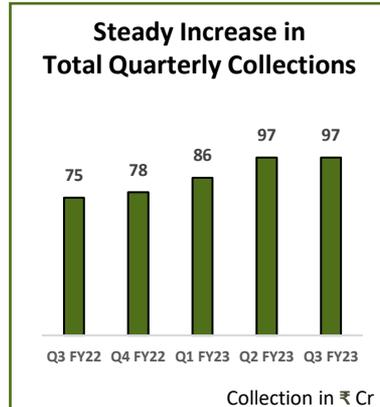
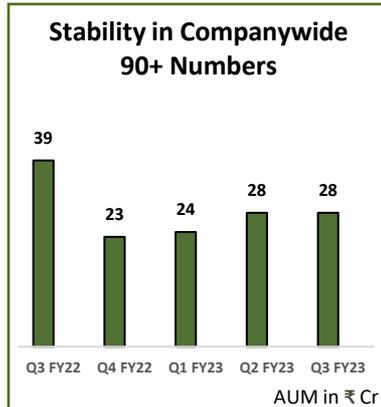
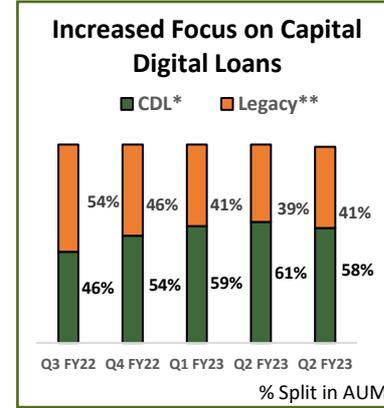
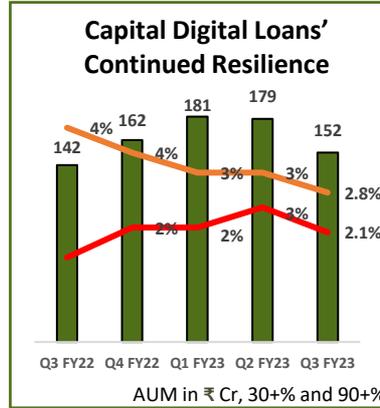
**9M FY23 PAT**  
₹ 0.41 Cr



**EMPLOYEES**  
1706

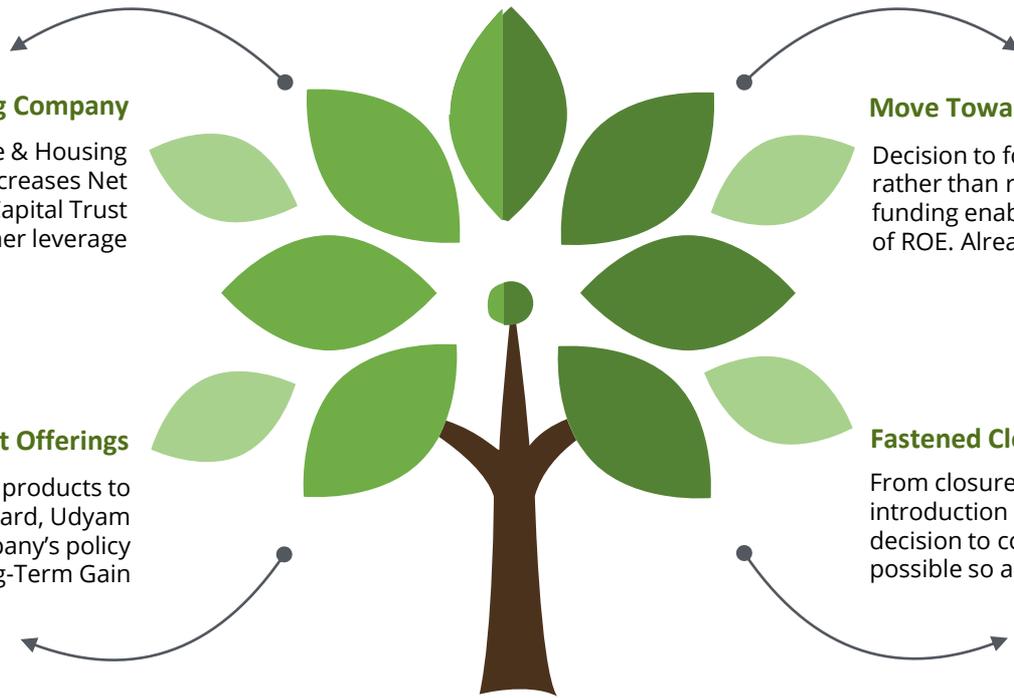
# Q3 FY2023 - Quarter At a Glance

### Sanctions & On-Boarding Of New Partnerships



# FY23 AS A LAUNCHPAD FOR FUTURE GROWTH

Company has made certain strategic decisions that will propel its growth in the long term...



## Merger of Subsidiaries Into Holding Company

Completed merger of Microfinance & Housing subsidiaries in December 2022. Increases Net Worth, Capital Adequacy of Capital Trust Limited to allow for further leverage

## Move Towards Lending-As-A-Service

Decision to focus on BC Relationships / Co-Lending rather than relying only on debt and on-balance sheet funding enables equity raise at right time and increase of ROE. Already live with 5 such partnerships

## Enhancement in Existing Product Offerings

Decision to require clientele of certain products to have smartphone mandatory, PAN card, Udyam registration, eNACH, mirroring company's policy of Short-Term Pain Leading To Long-Term Gain

## Fastened Closure Of Legacy Portfolio

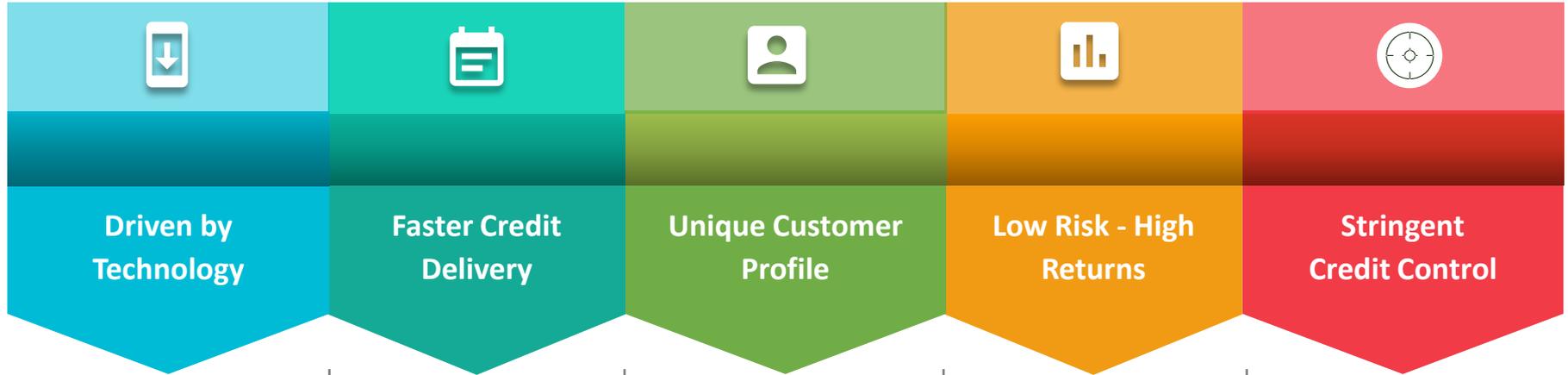
From closure of branches, reduction in staff, introduction of Recovery / Telecalling agencies, decision to collect as much as possible as early as possible so as to focus only of Capital Digital Loans

CAPITAL DIGITAL  
LOANS



 Capital Trust

# Capital Trust 2.0: Capital Digital Loans



## Rural Doorstep Fintech Company

- Client facing Capital Connect smart phone application in addition to staff Capital Sales application.
- Paperless Processing.
- Geo-tagging of business and customers.

## Short Turn-Around-Time For Disbursement

- Capability for same day disbursement with 82% loans disbursed within 48 hours turnaround time.

## Serving the Missing Middle

- Only player offering unsecured, individual, digital, business generating loans of less than 1Lac.
- Sector untapped by MFIs and Banks / NBFCs.
- Ticket size of ₹ 30,000 - 50,000.

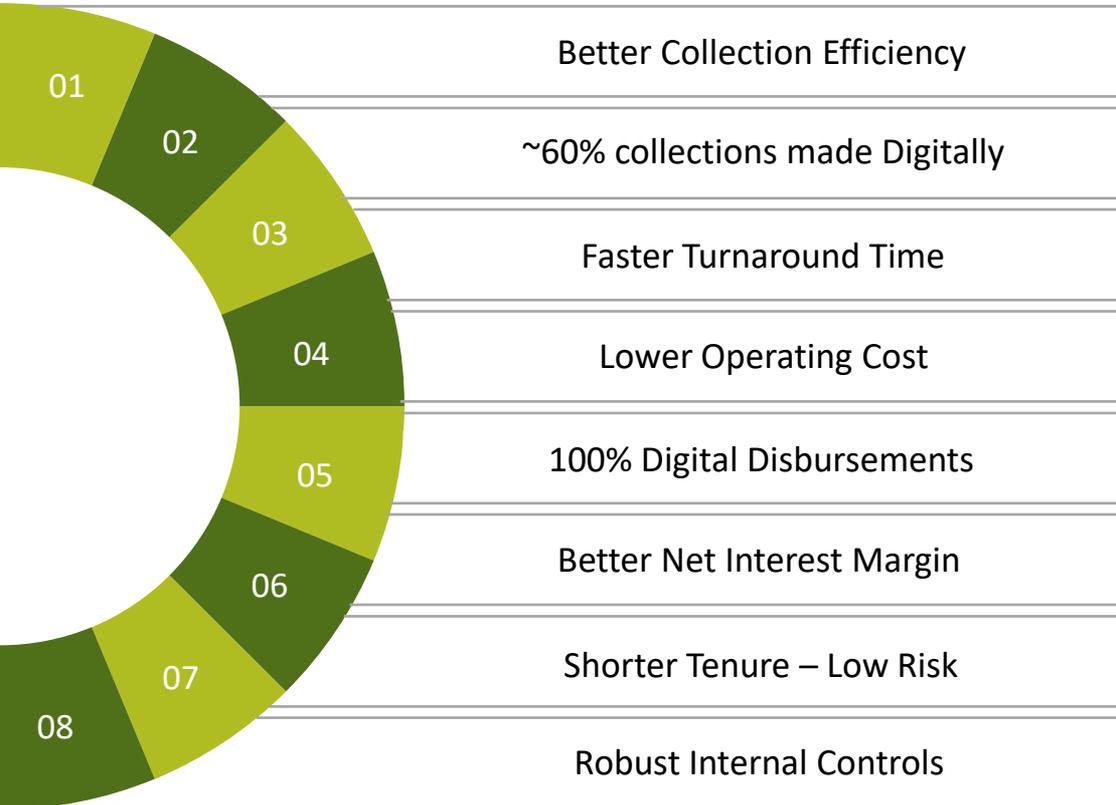
## Better Rewards

- Higher NIM's.
- Short tenure of 12-18 months makes repayment faster.
- Digital NACH Collections.
- Automated risk engine preventing build of concentration.

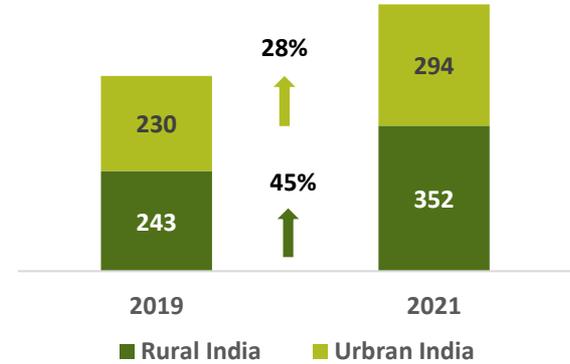
## Robust Quality Checks

- Blending the best of physical & digital practices.
- AI and Business Intelligence to calculate applicants' income based on business industry.
- High quality portfolio – lower NPA .

# Capital Digital Loans to Drive Future Growth



Accelerated growth in Rural Internet Users



### Increasing Digital Penetration in India

- India has surpassed every nation, incl. China and US in digital financial transactions.
- India has highest real-time payments among businesses around the world with ~40% of world wide transactions done in India in 2021.
- According to ACI Worldwide, data India made 48.6 bn. Real-time payments in 2021, which is 2.6 times more than China, which is at second place with 18.5 bn real-time transactions.

# Our Products: Capital Digital Loans

Addressing a wide spectrum of customers, across needs and affluence



<b>Product Name</b>	<b>Capital Magic Loan</b>
<b>Type of Loan</b>	<b>Unsecured Digital Loan</b>
<b>Ticket Size (₹)</b>	<b>30,000 – 50,000</b>
<b>Tenure</b>	<b>12 – 18 months</b>
<b>ROI</b>	<b>35%+</b>
<b>Repayment</b>	<b>Digital followed by physical cash collection</b>

### Why CTL?

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

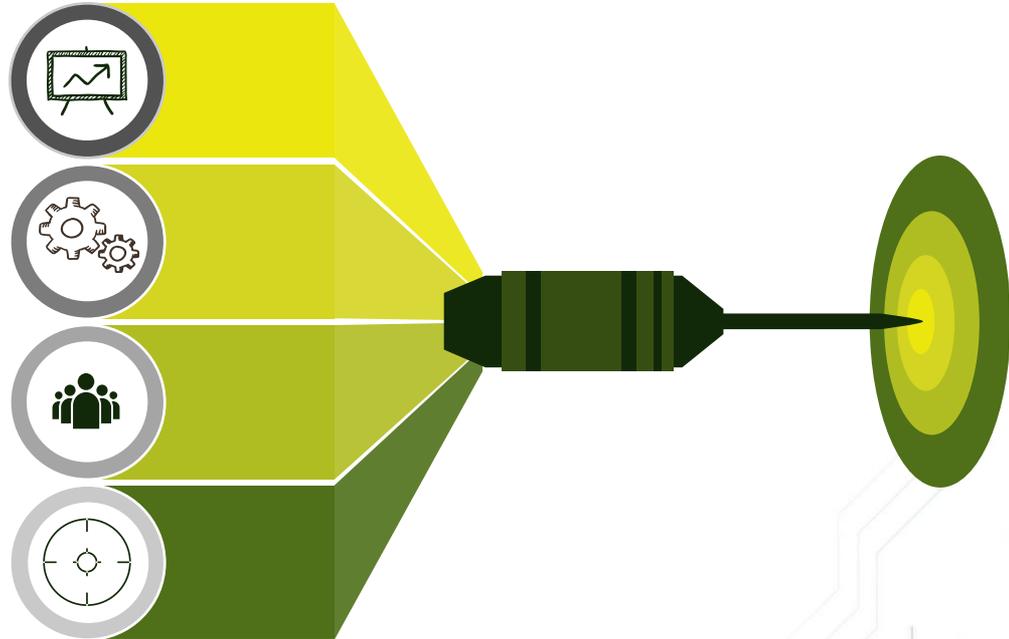
### Production Optimization

- 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

# 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
- 'Micro' of the MSME**  
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 hours from onboarding



# Our Clientele



Kirana Stores



Dairy and Livestock Farmers



Grocery Vendors



Small Eateries



Textile Stores



Handicraft Manufacturers



Utility Stores

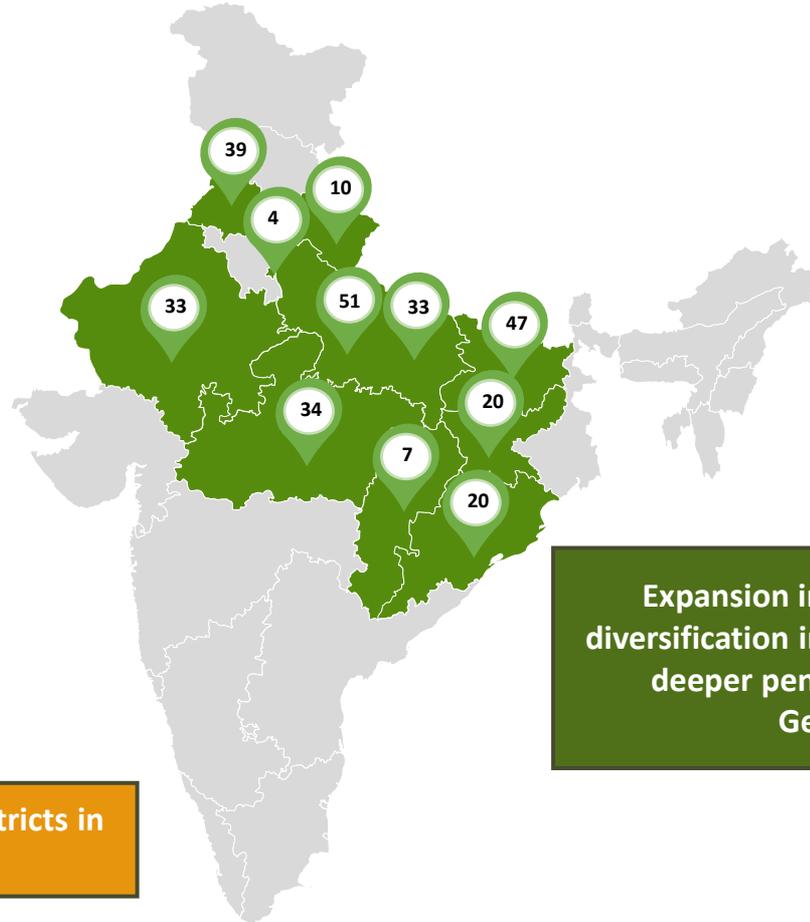


Salons



Flower Vendors

# Increasing our Reach in Rural India

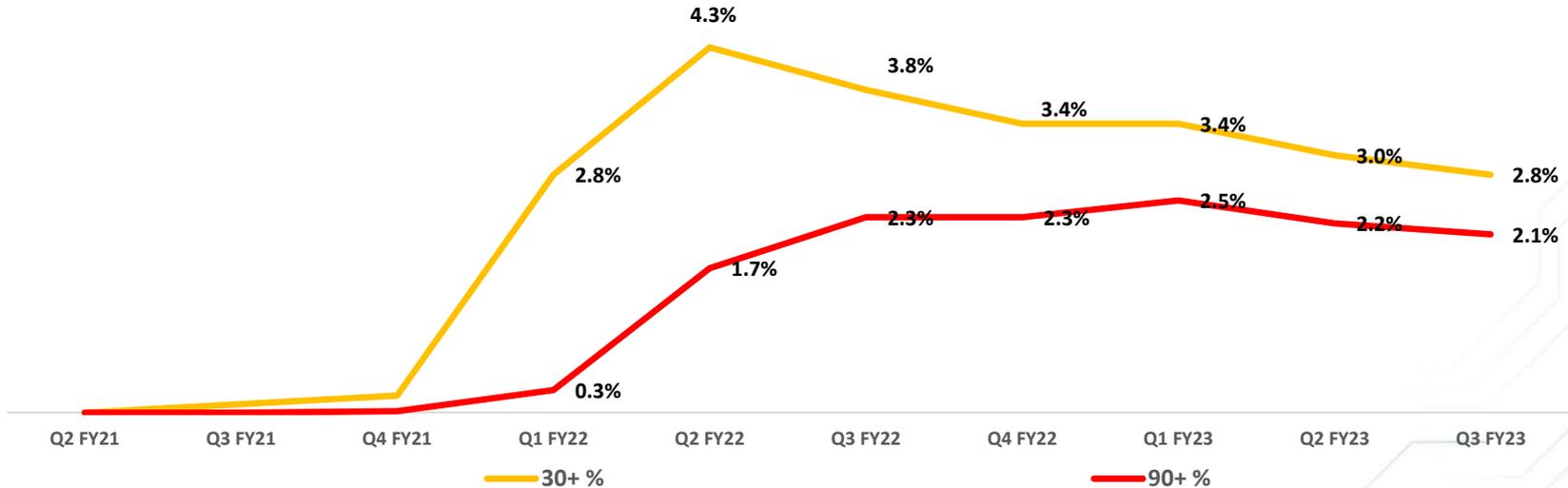
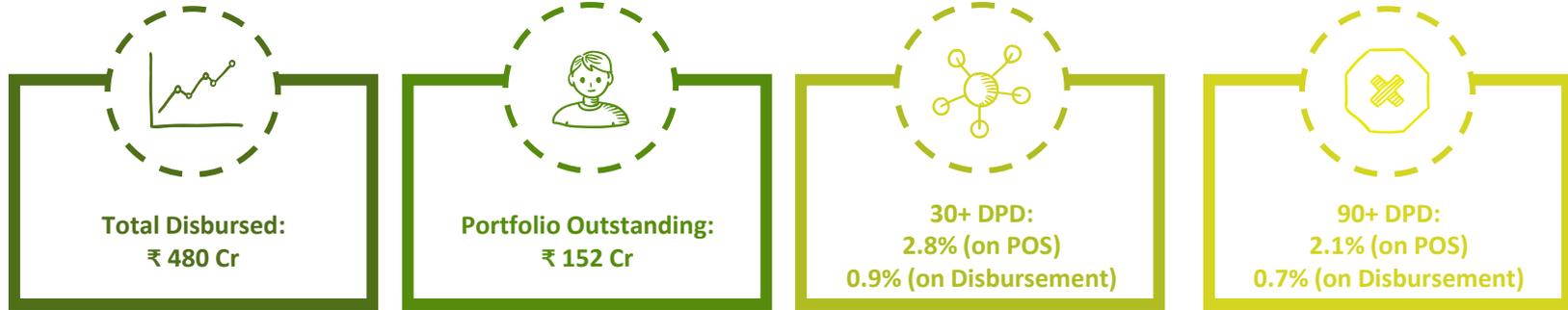


Expansion in customer base via diversification in New Geographies and deeper penetration in existing Geographies

297 Branches spread across 94 Districts in 10 States of India

# Portfolio Quality – Capital Digital Loans

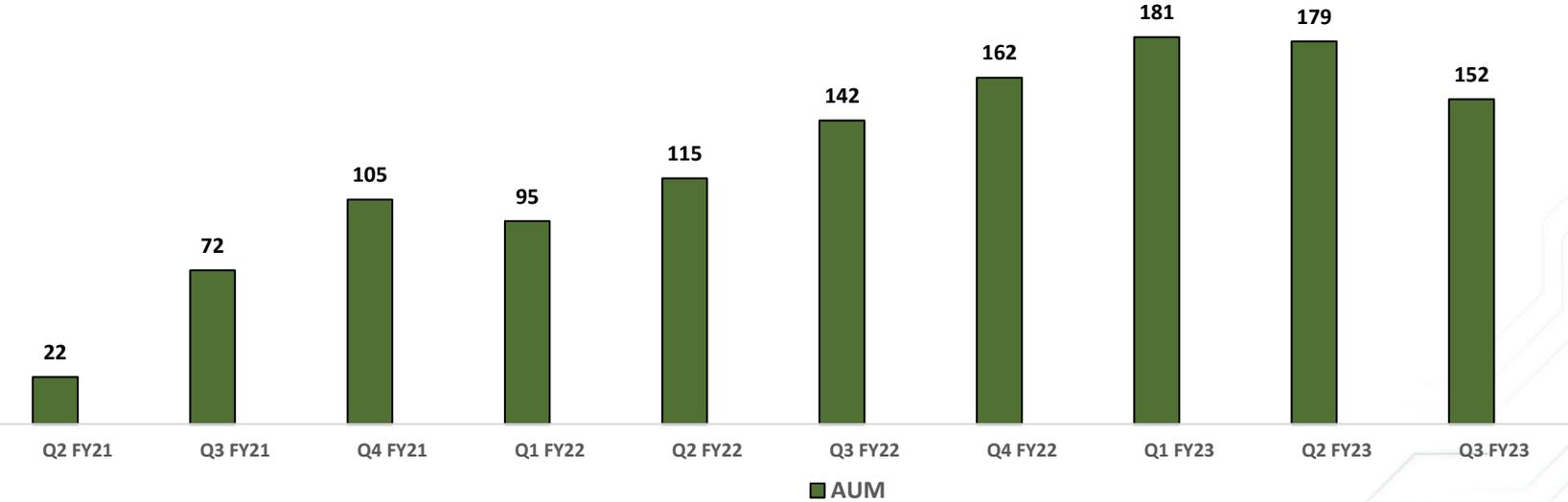
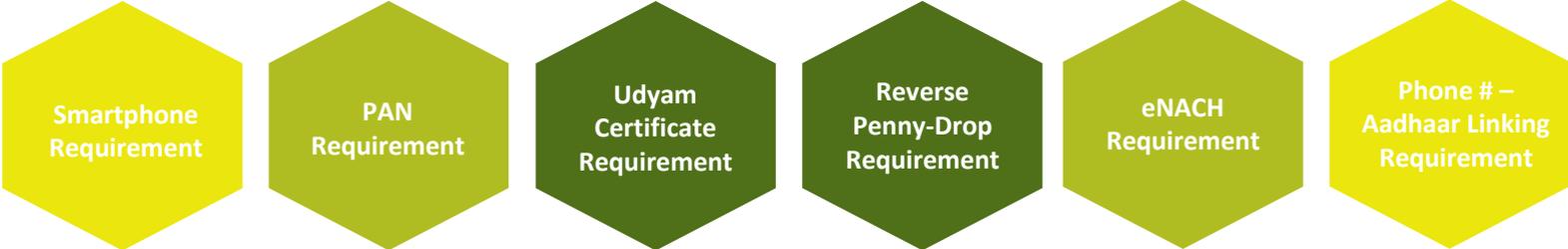
Robust portfolio quality of loans disbursed post FY 20 (automated credit engine backed) with declining 30+ and 90+ on % and absolute terms both



# Portfolio Size – Capital Digital Loans

**Short Term Pain Leading To Long Term Gain:** Decline in CDL portfolio in Q3FY23 due to new requirements from client’s wanting higher ticket size loans. This is aimed at ensuring long-term control over delinquency

(₹ in Crores)



# Lending-As-A-Service

Shift towards Off Balance Sheet partnerships for last 1 year in an aim to offer Lending-As-A-Service (LAAS)

BC Disbursements done with:



	Total Disbursements (₹ in Cr)	POS (₹ in Cr)	30+ % (on POS)	90+ % (on POS)	30+ % (on Disbursement)	90+ % (on Disbursement)
5 BC Partnerships	214	125	1.0%	0.4%	0.4%	0.2%



expected to go live in Q4 FY23

COMPETITIVE  
ADVANTAGES



 Capital Trust



# Creating a Competitive Advantage

to Increase Stakeholder Value

## 1. Unique Business Model

- With a deep understanding of target customer segments, lean cost structures and differentiated business models we cater to underserved segments of the economy.
- Our one-of-a-kind business model finds the perfect balance between technology and traditional financing, something not many other companies can do.

## 2. Technology Driven Operational Efficiency

- 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.
- This transformation is helping us create an agile and scalable business model.



## 3. Prudent Risk Management

- Our conservative thought process towards financial engineering has helped us transform underwriting and decision making, thereby, helping drive competitive advantage and robust risk management.
- Further, our risk management frameworks pro-actively detect, manage and mitigate internal and external risks.

## 4. Strong Governance

- Being a publicly listed NBFC for the last 37 years, we have built a robust governance model to maintain stakeholder trust and improve resilience to survive in testing times.
- This has enabled us to develop strategic partnerships with key ecosystem players and leverage technology for meeting the demands of new consumers.

# 1. Unique Business Model

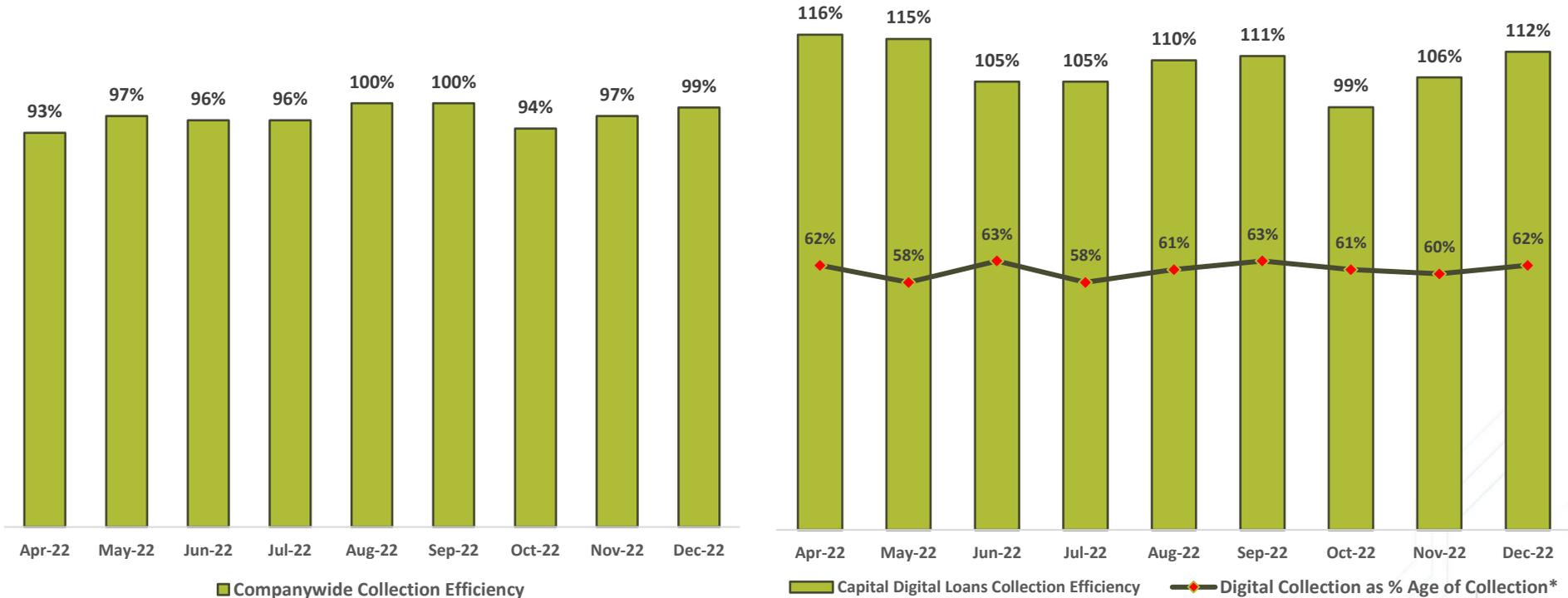
Financing the Overlooked Void

	<u>TICKET SIZE</u>	<u>UNSECURED</u>	<u>SECURED</u>	<u>ANNUAL INCOME</u>
MSME	> ₹ 10 Lakh	New Age Fintechs	Large SME Funding NBFCs / Banks	> ₹ 10 Lakh
	₹ 1Lac - 10 Lakh	Geographical Specialized MSME NBFCs	Product Specialized MSME NBFCs	₹ 4 - 10 Lakh
	₹ 30,000 – 1Lac			₹ 3 - 4 Lakh
Microfinance	₹ 20,000 – 60,000	NBFC-MFIs		< ₹ 3 Lakh

Only player offering unsecured individual digital loans in the ticket size of ₹ 30,000 - 1 Lac

## 2. Technology Driven Operational Efficiency

Enabling Improved Disbursements & Collections

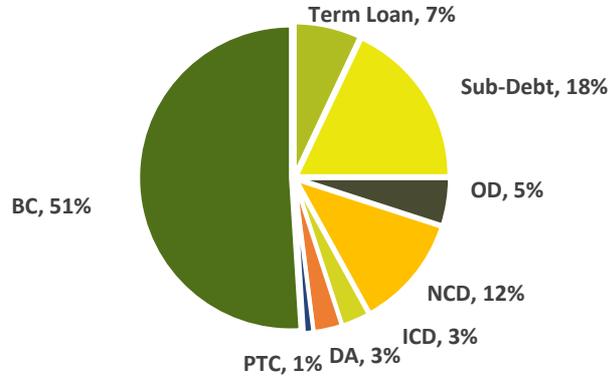


**With our newly developed automated disbursement engine and algorithmic credit scorecard, our disbursements have increased consistently. Further, our average turnaround time has improved to less than 48 hours as on Q3 FY2023**

\* Collection % when bank clearance data is received (NACH clearance + Advance collection)

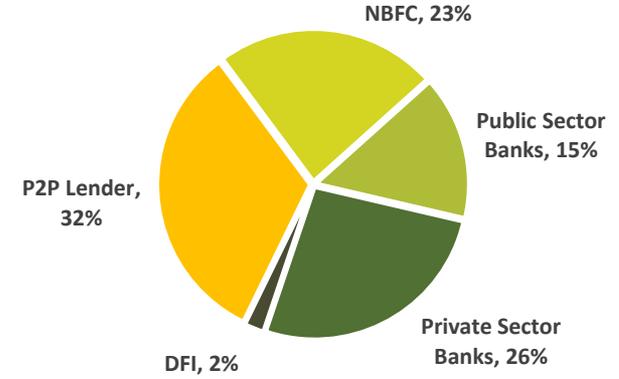
### 3. Prudent Risk Management

Conservative ALM Practices and Diversified Funding Book



**Instruments**

**DIVERSIFICATION ACROSS...**



**Funders**

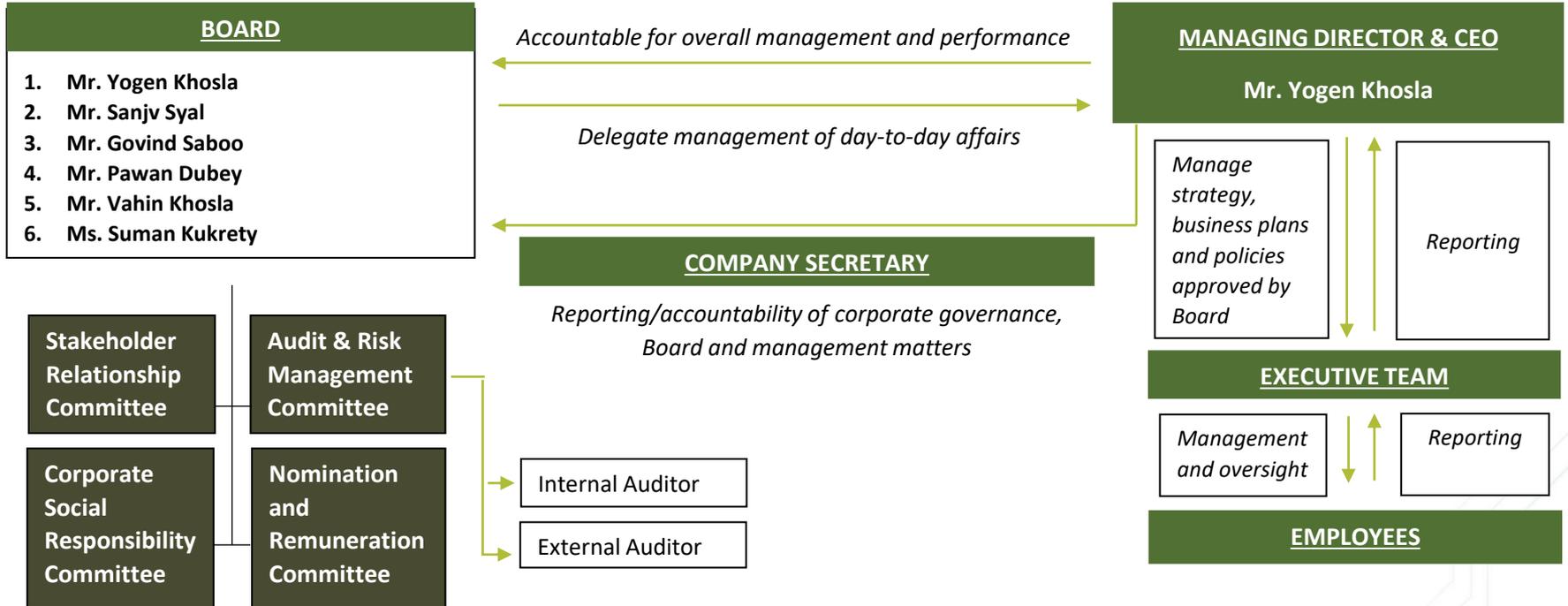
**Asset Liability Position Update \***

	Q4FY22 (Actual)	Q1FY23 (Actual)	Q2FY23 (Actual)	Q3FY23 (Actual)	Q4FY23 (Expected)
Cash / Liquid Investments in Hand (₹ Cr.)	21.3	11.6	20.1	15.0	
Quarterly Collections (₹ Cr.)	78.1	86.1	96.9	97.0	91.8
Quarterly Repayments (₹ Cr.)	61.0	64.0	80.0	78.2	68.2
Quarterly Surplus (₹ Cr.)	17.1	22.2	16.9	18.3	23.6
Monthly Surplus (₹ Cr.)	5.7	7.4	5.6	6.3	7.6

\* Assuming no incremental disbursements  
 - Company currently has undrawn sanctions of ₹15 Cr

## 4. Strong Governance

Being a Publicly Listed Systemically Important NBFC, We Try to Create Sustainable Value for Stakeholders



Governance at Capital Trust is designed to align our purpose and value creation model to seize market opportunities and to create sustainable value. In this spirit, the Board provides leadership to drive integrated thinking and formulate requisite strategies to direct the Company to its desired aspiration.

DIGITAL  
JOURNEY



 Capital Trust

# Pioneers of Digital Transformation in Rural India

Ready to Capture Next Phase Of Growth in Evolving Rural Ecosystem



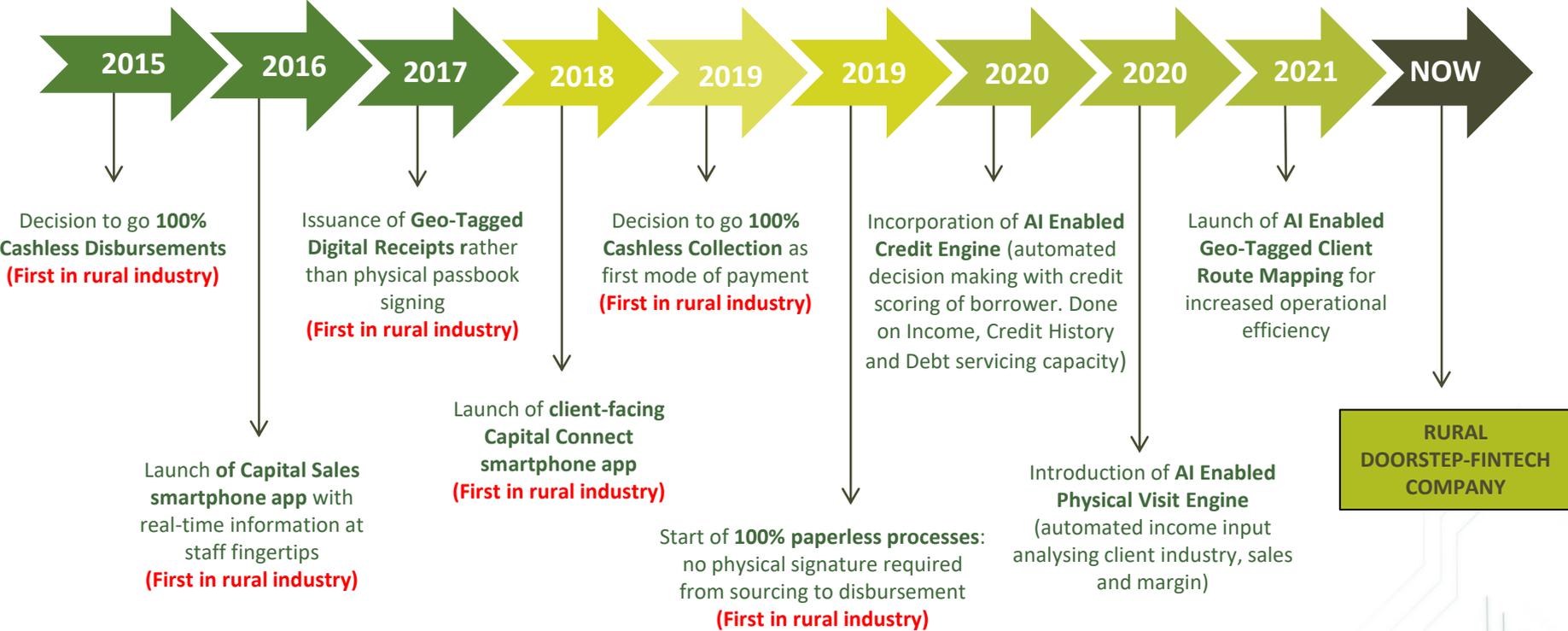
**More Rural Internet Users (277 Mn) than Urban (227 Mn):**  
Indian internet is more rural and local than ever

**Growing 3x Faster Than Urban India:**  
Ready to capture rural digital growth as one of the first in the industry to introduce 100% digital processes

**Registering 45% Growth in Internet Usage:**  
With digital focus; best in class technology and analytics we have 100% paperless processing

**18% Growth in Rural Smartphone Penetration:**  
Poised to make most of upcoming potential with no manual processes and clients more mobile first than ever

# Evolution of Capital Trust's Digital Business Model



**PROACTIVE RATHER THAN REACTIVE:**  
Capital Trust is emerging as Thought and Innovation leaders capturing the changing rural landscape



RURAL DOORSTEP-  
FINTECH PROCESSES

 Capital Trust

# Meaning: Rural Doorstep-Fintech

## 2. HYBRID 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. DIGITAL DISBURSEMENT

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

DIGITAL PROCESS    PHYSICAL PROCESS

# 3 Pillars of Capital Trust

## 2. 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)

## 1. TECHNOLOGY

Use of Technology for faster, confidential, transparent and better enhancement of credit profile with low risk and better returns

## 3. BUSINESS INTELLIGENCE

Use of Advanced Statistical Models and predictive analysis before sanctioning a loan and after for performance evaluation



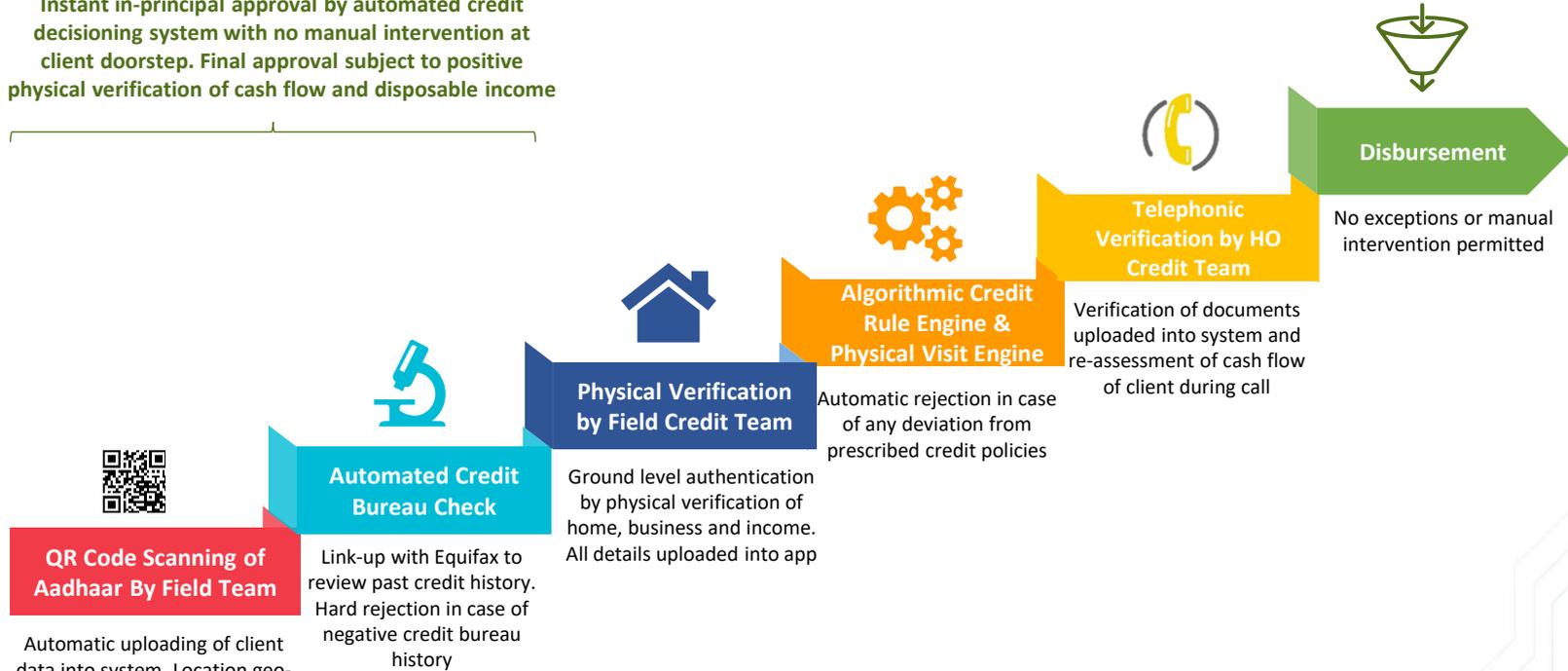
# 1. Technology



-  One of the first NBFCs to start cashless disbursement of all loans since 2015 and cashless collection as primary mode of repayment since 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)
-  Staff and client-facing smartphone applications with access to all details regarding the loan to promote transparency and authenticity
-  All new staff onboarding through paperless, digitalized processes with joining formalities done within hours
-  100% paperless processes. From onboarding to disbursement all processes are digitalized and through the application with no scope of any manual input into system

## 2. 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



- 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

### 3. Business Intelligence

#### CREDIT ENGINE

Automated decision making with Credit Scoring of the borrower based on Income, Credit History and Debt servicing capacity. The engine calibrates regional differences in performance using pin-code level data



#### STAFF ENGINE

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

#### PHYSICAL VISIT ENGINE

Enablement of Independent Credit Officer's data entry with backend automated decision making. System automatically calculates Household Income based on standardized business size, industry margin and expected expenses

#### DISBURSEMENT ENGINE

Developed 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



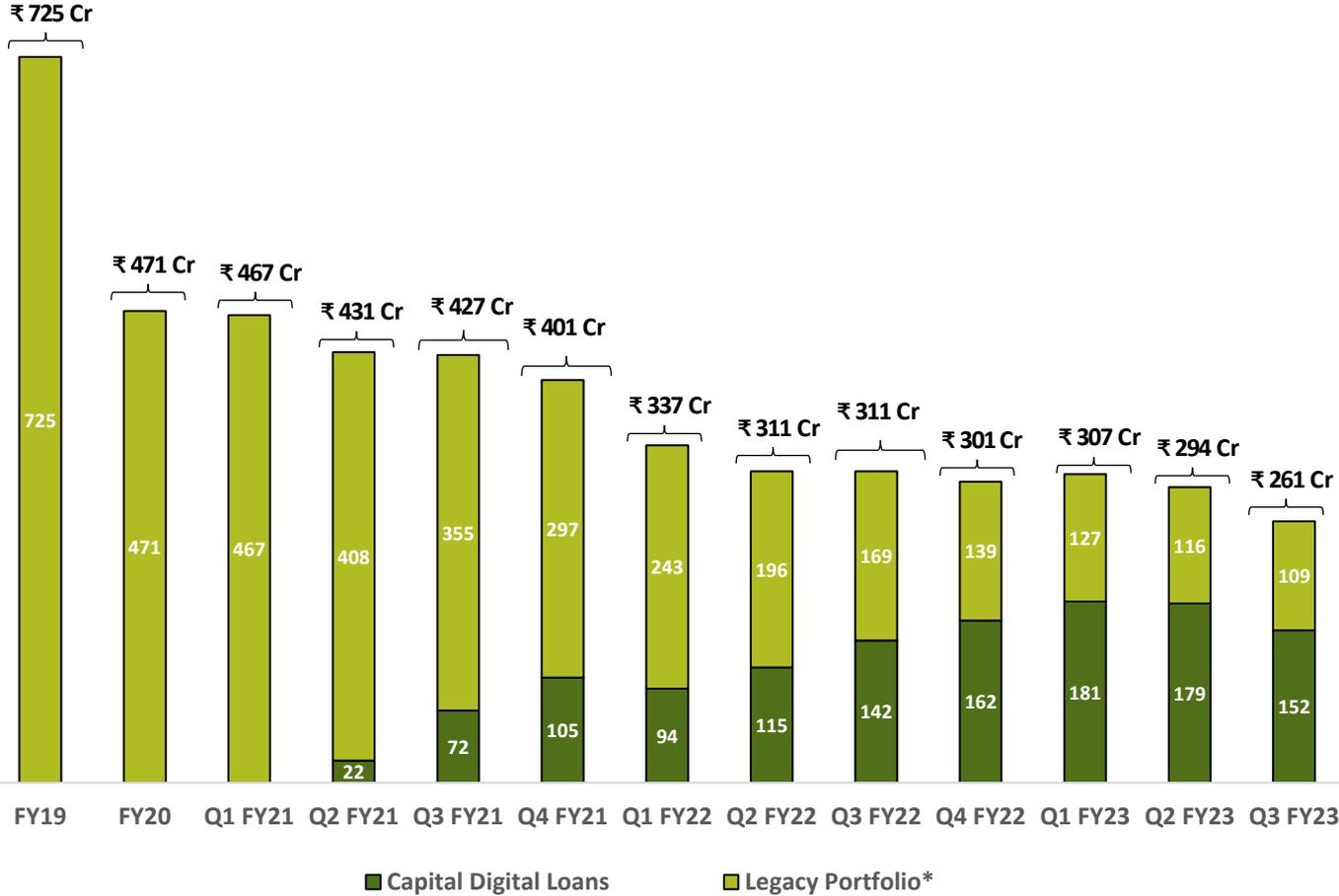
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## FINANCIALS

 Capital Trust



# Product-Wise Portfolio



Legacy Portfolio is coming down on the back of improved collections, no new disbursements\*\*

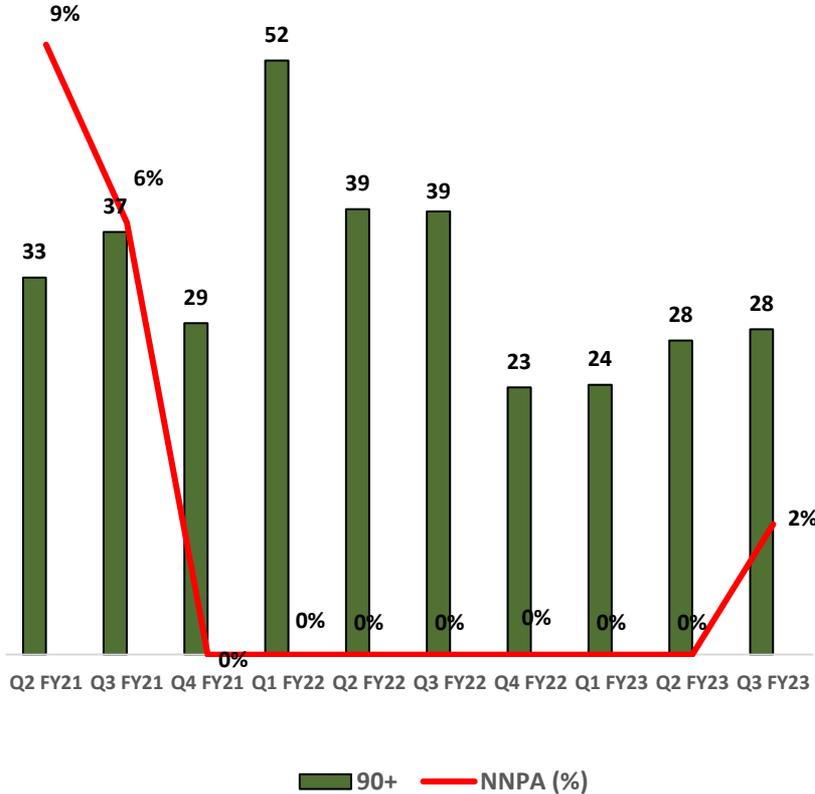
Share of Capital Digital Loans continuously increasing and stands at 58% in Q3 FY23 vs 28% of AUM in Q1 FY22

With Increased pace of disbursements, Capital Digital Loans book will increase going forward

\* Further split into Microfinance, Micro-Enterprise, Secured-Enterprise Loan (no new disbursement since 2019)

# Portfolio Quality – Companywide

(₹ in Crores)



### Legacy Book Closure Plan:

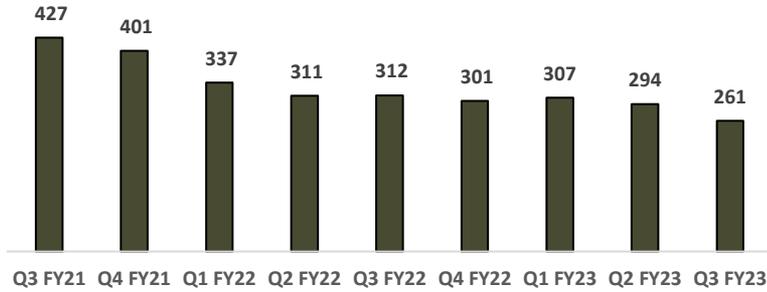
- Aim to remove legacy portfolio and associated branches / staff from Balance Sheet perspective so as to show true strength of CDL portfolio
- Operating Cost Reduction:
  - a. Staff strength reduced from 2,138 in Q4FY22 to 1,706 in Q3FY23
  - b. Branch number reduced from 315 in Q4FY22 to 297 in Q3FY23 (even after impact of new branches opened)
  - c. Empanelment of Recovery / Telecalling Agencies to ensure collections at faster rate
- Merger of subsidiaries increases Capital Adequacy of holding company allowing for company to take remaining ~40Cr impact of legacy book

^ Company has outstanding ₹ 21 Cr provision balance which is 16.19% of on-book portfolio

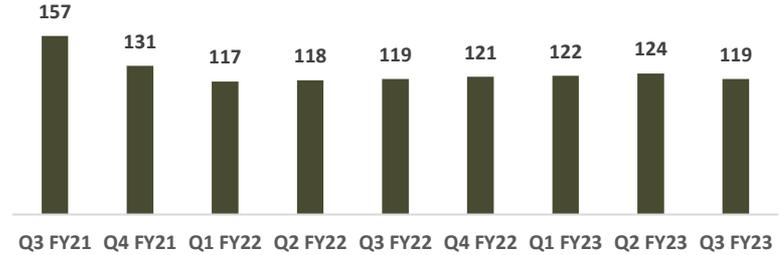
- Company has outstanding ₹99 Cr restructured portfolio with 56% collection efficiency for cases where moratorium has ended

# Key Highlights & Ratios

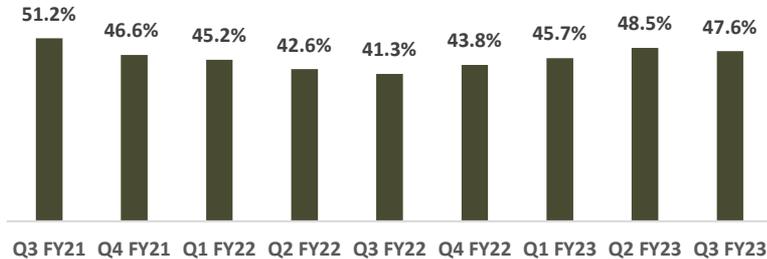
## Asset Under Management (₹ in Crores)



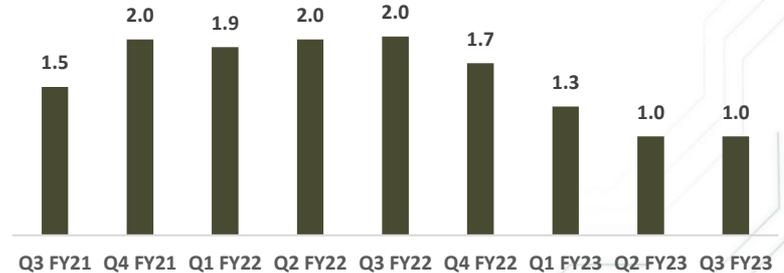
## Net Worth (₹ in Crores)



## Capital Adequacy Ratio (%)

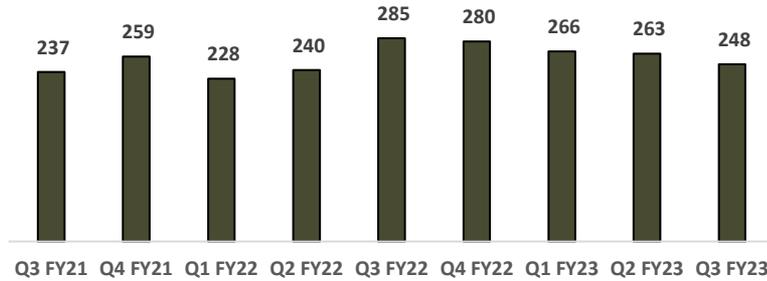


## Leverage (in X)

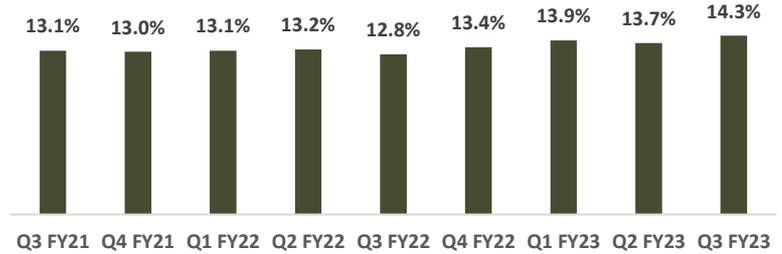


# Key Highlights & Ratios

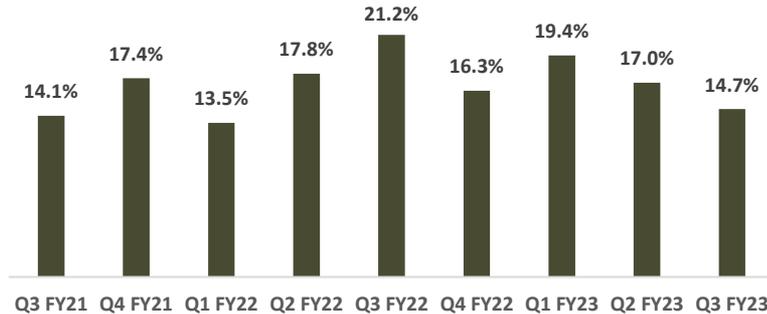
## Borrowings (including BC / PTC as well) (₹ in Crores)



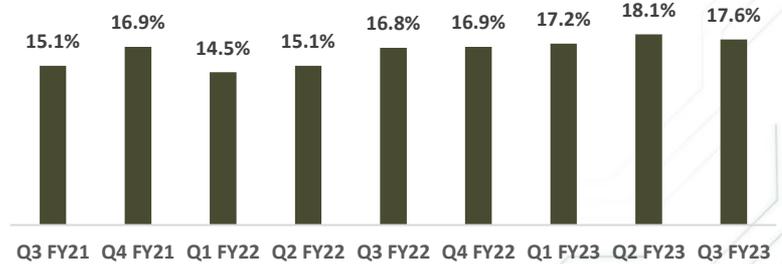
## Cost of Borrowing (%)



## Net Interest Margin (%) (Annualised)



## Operating Cost to AUM Ratio (%) (Annualised)



# Quarterly Consolidated P&L Update Q3 FY23

(₹ in Crores)

Particulars	Q3 FY23	Q3 FY22	YoY %	Q2 FY23	QoQ %
<b>Total Income</b>	19.8	29.2	-15%	22.4	-12%
Total Expense (excluding tax)	24.6	27.9	-22%	19.7	25%
<b>Profit / Loss after tax</b>	-3.5	0.9	132%	2.0	-273%
<b>Net Worth</b>	119.2	118.8	6%	124.4	-4%
Capital Digital Loans	151.8	141.9	7%	178.5	-15%
Legacy Loans	109.3	169.9	-36%	116.0	-6%
<b>Total Assets Under Management (AUM)</b>	261.1	311.9	-16%	294.5	-11%
On-Book Portfolio	126.8	265.8	-52%	161.3	-21%
Off-Book Portfolio	134.3	46.1	191%	133.2	1%
<b>Total Assets Under Management (AUM)</b>	261.1	311.9	-16%	294.5	-11%

# Quarterly Consolidated Balance Sheet Update Q3 FY23

(₹ in Crores)

Assets	Q3 FY23	Q2 FY23	Q1 FY23
<b>Financial Assets</b>			
Cash and Cash Equivalents	12.0	9.1	9.7
Bank Balances other than cash & cash Equivalents	68.4	64.7	57.0
Trade Receivables	3.2	5.5	5.0
Loan Portfolio	106.1	134.8	164.0
Investments	0.0	-	-
Other Financial Assets	23.1	21.7	21.7
<b>Total Financial Assets</b>	<b>212.8</b>	<b>235.8</b>	<b>257.4</b>
<b>Non-Financial Assets</b>			
Current Tax Assets (Net)	6.9	7.1	6.3
Deferred Tax Assets (Net)	33.9	34.0	34.4
Property, Plant and Equipment	1.4	1.4	1.5
Right to use Asset	0.0	0.0	0.1
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	1.1	1.1	1.2
<b>Total Non-Financial Assets</b>	<b>43.5</b>	<b>43.9</b>	<b>43.8</b>
<b>Total Assets</b>	<b>256.3</b>	<b>279.7</b>	<b>301.2</b>

Liabilities And Equity	Q3 FY23	Q2 FY23	Q1 FY23
<b>Financial Liabilities</b>			
Trade Payables	0.8	0.2	0.2
Debt Securities	32.4	41.9	48.7
Borrowings other than Debt Securities	36.4	42.2	60.9
Deposits	0.0	0.0	0.0
Subordinate Liabilities	45.0	44.9	44.9
Lease Liabilities	0.0	0.0	0.1
Other Financial Liabilities	18.4	20.7	17.2
<b>Total Financial Liabilities</b>	<b>133.1</b>	<b>149.9</b>	<b>172.0</b>
<b>Non-Financial Liabilities</b>			
Current Tax Liabilities (Net)	0.0	0.0	0.1
Provisions	1.4	1.4	1.3
Other Non-Financial Liabilities	2.6	4.0	5.3
<b>Total Non-Financial Liabilities</b>	<b>4.0</b>	<b>5.4</b>	<b>6.7</b>
<b>Equity</b>			
Equity Share Capital	16.2	16.2	16.2
Other Equity	102.9	108.2	106.2
<b>Total Shareholders Fund</b>	<b>119.2</b>	<b>124.4</b>	<b>122.5</b>
<b>Total Liabilities and Equity</b>	<b>256.3</b>	<b>279.7</b>	<b>301.2</b>



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KEY PARTNERSHIPS



# Equity & Funding Partnerships

Equity:  
1



Public Sector Banks:  
3



Private Sector Banks:  
2



DFI / NBFCs / P2Ps:  
13





# THANK YOU



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