



CAPITAL TRUST LIMITED

Q4 & FY2024  
INVESTOR  
PRESENTATION

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May 2024

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## 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 – MSME Financing with a Tech-Touch Balance



## Company Snapshot

- Publicly listed "**Rural Doorstep-Fintech Company**" focused on providing financial inclusion services to underserved India by merging fintech and traditional financing.
- Our digitized rural financing model offers micro business loans and caters to over **1,06,604 customers across 74 districts through 287 branches in 11 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

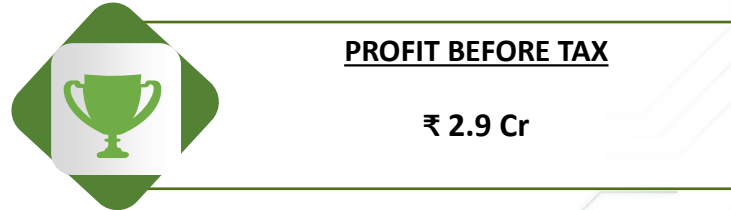
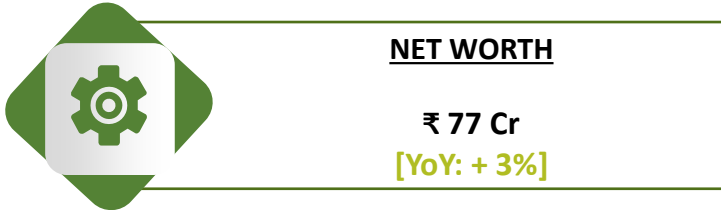
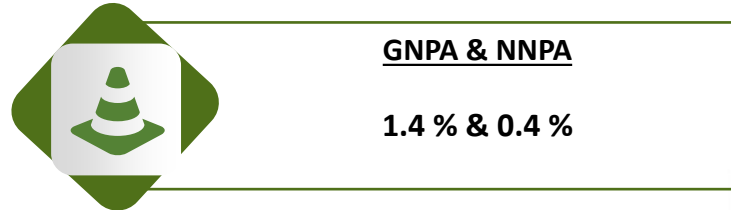
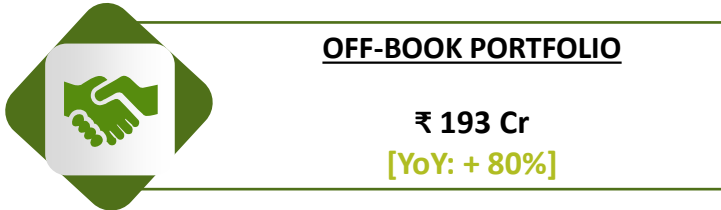
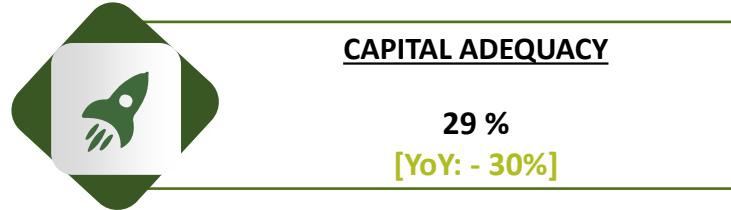
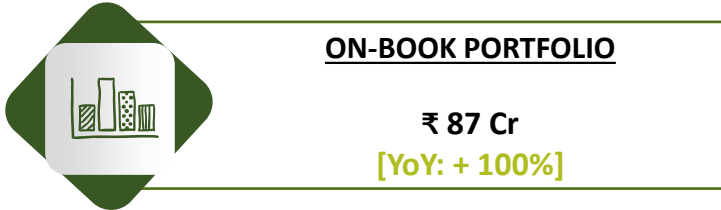
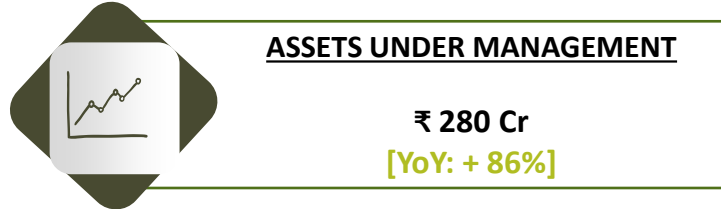
To encourage self-sufficiency and entrepreneurship in the underserved part of India by using 'low-cost, high-tech' digital finance processes.



**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: Strength in Progress



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REFLECTING ON  
FY2024



 Capital Trust

# Reflecting on FY2024: Financial Parameters

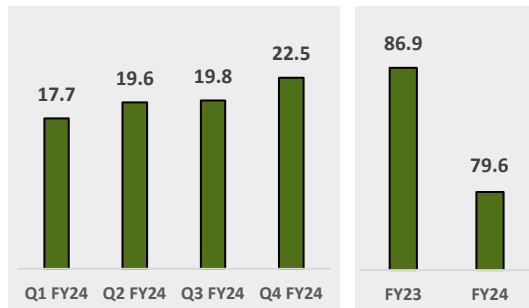
## Approval For Equity Raise

- Commitment received for ₹8.5 Cr Equity Infusion through Preferential Allotment in Q1FY25
- Signifying first tranche of larger Equity Raise planned in FY25
- Validation of company commitment to raise equity only for growth and not any write-offs

## Profitability & Revenue Metrics

- Consistent quarterly revenue uptrend in FY24
- Sequential increase seen in PBT and PAT numbers through all quarters

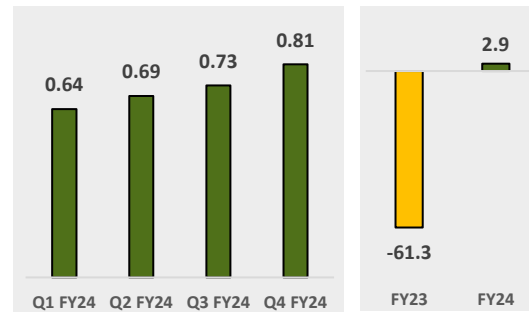
### Revenue (₹ in Crores)



QoQ: 13%

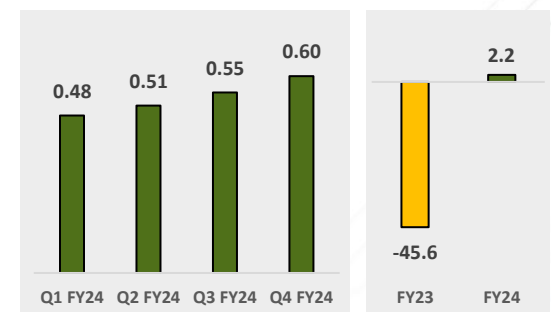
YoY: -8%

### Profit Before Tax (₹ in Crores)



QoQ: 11%

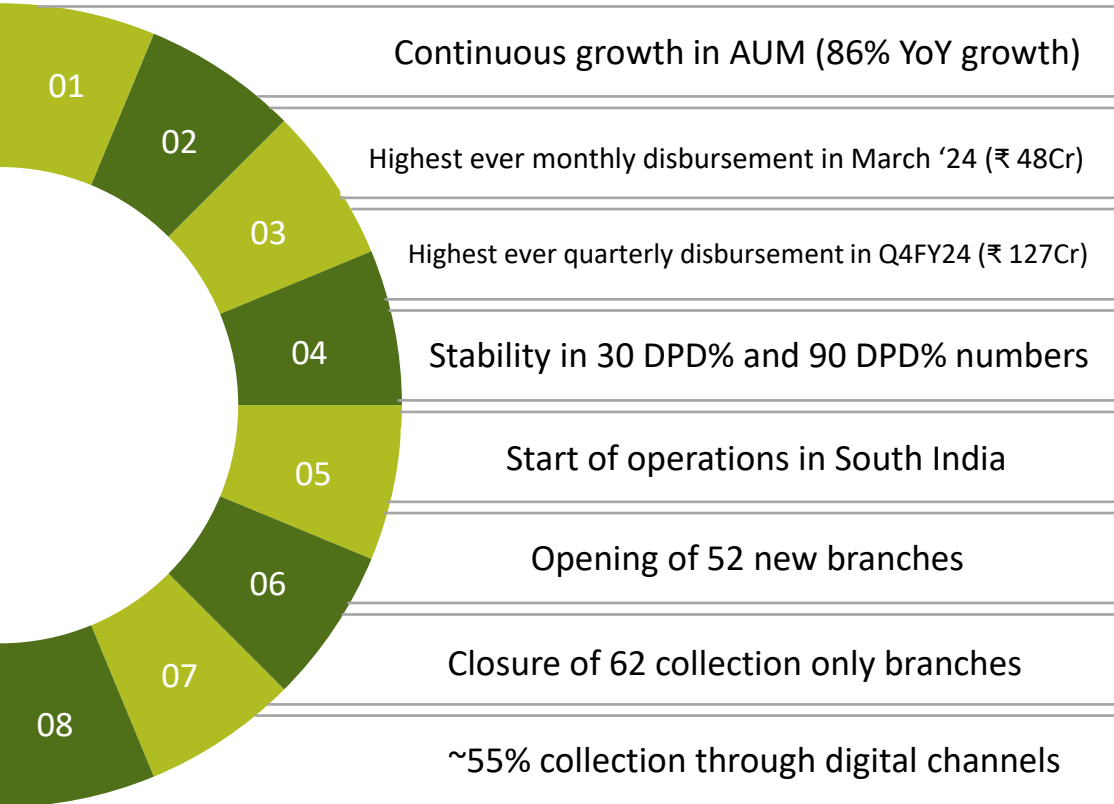
### Profit After Tax (₹ in Crores)



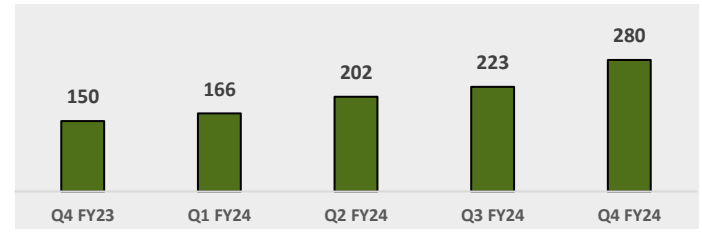
QoQ: 9%



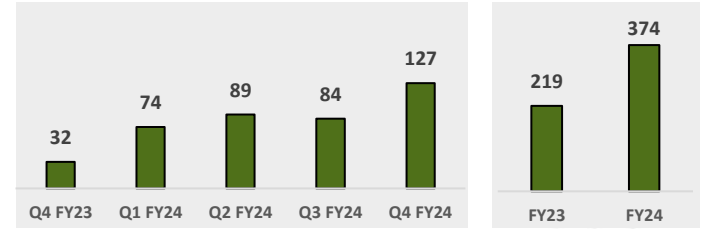
# Reflecting on FY2024: Operational Parameters



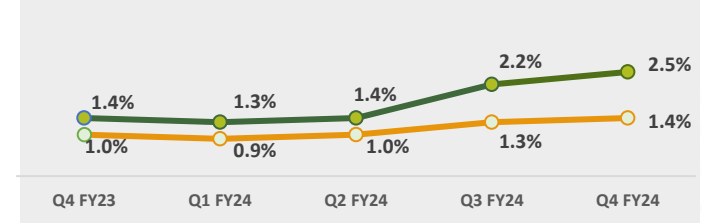
## Asset Under Management (₹ in Crores)



## Disbursement (₹ in Crores)



## 30 DPD% & 90 DPD %



# Reflecting on FY2024: Structural Parameters

01

## RBI Approval For Authentication Under Aadhaar Act

In December 2023, RBI authorized Capital Trust to employ **Aadhaar-based authentication in validating the identity of its clients**. This helps streamlining the company's KYC, Signing and NACH authentication processes.

02

## Great Place To Work Certification

In December 2023, Capital Trust achieved **Great Place to Work Certification for the first time in its history**, underscoring its commitment to fostering an exceptional work environment for its dedicated staff.



03

## Thriving Business Model Of Providing Lending-As-A-Service

Having **disbursed over ₹ 530 Cr with 12 partners (1 Bank, 8 NBFCs, 3 P2Ps)**, Capital Trust's model of providing Lending-As-A-Service has **matured from a test model to a successful business model**. **₹290 Cr disbursed** through this model in FY24.

04

## Formalization of Informal MSMEs Via Udyam Certificate Generation

Through the Udyam Assist Platform, Capital Trust has produced more than **1,00,000 Unique Registration Numbers (URN)**, reinforcing its commitment to categorizing all its clients as recipients of **MSME Priority Sector Loans**.

# Reflecting on FY2024: Funding Parameters

## Successful Bullet Repayments in Q1FY24



₹ 45 Cr Sub-Debt repayment on 1<sup>st</sup> May '23



State Bank of India

₹ 32 Cr NCD + TL repayment on 30<sup>th</sup> April '23

## Term Loans / NCD Raised from 15 Institutions in FY24



## BC / Co-Lending Partnership with 8 Institutions in FY24



# Reflecting on FY2024: YoY Comparison (FY24 vs FY23)

## Assets Under Management (in Cr):

279.9



(86%)

150.3

## Net Worth (in Cr.):

76.7



(3%)

74.5

## Revenue (in Cr):

86.9



(-8%)

79.6

## Expenses (in Cr):

148.2



(-48%)

76.7

## Profit Before Tax (in Cr)

2.9



-61.3

## Profit After Tax (in Cr)

2.1



-45.6

## Capital Adequacy (in %)

41.3%



(-30%)

29.0

## Leverage (in Times):

1.3



(-21%)

1.1

## Funding Partnerships (in #):

24



(85%)

13



# Reflecting on FY2024: QoQ Comparison (Q4FY24 vs Q3FY24)



## Assets Under Management (in Cr):

279.9



(25%)

223.3

## Net Worth (in Cr.):

76.7



(1%)

76.1

## Revenue (in Cr):

22.5



(13%)

19.8

## Expenses (in Cr):

21.7



(14%)

19.1

## Profit Before Tax (in Cr)

0.8



(11%)

0.7

## Profit After Tax (in Cr)

0.6



(1%)

0.6

## Capital Adequacy (in %)

31.8%



(-9%)

29.0

## Leverage (in Times):

1.1



(5%)

1.0

## Funding Partnerships (in #):

24



(4%)

23

# INDUSTRY OVERVIEW



# Need For Evolution In Rural Financing

Unchanged processes since early 2010s that have not kept up with evolving client demands

## 01 Untapped Market Above Microfinance Sector

### **Existing:**

- Limited companies focusing specifically on rural Informal MSMEs

### **Need For Evolution:**

- 8% MFI clients annually graduate from the sector but are still seen as low-income individuals instead of business owners
- MFIs have limited focus on serving MSMEs as they serve different client segment

## 02 Technology

### **Existing:**

- Limited technology usage with no reliance on business intelligence or data science

### **Need For Evolution:**

- Paper based, manual processes that increase inefficiency leading to disbursement TAT of 5-7 days
- Minimal data utilization in credit assessment

## 03 Group Structure (Client Perspective)

### **Existing:**

- Clients assessed on collective group strength rather than their business' cash flows

### **Need For Evolution:**

- Clients running businesses hesitant to provide group guarantee for 5-7 others
- Demand for digital payment options eliminating the need for frequent cash collection center meetings

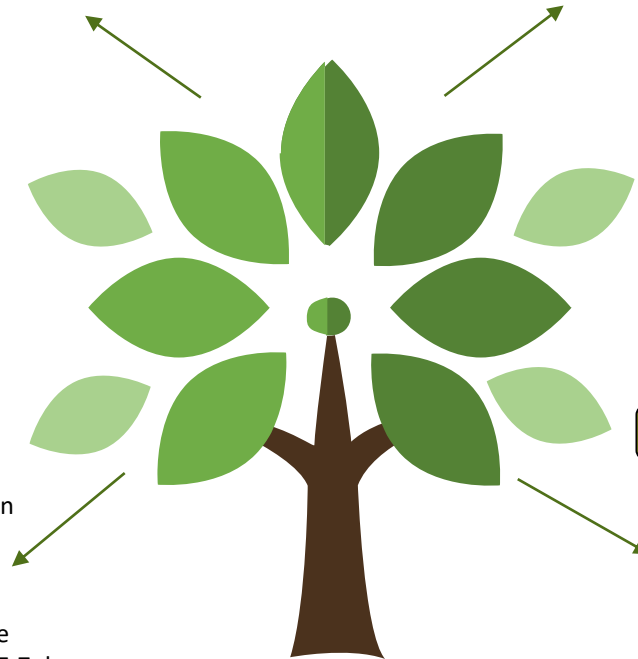
## 04 Group Structure (Company Perspective)

### **Existing:**

- High risk of joint liability group model with binary payment history (all or none of the members pay)

### **Need For Evolution:**

- Joint liability structure breaking due to recurring external events every 4-5 years, causing increased repayment issues in group loans
- Increasing prevalence of pipeline sourcing and ring leaders



# Spearheading The Evolution



## Untapped Market Above Microfinance Sector

Finetuned product (small ticket size, short tenure, optimal EMI) and target sector over a decade of exclusively serving business loans to MSMEs



## Technology

82% of own book loans disbursed within 2 days of client onboarding. Historical data analyzed to create engines facilitating quick credit decisioning



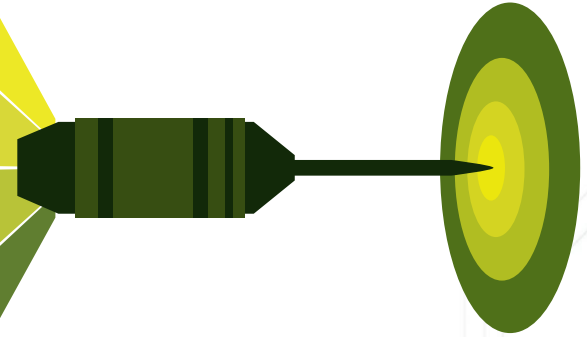
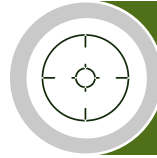
## Group Structure (Client Perspective)

Providing individual loans that assess repayment capacity of client's business in isolation. ~60% collections done digitally eliminating need for frequent physical meetings



## Group Structure (Company Perspective)


Mitigation of risk with reduced group exposure, evidenced by better portfolio quality during Covid and Punjab's Mazdoor Mukti Morcha agitation





# Market Segment

RBI recognizes Capital Trust’s target sector as the **Informal Micro Enterprises Sector** by placing it on par with the Formal MSME Sector, classifying it as Priority Sector Lending (RBI/2023-24/27: FIDD.MSME & NFS.BC.No.09/06.02.31/2023-24)

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

- Market Potential: With Microfinance market currently at ~₹4Lakh Crore, 8% of graduated clients amount to **₹32,000 Crore potential**



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## OPERATING MODEL



## 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

- Physical brick-and-mortar setup to ensure continuous client interaction
- Using fintech processes to increase efficiency and utilizing historical data for credit underwriting

# Product Offering & Typical Clientele

Product Name	Capital Business Loan
Type of Loan	Unsecured income-generating business loan
Ticket Size (₹)	30,000 – 75,000
Tenure	12 – 24 months
ROI	32%+
Repayment	Digital (NACH, BBPS, UPI, Static QR) followed by physical cash collection
Product Optimisation	Small ticket size, short tenure, optimal EMI amount, short turn-around-time, digital collection enabled, cash collection setup

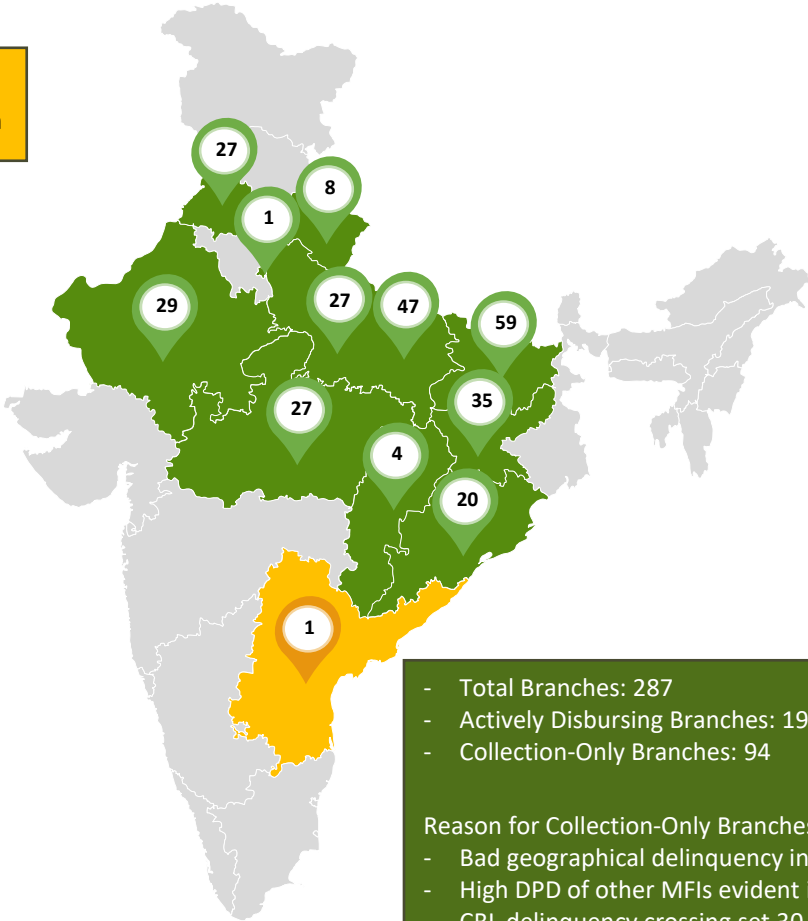
	Target Clientele
Graduated from Microfinance	8% of the Microfinance clients graduate yearly from the Microfinance sector and hit a wall
New to Organized Credit	Replacing traditional informal sources of financing (local moneylenders) which currently account for 84% of all financing to MSMEs
Informal MSMEs	Unserviced 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





# Branch Network

- Expansion into South India in Q4FY24
- Opening of first branch in Andhra Pradesh



- Total Branches: 287
  - Actively Disbursing Branches: 193
  - Collection-Only Branches: 94
- Reason for Collection-Only Branches:
- Bad geographical delinquency in past (ex: Western UP, UKH, DEL)
  - High DPD of other MFIs evident in pin code report (ex: PUN, Western MP)
  - CBL delinquency crossing set 30+DPD benchmark (ex: JHA)

\* Majority of branches in Punjab converted to Collection-Only Branches for time being

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CAPITAL TRUST 2.0



 Capital Trust



# Unique Selling Proposition

## Portfolio Quality

- High quality, seasoned portfolio with 1.4% GNPA and 0.4% NNPA
- Current product continues to show strength with ₹886 Cr total disbursement with minimal credit cost (0.4% as a % of disbursement). Portfolio sourced prior to FY20 continues to reduce

## Pioneers in Technological Advancements

- First NBFC in rural India to have:
  - i) 100% cashless disbursement (2015)
  - ii) Staff-facing smartphone application to show real-time data for monitoring (2016)
  - iii) Client-facing smartphone application (2018)
  - iv) 100% digital collection as first mode of repayment (2019)
  - v) 100% paperless processes from sourcing to disbursement (2019)
  - vi) Credit & physical visit engines (2020)



**Capital Trust 2.0**

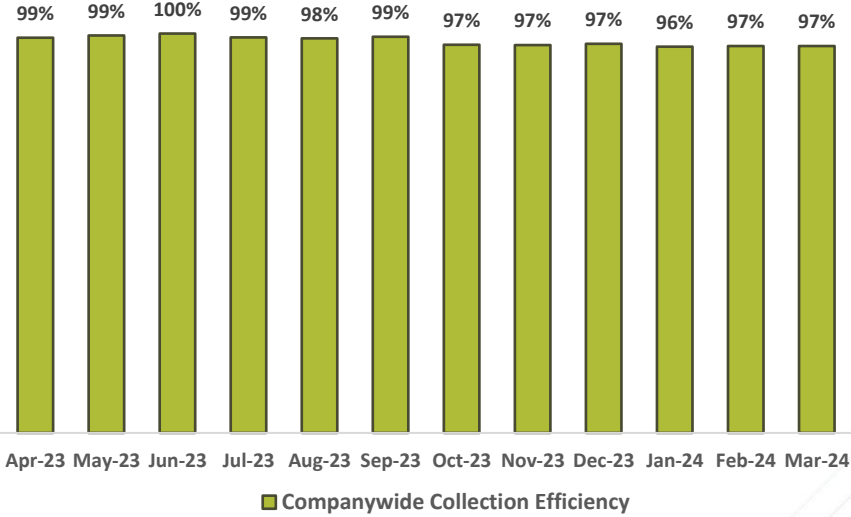
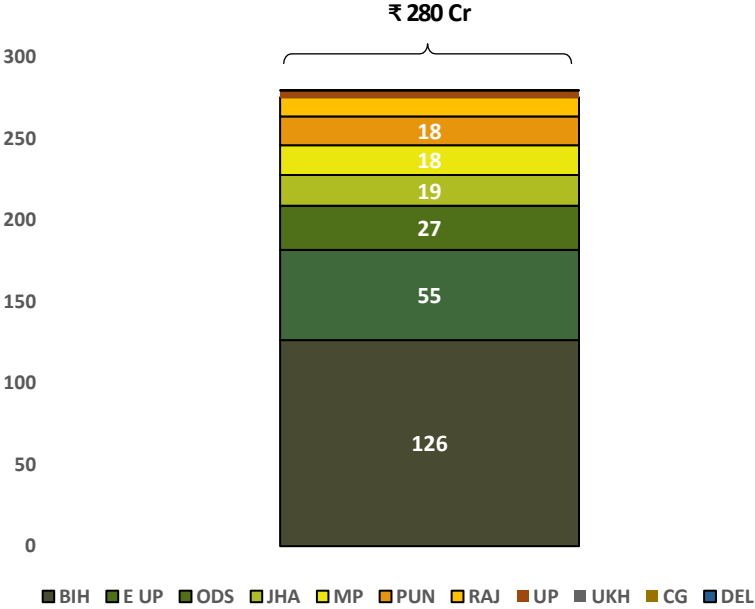
## Providing Lending-As-A-Service

- Inherent potential to disburse upwards of ₹ 80 Crore monthly through existing branch network
- 8 live Co-Lending & BC partnerships that help company leverage larger partner's balance sheet while increasing its own ROE

## Hybrid Dual-Credit

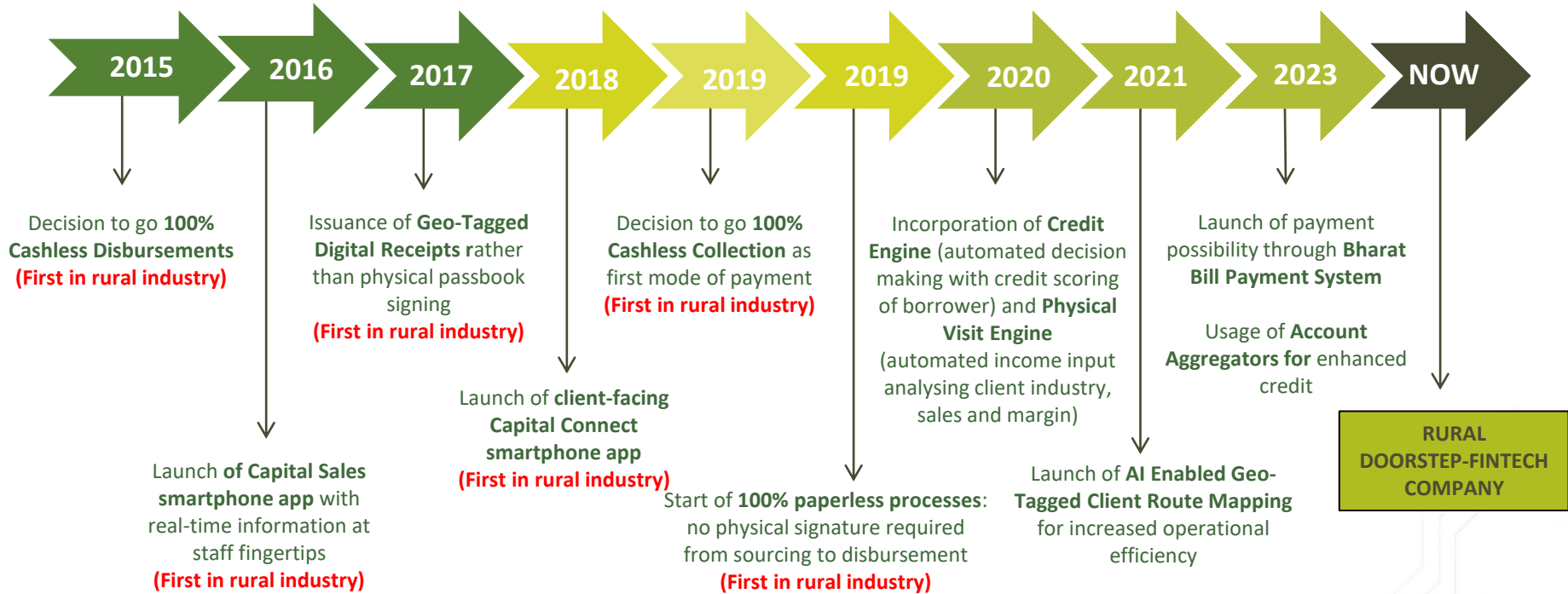
- Automated credit (credit bureau checks and preset algorithms) supplemented with traditional safeguards of branch banking (physical verification of residence, business premise and cash flow analysis)
- Reliance on data of ₹4,000+ Crore disbursed to 10 Lakh clients to reduce subjectivity of one individual credit officer
- No exception or deviation matrix

# 1. Portfolio Quality



<b>Portfolio Under Management</b>	₹ 280 Cr
<b>GNPA</b>	₹ 4 Cr
<b>GNPA %</b>	1.4 %
<b>Provision Balance</b>	₹ 3 Cr
<b>NNPA %</b>	0.4 %

## 2. Pioneers in Technological Advancements



### PROACTIVE RATHER THAN REACTIVE:

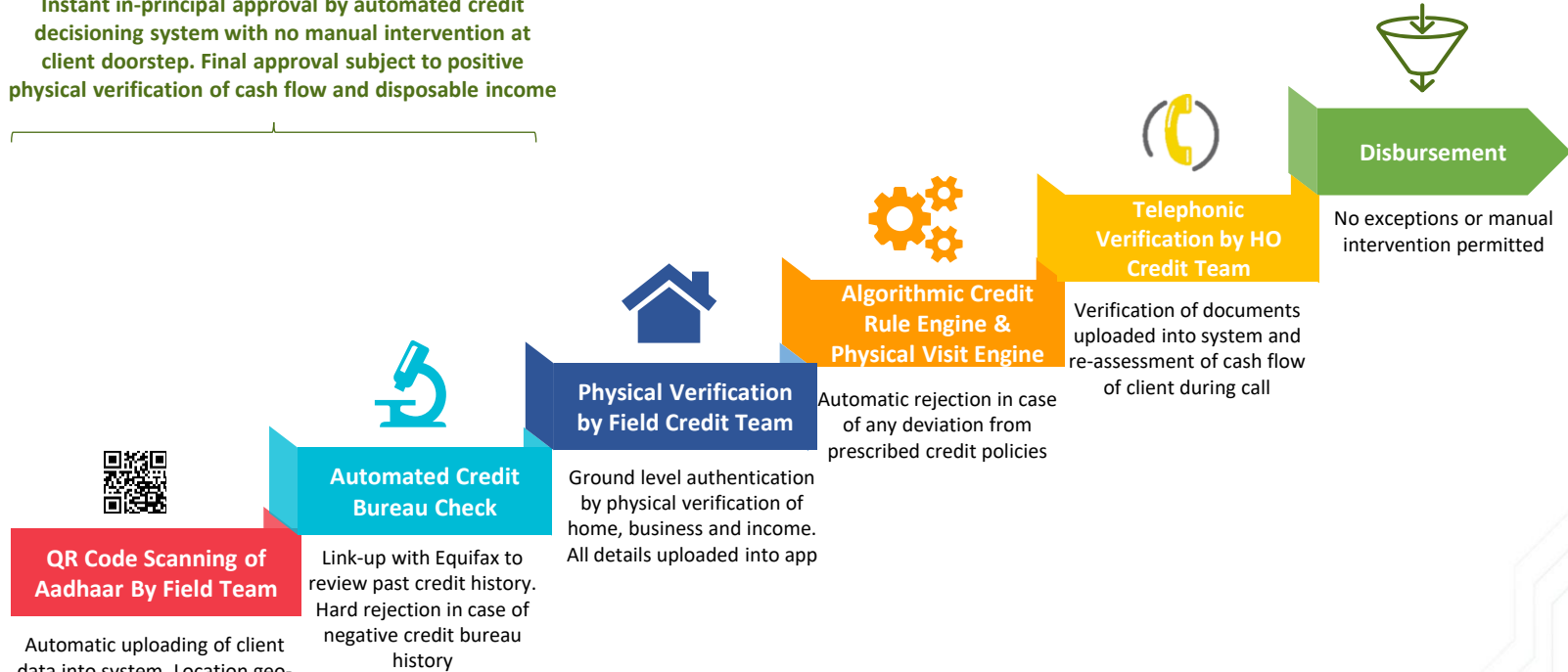
Capital Trust is emerging as a **Thought and Innovation leader** capturing the changing rural landscape.

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 Q4 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



- 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)  
Co-Lending / BC Disbursements done with:

### Co-Lending:



### Business Correspondent:



	Total Disbursements (₹ in Cr)	POS (₹ in Cr)	30+ % (on POS)	90+ % (on POS)	30+ % (on Disbursement)	90+ % (on Disbursement)
Co-Lending + BC Partnerships	530	192	2.5%*	1.8%*	0.9%*	0.6%*

\* With current portfolio performance, partners have started sharing risk



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# FINANCIALS



# Key Highlights & Ratios

(₹ in Crores)

Particulars	Q4 FY24	Q4 FY23	YoY %	Q3 FY24	QoQ %	FY24	FY23	YoY %
<b>Total Income</b>	22.5	20.0	12%	19.8	13%	79.6	86.9	-8%
Total Expense (excluding tax)	21.7	81.9	-74%	19.1	14%	76.7	148.2	-48%
<b>Profit / Loss Before Tax</b>	<b>0.8</b>	<b>-61.9</b>	-	<b>0.7</b>	<b>11%</b>	<b>2.9</b>	<b>-61.3</b>	-
<b>Profit / Loss After Tax</b>	<b>0.6</b>	<b>-46.0</b>	-	<b>0.6</b>	<b>9%</b>	<b>2.1</b>	<b>-45.6</b>	-
<b>Net Worth</b>	<b>76.7</b>	<b>74.5</b>	<b>3%</b>	<b>76.1</b>	<b>1%</b>	<b>76.7</b>	<b>74.5</b>	<b>3%</b>
On-Book Portfolio	86.9	43.4	100%	69.9	24%	86.9	43.4	100%
Off-Book Portfolio	192.7	106.9	80%	153.4	26%	192.7	106.9	80%
<b>Total Assets Under Management (AUM)</b>	<b>279.6</b>	<b>150.3</b>	<b>86%</b>	<b>223.3</b>	<b>25%</b>	<b>279.6</b>	<b>150.3</b>	<b>86%</b>
Cost Of Borrowing	16.3%	14.9%	10%	16.1%	2%	16.3%	14.9%	10%
<b>Book Value Per Share (in ₹)</b>	<b>47.3</b>	<b>46.0</b>	<b>3%</b>	<b>46.9</b>	<b>1%</b>	<b>47.3</b>	<b>46.0</b>	<b>3%</b>

# Balance Sheet

(₹ in Crores)

Assets	Q4FY24	Q3FY24	Q2FY24
<b>Financial Assets</b>			
Cash and Cash Equivalents	12.2	18.5	9.2
Bank Balances other than Cash & Cash Equivalents	12.5	8.1	7.5
Trade Receivables	3.4	4.1	2.4
Loan Portfolio	83.0	66.2	54.0
Investments	0.6	0.6	0.6
Other Financial Assets	12.7	12.8	10.9
<b>Total Financial Assets</b>	<b>124.3</b>	<b>110.2</b>	<b>84.6</b>
<b>Non-Financial Assets</b>			
Current Tax Assets (Net)	4.1	7.8	7.1
Deferred Tax Assets (Net)	48.5	48.8	48.9
Property, Plant and Equipment	1.4	1.3	1.2
Right to use Asset	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	0.9	0.4	0.4
<b>Total Non-Financial Assets</b>	<b>55.1</b>	<b>58.4</b>	<b>57.9</b>
<b>Total Assets</b>	<b>179.4</b>	<b>168.7</b>	<b>142.5</b>

Liabilities And Equity	Q4 FY24	Q3 FY24	Q2 FY24
<b>Financial Liabilities</b>			
Trade Payables	0.8	0.4	0.7
Debt Securities	9.2	5.4	0.0
Borrowings other than Debt Securities	70.9	70.5	46.2
Deposits	0.0	0.0	0.0
Subordinate Liabilities	0.0	0.0	0.0
Lease Liabilities	0.0	0.0	0.0
Other Financial Liabilities	15.5	12.7	15.8
<b>Total Financial Liabilities</b>	<b>96.4</b>	<b>88.9</b>	<b>62.7</b>
<b>Non-Financial Liabilities</b>			
Current Tax Liabilities (Net)	0.0	0.0	0.0
Provisions	1.5	1.4	1.3
Other Non-Financial Liabilities	4.8	2.3	3.0
<b>Total Non-Financial Liabilities</b>	<b>6.3</b>	<b>3.7</b>	<b>4.3</b>
<b>Equity</b>			
Equity Share Capital	16.2	16.2	16.2
Other Equity	60.5	59.9	59.3
<b>Total Shareholders Fund</b>	<b>76.7</b>	<b>76.1</b>	<b>75.5</b>
<b>Total Liabilities and Equity</b>	<b>179.4</b>	<b>168.7</b>	<b>142.5</b>





KEY PARTNERSHIPS

 Capital Trust

# Funding & Partnerships

**Equity: 1**

**Co-Lending: 3**

**Business Correspondent: 5**

**On-Balance Sheet Funders: 16**



# THANK YOU



**Vinod Raina**

Chief Financial Officer

[Vinod.raina@capitaltrust.in](mailto:Vinod.raina@capitaltrust.in)

**Vahin Khosla**

Joint-Managing Director

[Vahin.khosla@capitaltrust.in](mailto:Vahin.khosla@capitaltrust.in)

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