



CAPITAL TRUST LIMITED

**Q1 FY2025
INVESTOR
PRESENTATION**

August 2024

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

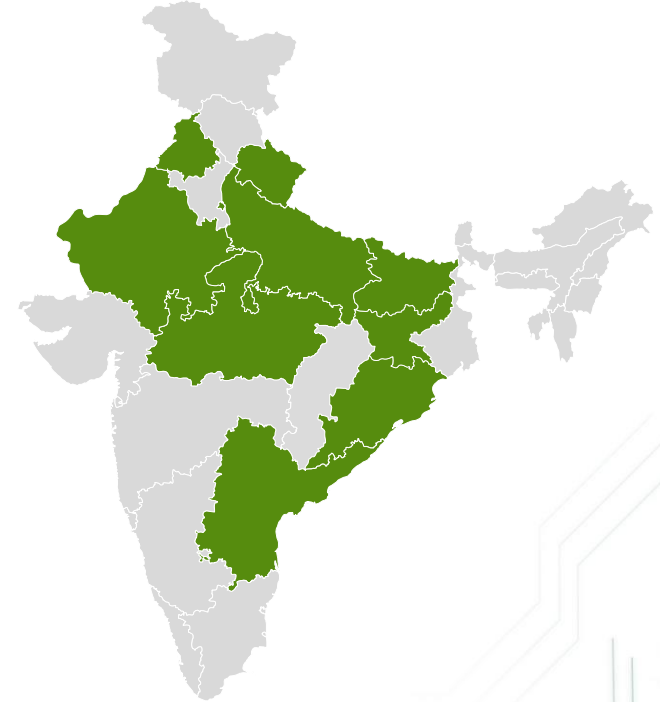
- Publicly listed "**Rural Doorstep-Fintech Company**" focused on providing financial inclusion services to underserved India by merging fintech and traditional financing.
- Our digitized rural financing model offers micro business loans and caters to over **1,13,163 customers across 79 districts through 312 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.




Numbers at a Glance




ASSETS UNDER MANAGEMENT

₹ 294 Cr
[YoY: +77%] [QoQ: +5%]




CAPITAL ADEQUACY *

34 %
[YoY: -28%] [QoQ: +17%]



ON-BOOK PORTFOLIO

₹ 91 Cr
[YoY: +153%] [QoQ: +5%]




GROSS NPA & NET NPA

1.64 % & 0.69%




OFF-BOOK PORTFOLIO

₹ 203 Cr
[YoY: +56%] [QoQ: +6%]




Q1 FY2025 REVENUE

₹ 25 Cr
[YoY: +40%] [QoQ: +10%]



NET WORTH

₹ 85 Cr
[YoY: +14%] [QoQ: +11%]



Q1 FY2025 PROFIT BEFORE TAX

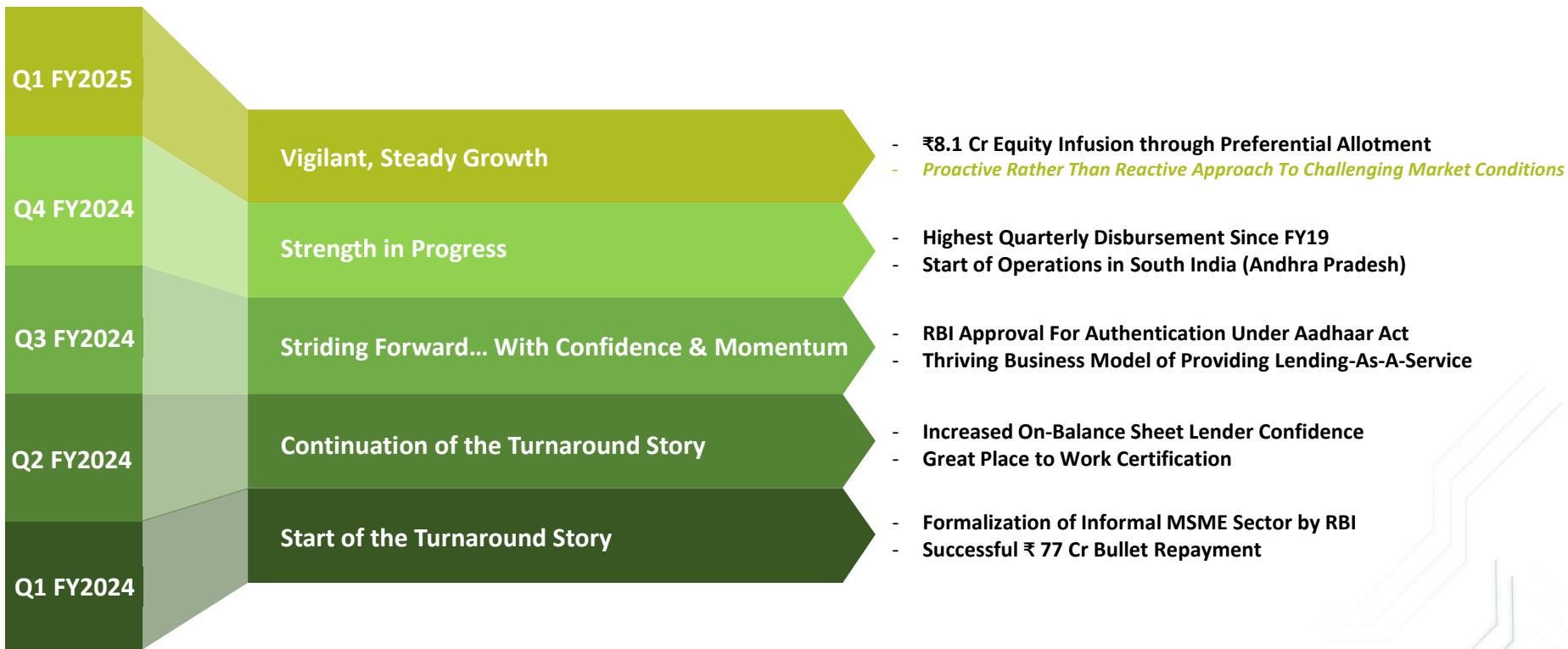
₹ 1 Cr
[YoY: +53%] [QoQ: +21%]

—
Q1 FY2025
UPDATES



 Capital Trust

Q1 FY2025: Vigilant, Steady Growth



Q1 FY2025: Vigilant, Steady Growth

Proactive Rather Than Reactive Approach To Challenging Market Conditions

01 2024 General Elections

Over last two quarters, company has:

- Tightened credit bureau score criteria for borrowers and co-borrowers
- Imposed caps on the number of loans, monthly obligations, and overall outstanding balances for borrowers and co-borrowers
- Conducted client training workshops to re-iterate consequences in case of default
- Restricted new client acquisition in branches where 30+ DPD breaches a certain threshold

02 Punjab Mazdoor Mukti Morcha

Upon observing a consistent rise in delinquencies in Punjab's Equifax Pin-Code report, company has:

- Not onboarded any new client in any of the 26 branches in Punjab over the past three quarters
- Reduced AUM by 47% over the last three quarters, with ₹12 Cr remaining outstanding in the state as of Q1 FY2025



03 Overheating in Bihar, Eastern UP

Even prior to advisory on July 7th concerning rising leverage in Bihar and Eastern UP, the company had already:

- Expanded into South India (Andhra Pradesh) and opened new branches in Odisha, Madhya Pradesh, and Rajasthan in Q4 FY24
- Restricted new client acquisition in certain districts where an increase in the number of rural financiers was observed

04 Temporary Customer Migration

In response to noticing a slight increase in customer migration, the company has:

- Mandated all clients to provide proof of residence ownership at the time of onboarding
- Enhanced the level of scrutiny during personal visits by the independent credit officer

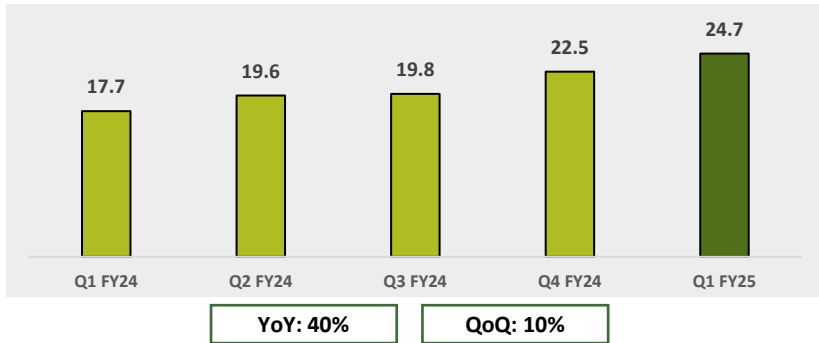
These measures complement the company's insights gained over the past few years, which have enabled a shift towards smaller ticket-sized, shorter-tenured, individual business loans, with digital collection as the first mode of repayment

Q1 FY2025: Vigilant, Steady Growth

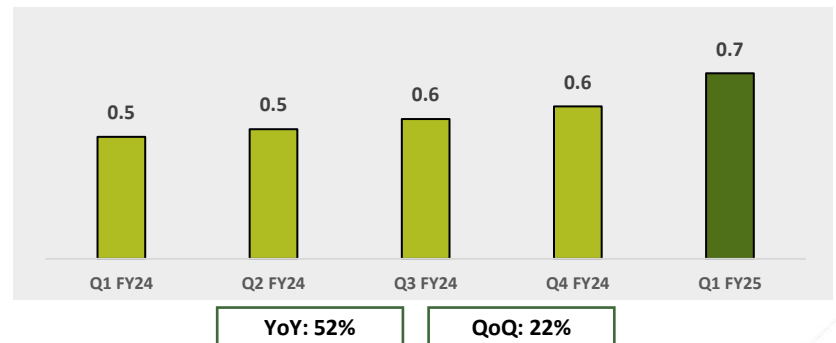
Financial Parameters:

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

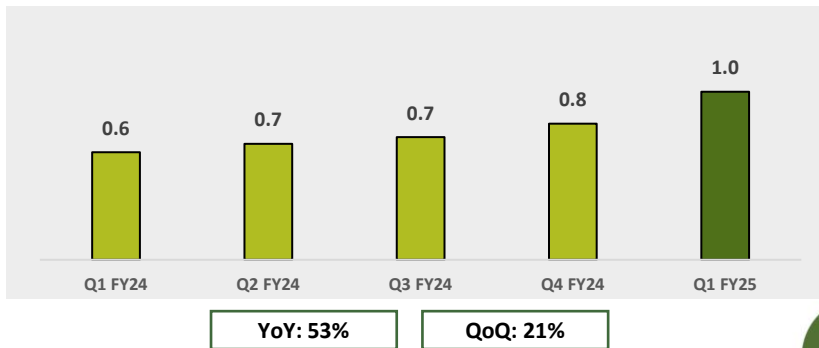
Revenue (₹ in Crores)



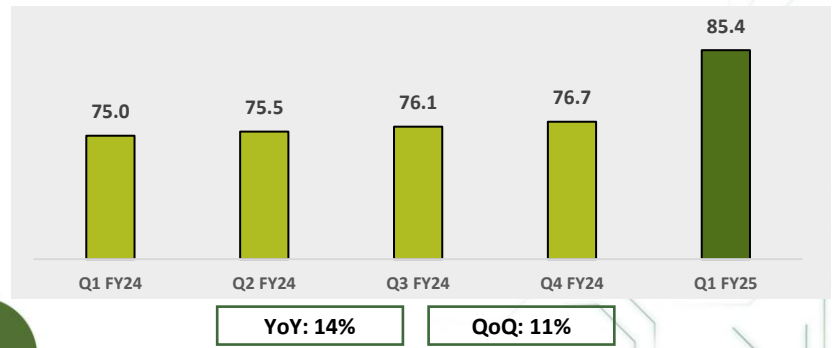
Profit After Tax (₹ in Crores)



Profit Before Tax (₹ in Crores)



Net Worth (₹ in Crores)

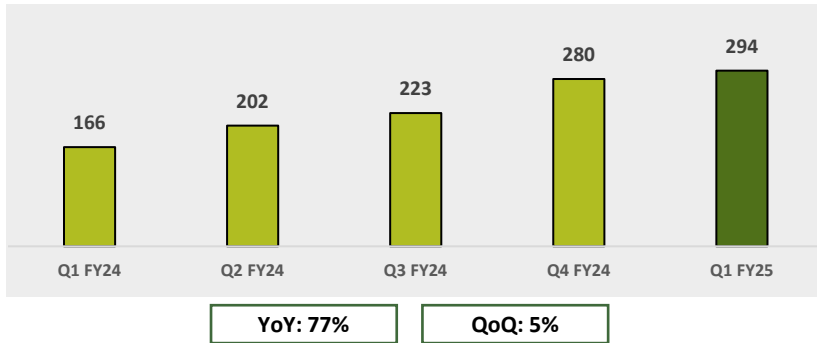


Q1 FY2025: Vigilant, Steady Growth

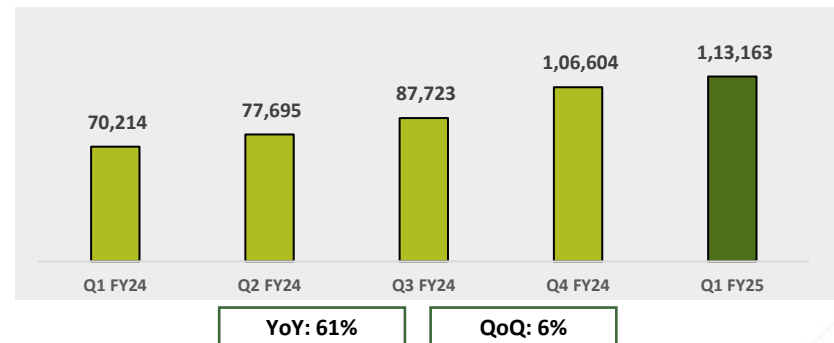
Operational Parameters:

- Continuous growth in AUM
- Stability in 90 DPD %

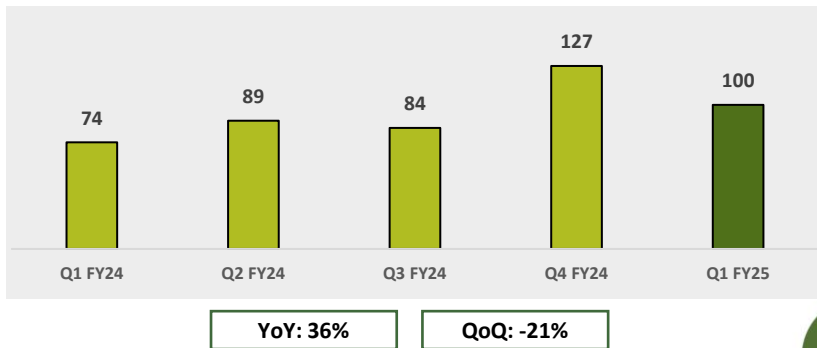
Asset Under Management (₹ in Crores)



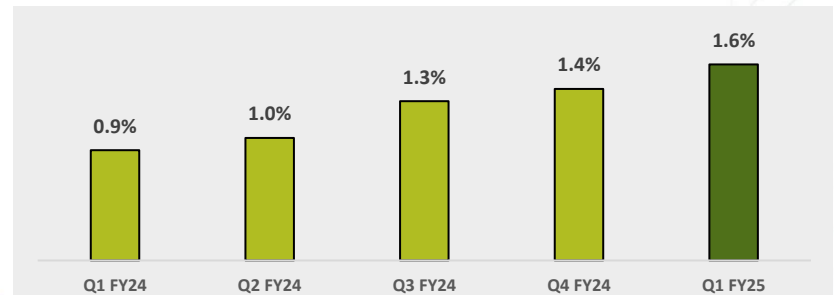
Clients (in #)



Quarterly Disbursement (₹ in Crores)



90 DPD %



YoY Comparison (Q1 FY2025 vs Q1 FY2024)

Assets Under Management (in Cr):

294.2



(77%)

166.2

Net Worth (in Cr.):

85.4



(14%)

75.0

Revenue (in Cr):

24.7



(40%)

17.7

Expenses (in Cr):

23.8



(39%)

17.1

Profit Before Tax (in Cr):

1.0



(53%)

0.6

Profit After Tax (in Cr):

0.7



(52%)

0.5

Capital Adequacy (in %): *

47.1%



(-28%)

33.8%

Book Value / Share (in ₹):

52.7



(14%)

46.3

External Borrowings (in Cr):

96.1



(188%)

33.3

QoQ Comparison (Q1 FY2025 vs Q4 FY2024)

Assets Under Management (in Cr):

294.2



(5%)

279.6

Net Worth (in Cr.):

85.4



(11%)

76.7

Revenue (in Cr):

24.7



(10%)

22.5

Expenses (in Cr):

23.8



(10%)

21.7

Profit Before Tax (in Cr):

1.0



(21%)

0.8

Profit After Tax (in Cr)

0.7



(22%)

0.6

Capital Adequacy (in %): *

33.8%



(17%)

29.0%

Book Value / Share (in ₹):

52.7



(11%)

47.3

External Borrowings (in Cr):

96.1



(18%)

81.1

INDUSTRY OVERVIEW



 Capital Trust

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

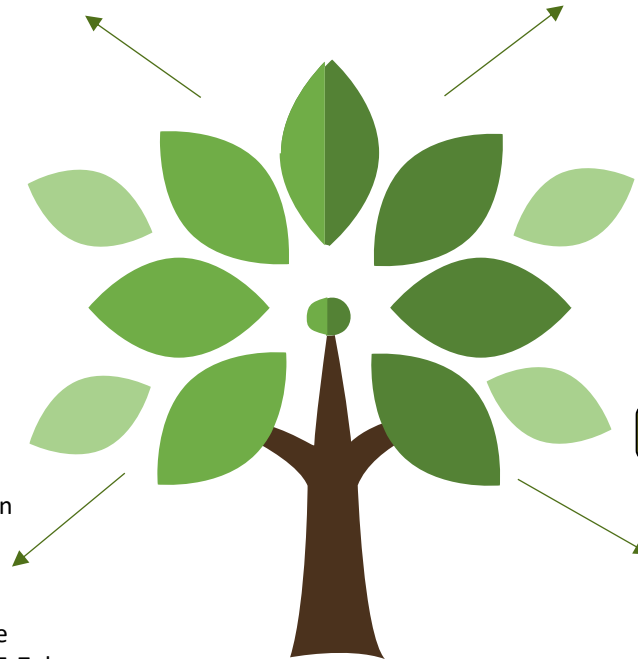
04 Group Structure (Company Perspective)

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



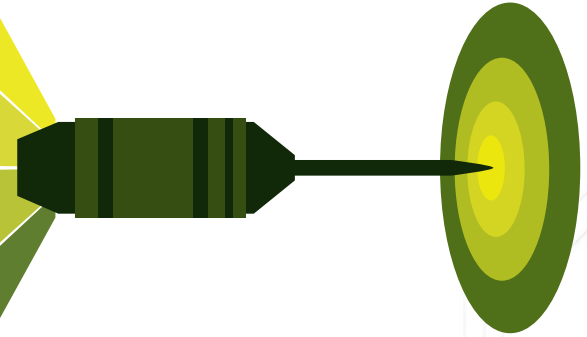
Group Structure (Client Perspective)

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>
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
		₹ 1 Lac - 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	

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



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



CAPITAL TRUST 2.0



 Capital Trust



Unique Selling Proposition

Portfolio Quality

- High quality, seasoned portfolio with 1.64% GNPA
- Current product continues to show strength with ₹986 Cr total disbursement with minimal credit cost (0.5% 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)



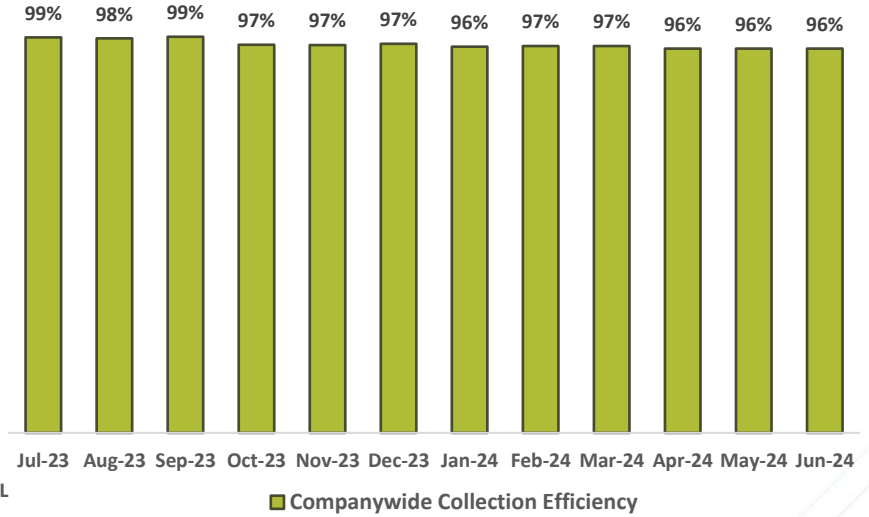
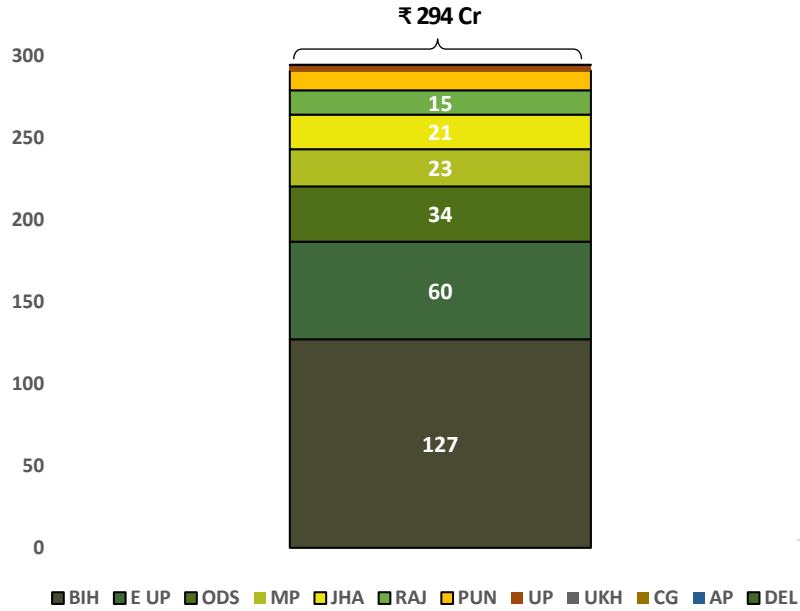
Providing Lending-As-A-Service

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

Hybrid Dual-Credit

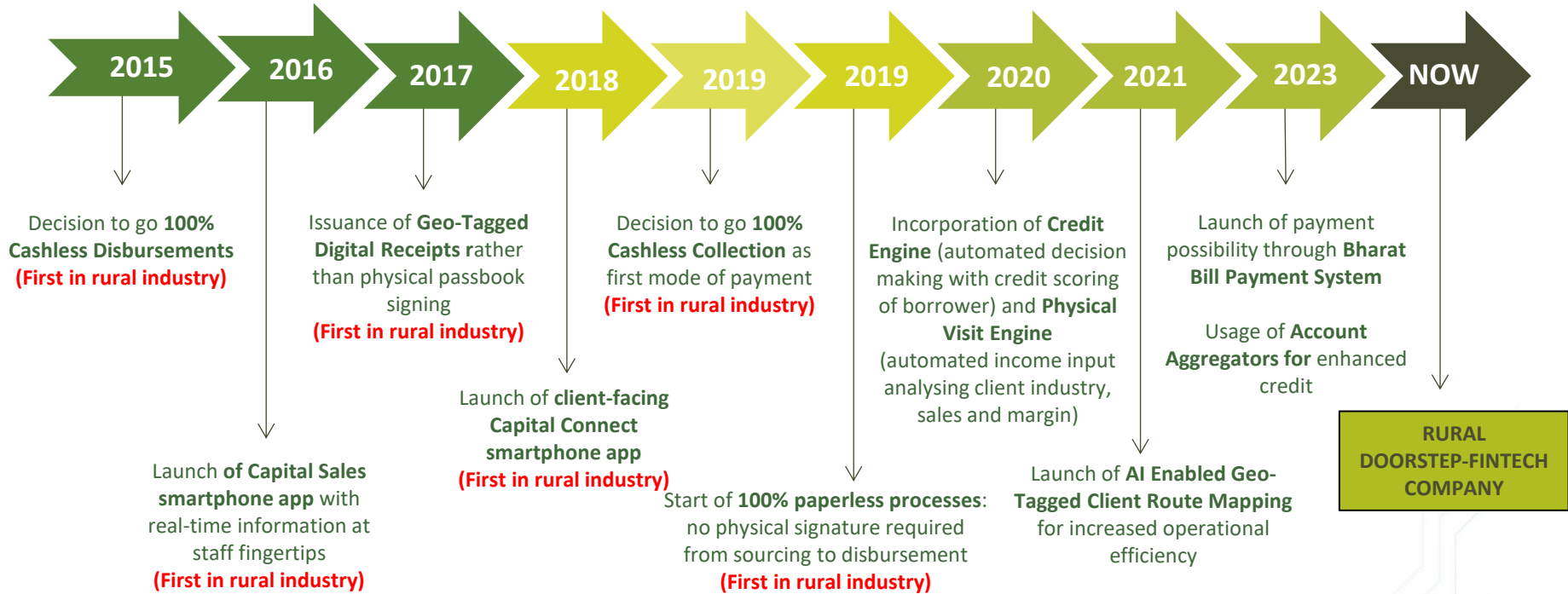
- Automated credit (credit bureau checks and preset algorithms) supplemented with traditional safeguards of branch banking (physical verification of residence, business premise and cash flow analysis)
- Reliance on data of ₹4,000+ Crore disbursed to 12 Lakh clients to reduce subjectivity of one individual credit officer
- No exception or deviation matrix

1. Portfolio Quality



Assets Under Management	₹ 294 Cr
GNPA	₹ 5 Cr
GNPA %	1.6 %
Provision Balance	₹ 3 Cr
NNPA %	0.7 %

2. Pioneers in Technological Advancements



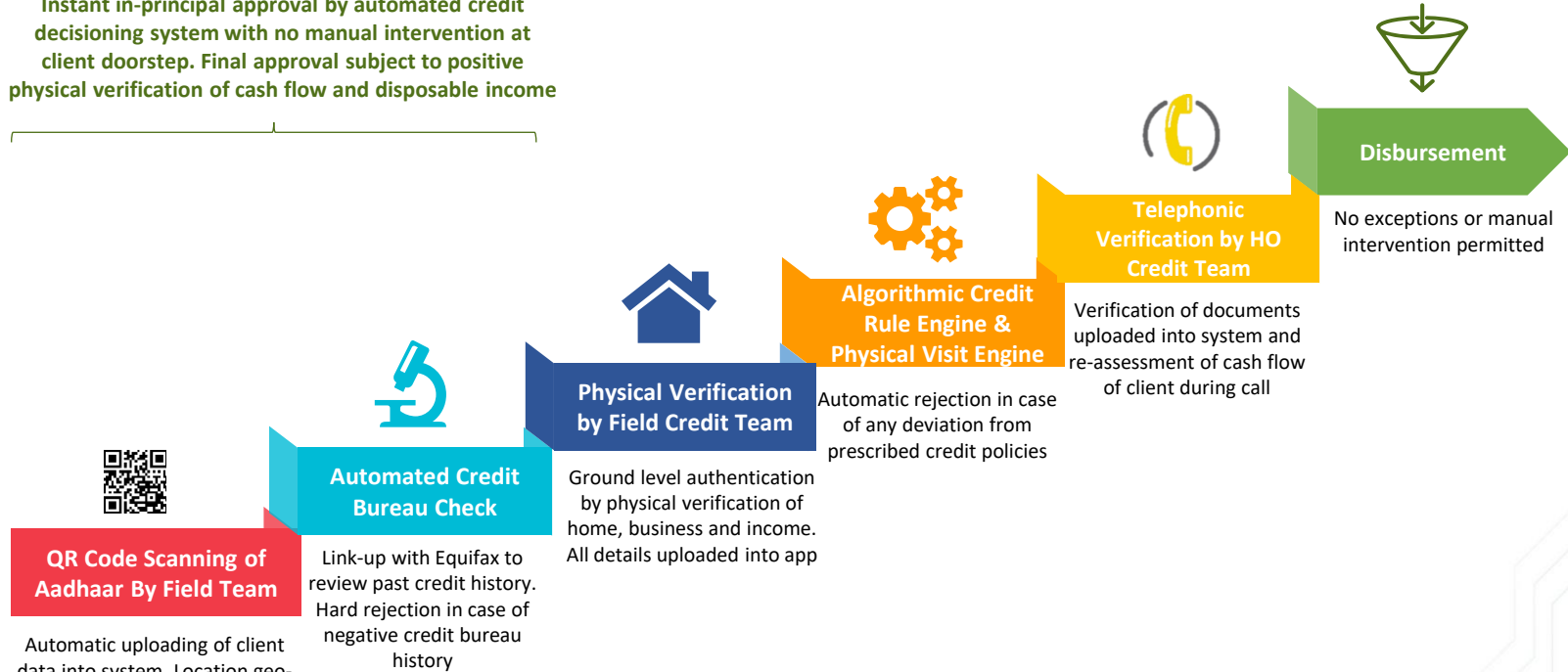
PROACTIVE RATHER THAN REACTIVE:

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 FY25

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	601	200	2.8%*	1.9%*	0.9%*	0.6%*

* With current portfolio performance, partners have started sharing risk

BC Partners not currently live:





FINANCIALS

 Capital Trust



Key Highlights & Ratios

(₹ in Crores)

Particulars	Q1 FY25	Q1 FY24	YoY %	Q4 FY24	QoQ %
Total Income	24.7	17.7	40%	22.5	10%
Total Expense (excluding tax)	23.8	17.1	39%	21.7	10%
Profit / Loss Before Tax	1.0	0.6	53%	0.8	21%
Profit / Loss After Tax	0.7	0.5	52%	0.6	22%
Net Worth	85.4	75.0	14%	76.7	11%
On-Book Portfolio	90.9	35.9	153%	86.9	5%
Off-Book Portfolio	203.4	130.2	56%	192.7	6%
Total Assets Under Management (AUM)	294.3	166.2	77%	279.6	5%
Cost Of Borrowing	16.1%	14.6%	10%	16.3%	-1%
Book Value Per Share (in ₹)	52.7	46.3	14%	47.3	11%

Balance Sheet

(₹ in Crores)

Assets	Q1 FY25	Q4 FY24	Q3 FY24
Financial Assets			
Cash and Cash Equivalents	36.2	12.2	18.5
Bank Balances other than Cash & Cash Equivalents	10.5	12.5	8.1
Trade Receivables	4.7	3.4	4.1
Loan Portfolio	87.1	83.0	66.2
Investments	0.6	0.6	0.6
Other Financial Assets	17.3	12.7	12.8
Total Financial Assets	156.4	124.3	110.2
Non-Financial Assets			
Current Tax Assets (Net)	4.7	4.1	7.8
Deferred Tax Assets (Net)	48.3	48.5	48.8
Property, Plant and Equipment	1.5	1.4	1.3
Right to use Asset	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	1.0	0.9	0.4
Total Non-Financial Assets	55.7	55.1	58.4
Total Assets	212.1	179.4	168.7

Liabilities And Equity	Q1 FY25	Q4 FY24	Q3 FY24
Financial Liabilities			
Trade Payables	0.5	0.8	0.4
Debt Securities	6.7	9.2	5.4
Borrowings other than Debt Securities	96.0	70.9	70.5
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	16.3	15.5	12.7
Total Financial Liabilities	119.5	96.4	88.9
Non-Financial Liabilities			
Current Tax Liabilities (Net)	0.0	0.0	0.0
Provisions	1.5	1.5	1.4
Other Non-Financial Liabilities	5.6	4.8	2.3
Total Non-Financial Liabilities	7.1	6.3	3.7
Equity			
Equity Share Capital	16.2	16.2	16.2
Share Application Money	8.0	0.0	0.0
Other Equity	61.2	60.5	59.9
Total Shareholders Fund	85.4	76.7	76.1
Total Liabilities and Equity	212.1	179.4	168.7



KEY PARTNERSHIPS

 Capital Trust

Funding & Partnerships

Equity: 1

Co-Lending: 3

Business Correspondent: 3

On-Balance Sheet Funders: 17



THANK YOU



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