



CAPITAL TRUST LIMITED

**Q1 FY2022
INVESTOR
PRESENTATION**

August 2021

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 income generating micro loans to MSMEs and caters to over **116403 customers across 73 districts through 244 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
₹ 337 Cr



NET WORTH
₹ 117 Cr



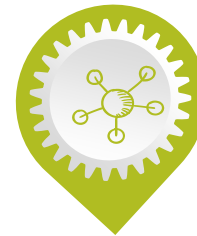
CAPITAL ADEQUACY
45.2%



GROSS NPA*
3.8%



NET NPA
0.0%



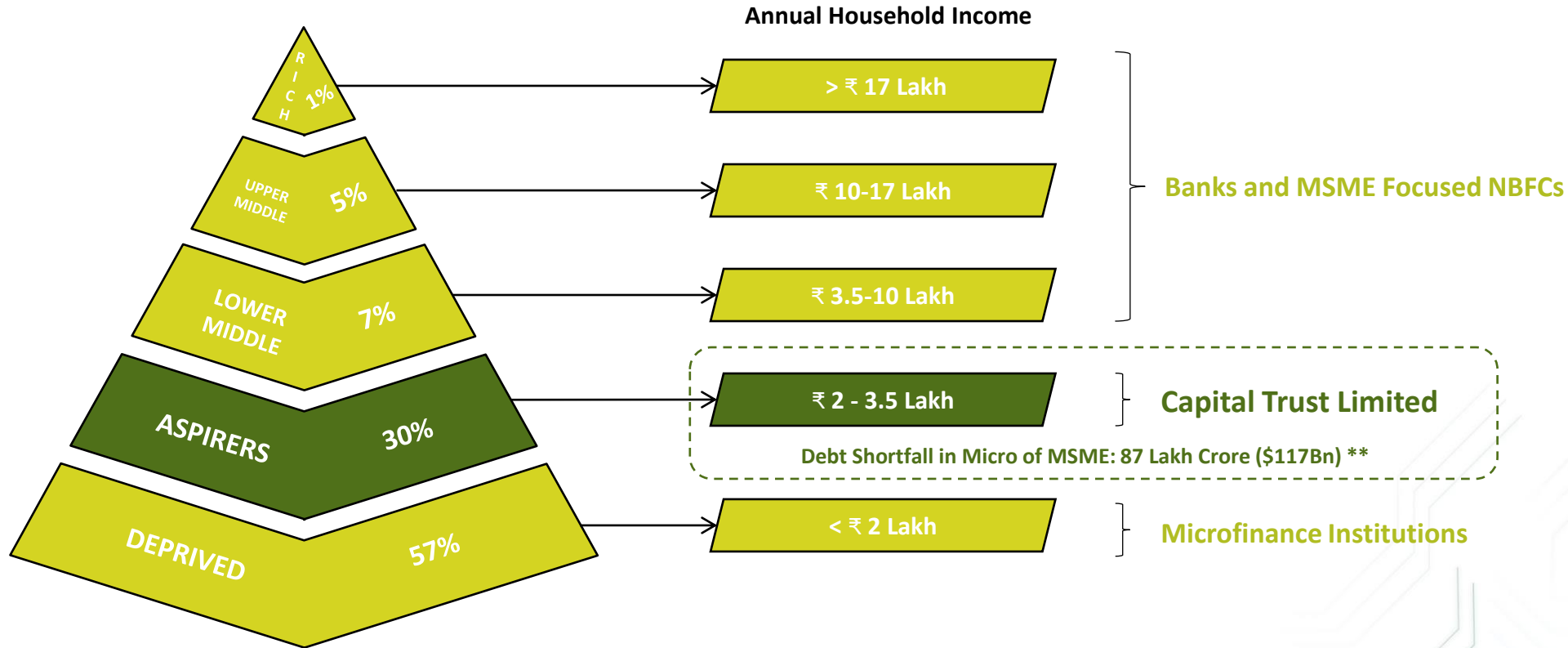
BRANCHES
244



EMPLOYEES
1728

*Stage 3 ECL Assets

Capitalising on the Underserved Market Opportunity

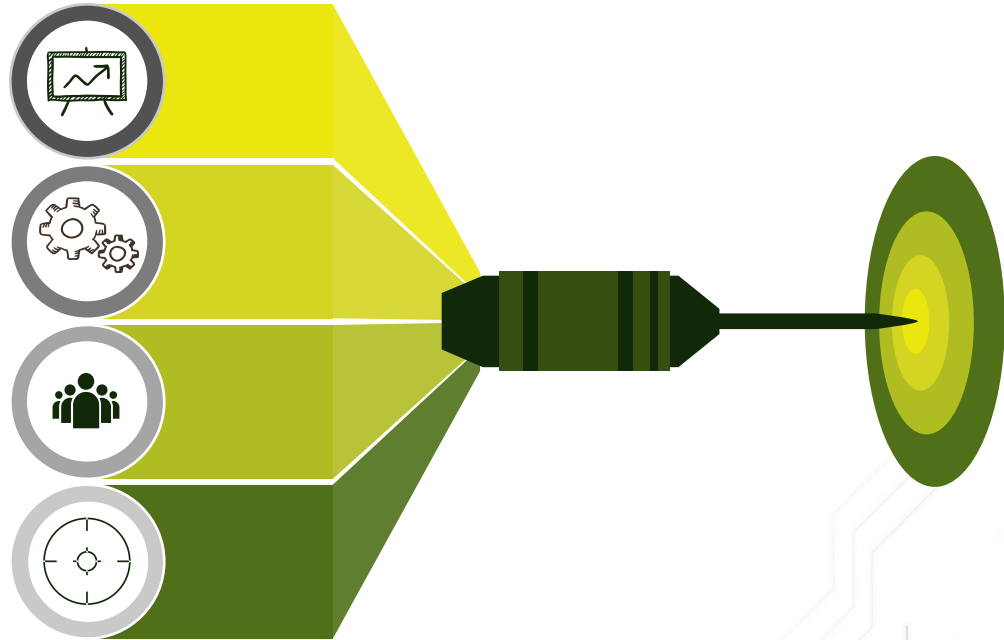


*NCAER-CMCR Annual Income Data
**IFC Report on MSMEs (Nov 2018)

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



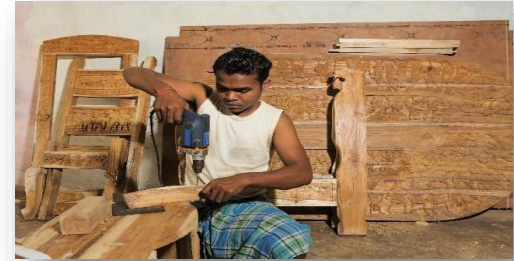
Grocery Vendors



Small Eateries



Textile Stores



Handicraft Manufacturers



Utility Stores

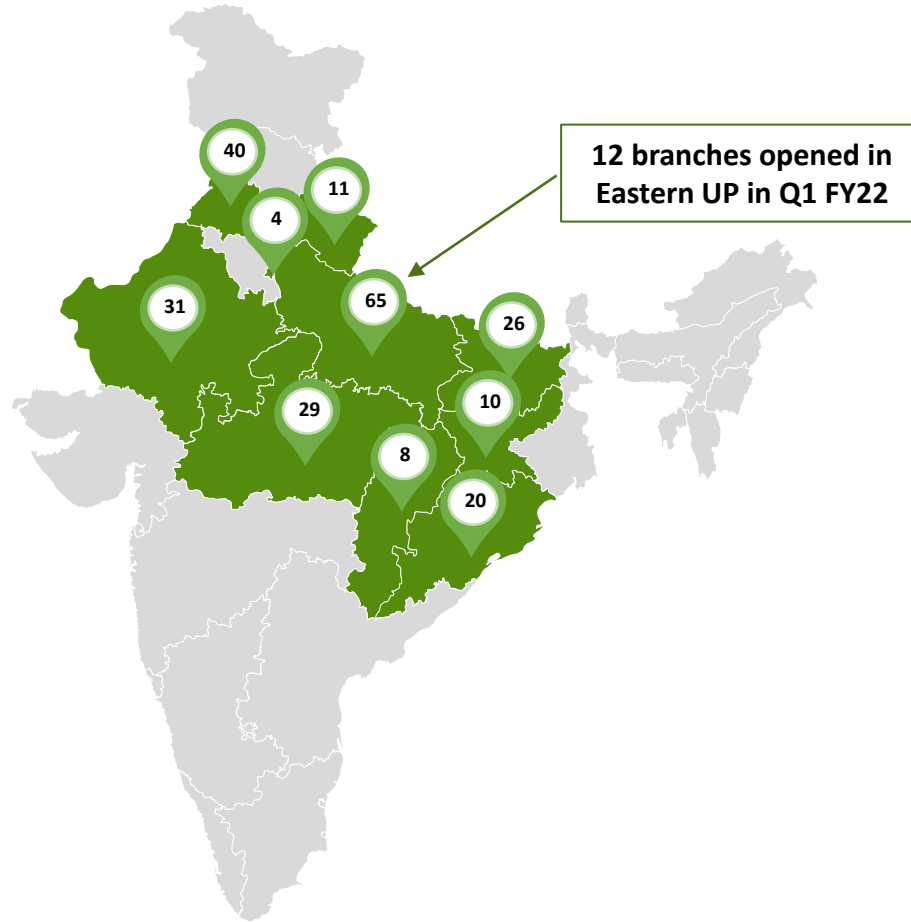


Salons



Flower Vendors

Increasing our Reach in Rural India



Capital Digital Initiative: Our Products

Addressing a wide spectrum of customers, across needs and affluence



Product Name	Capital Magic Loan	Micro Business Loan
Type of Loan	Unsecured Digital Business Loan	Unsecured Digital Business Loan
Ticket Size (₹)	30,000 – 40,000	60,000
Tenure	12-18 months	24 months
ROI	40%	32%
Repayment	Digital followed by physical cash collection	Digital followed by physical cash collection

Why CTL?

- Branch banking
- Ease of getting loan
- Unsecured loan
- Multiutility business 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

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 35 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

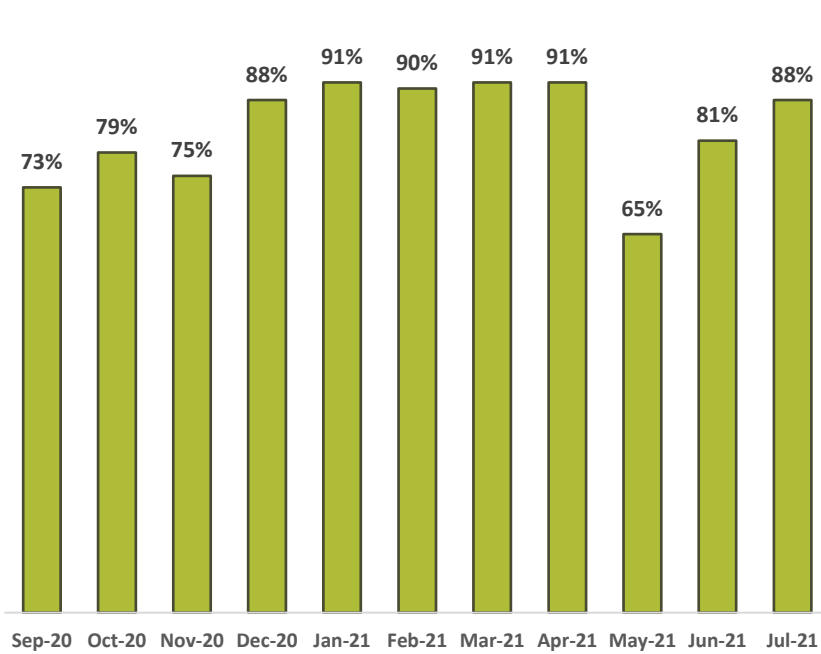
Financing the Overlooked Void

	<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	₹ 3.5 - 10 Lakh
	₹ 30,000 – 1Lac			₹ 2 - 3.5 Lakh
Microfinance	₹ 20,000 – 60,000	NBFC-MFIs		< ₹ 2 Lakh

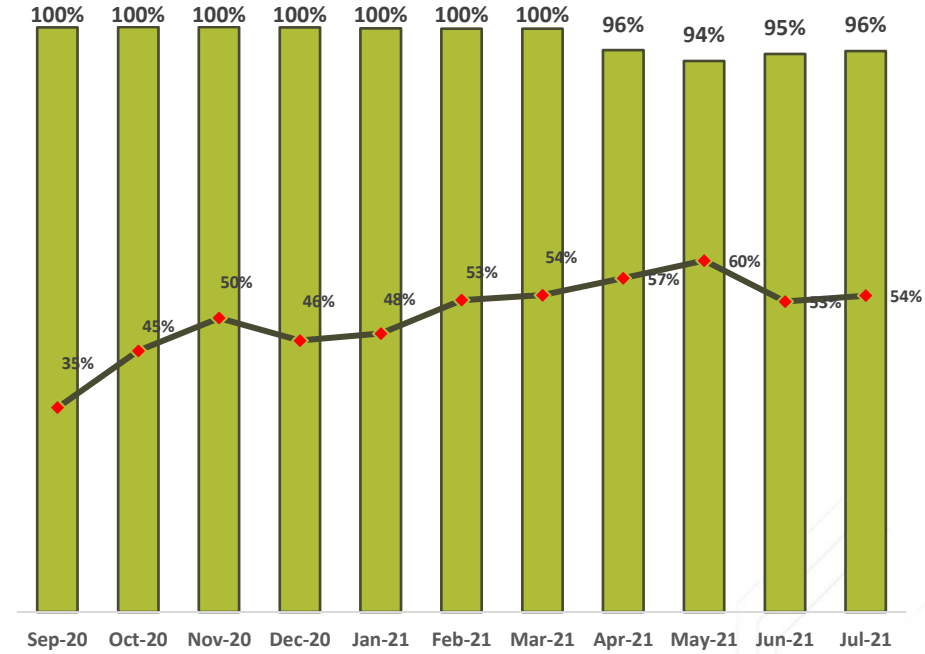
Only player offering unsecured individual business loans in the ticket size of ₹ 30,000 - 1 Lac

2. Technology Driven Operational Efficiency

Enabling Improved Disbursements & Collections



■ Companywide Collection Efficiency



■ New CDL Collection Efficiency* —◆ Digital Collection as % Age of Collection**

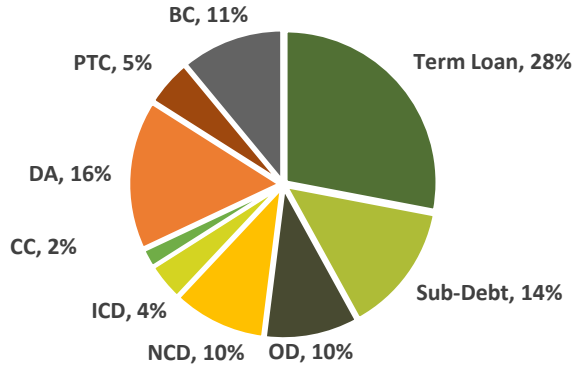
With our newly developed automated disbursement engine and algorithmic credit scorecard, our disbursements have increased consistently. Further, our turnaround time has improved to 48 hours as on Q1 FY21.

*Capital Digital Loans disbursed post April 2020 (automated credit engine backed)

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

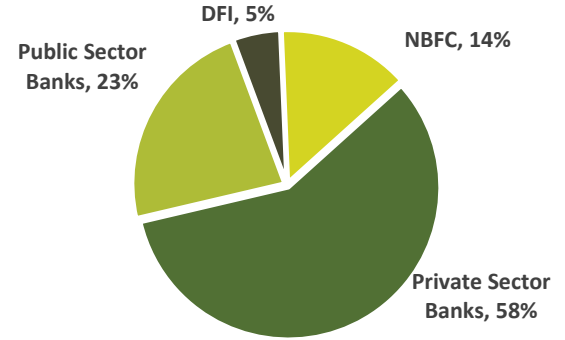
3. Prudent Risk Management

Conservative ALM Practices and Diversified Funding Book



Instruments

DIVERSIFICATION ACROSS...



Funders

Asset Liability Position Update*

	Q1FY22 (Actual)	Q2FY22 (Expected)	Q3FY22 (Expected)	Q4FY22 (Expected)
Quarterly Collections (₹ Cr.)	73.3	80.3	66.6	47.7
Quarterly Repayments (₹ Cr.)	53.8	55.2	50.8	37.6
Quarterly Surplus (₹ Cr.)	19.5	25.1	15.8	10.1
Monthly Surplus (₹ Cr.)	6.5	8.4	5.3	3.4

* Assuming no incremental disbursements

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



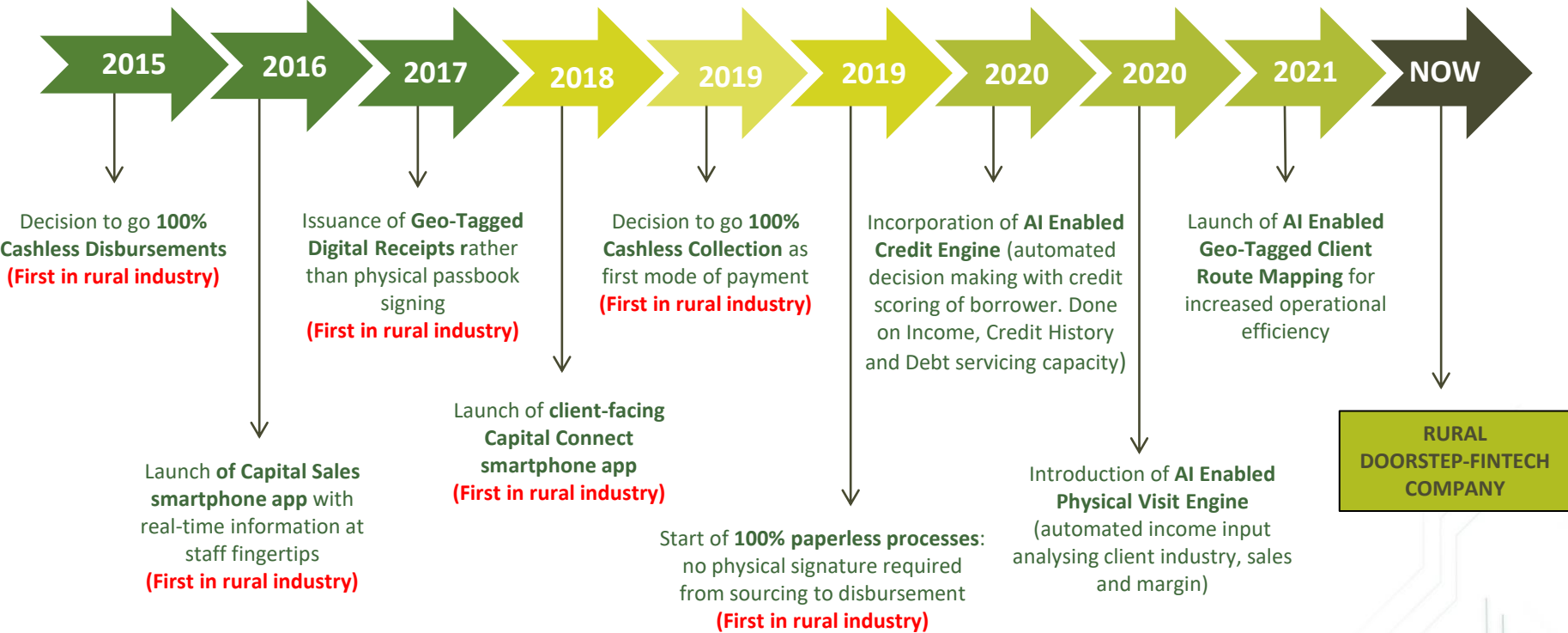
More Rural Internet Users (277 Mn) than Urban (227 Mn):
Indian internet is more rural and local than ever

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

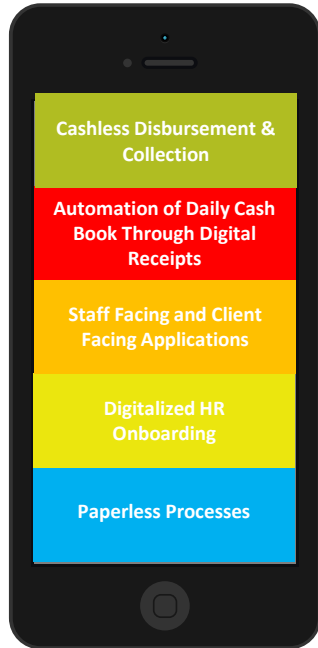
Use of Technology for faster, confidential, transparent and better enhancement of credit profile with low risk and better returns






3. BUSINESS INTELLIGENCE

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



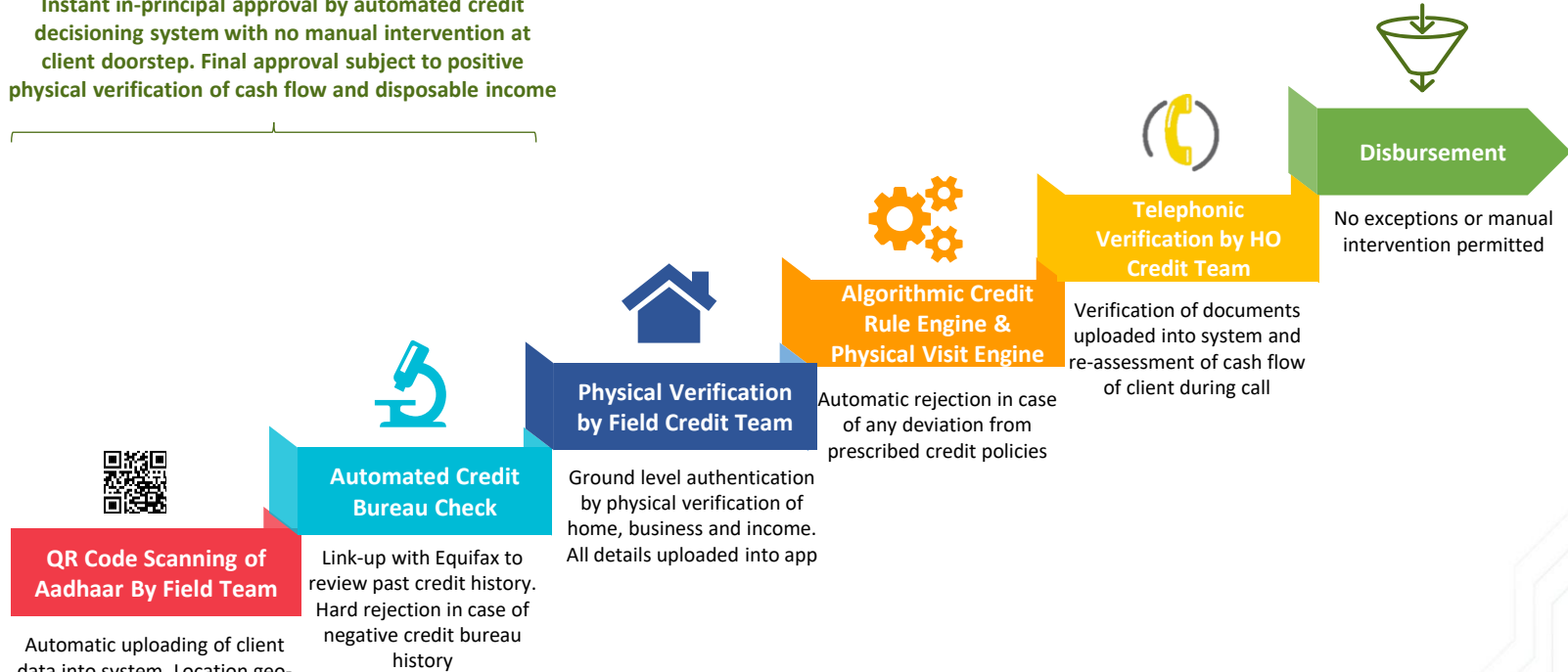
1. Technology



-  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

PHYSICAL VISIT ENGINE
Enabement 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

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

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

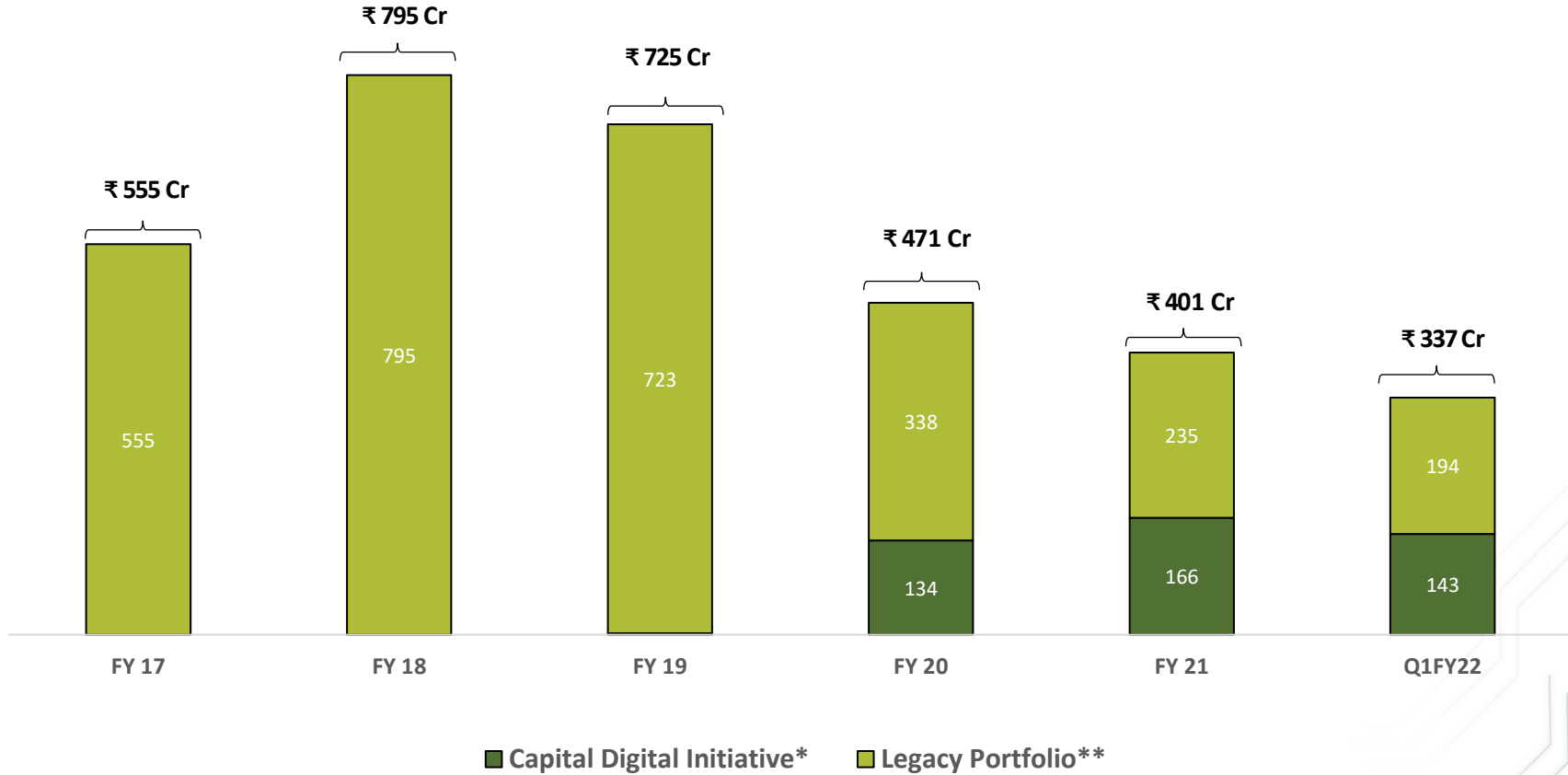


FINANCIALS

 Capital Trust



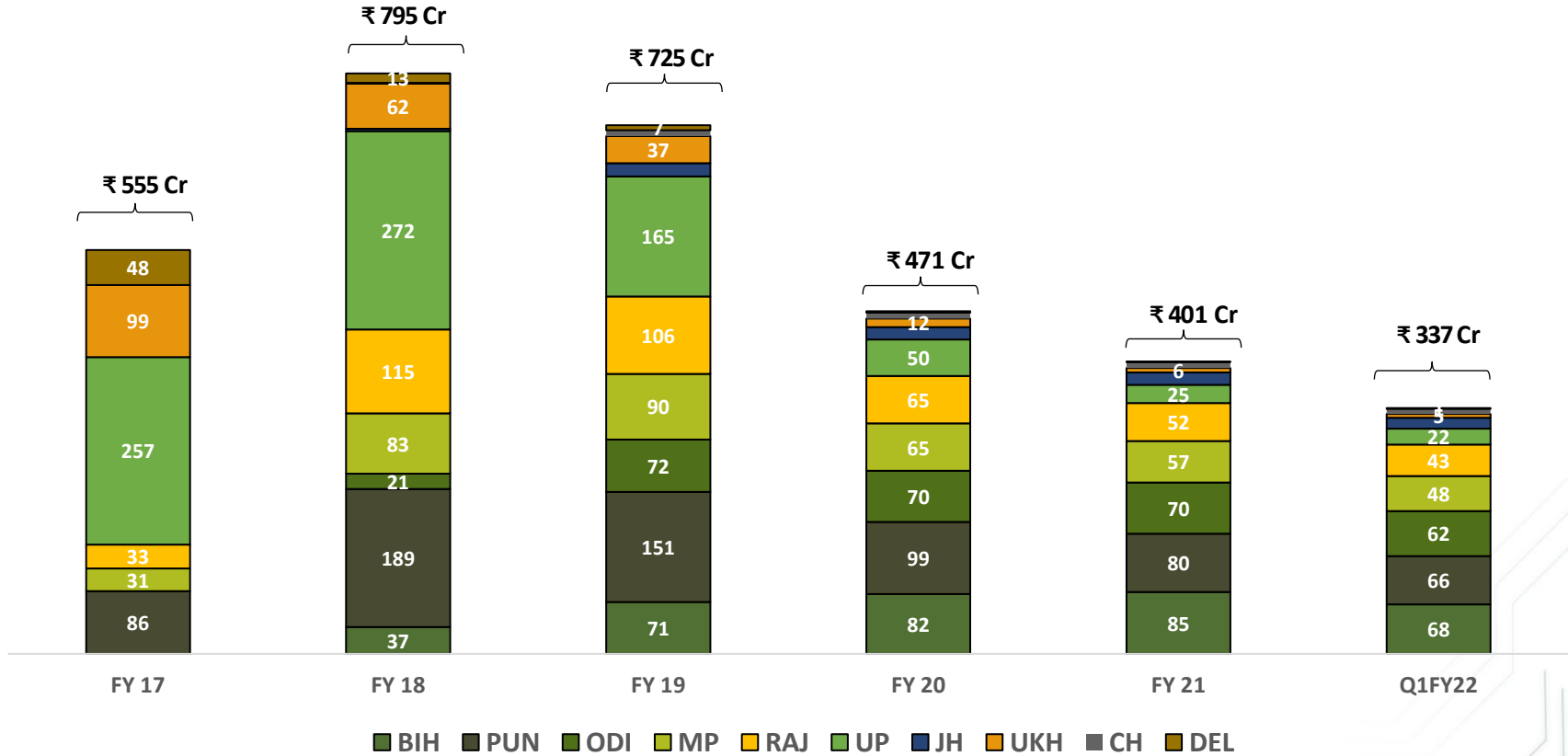
Product-Wise Portfolio



*Started 2019: Further split into Capital Magic, Micro Business Loan

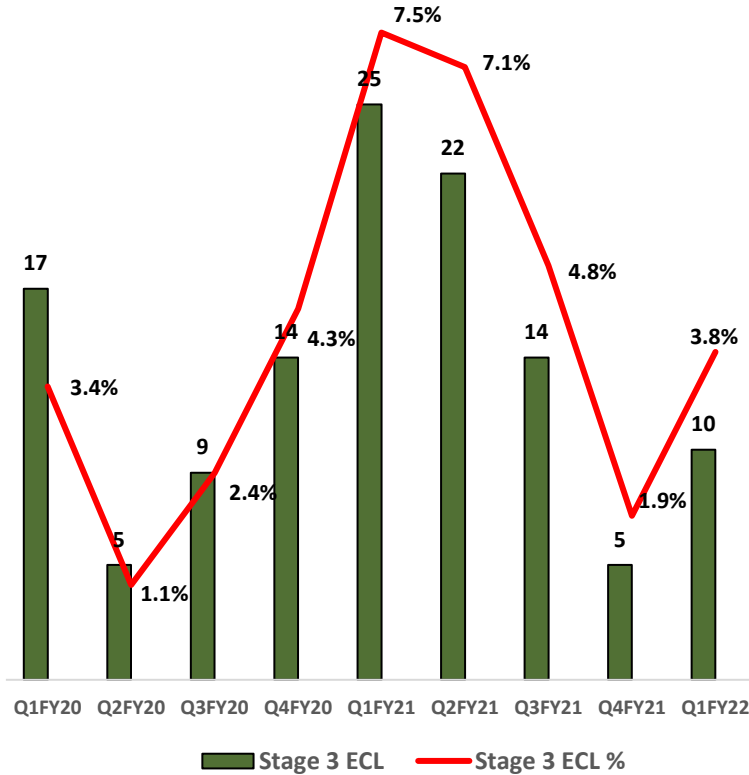
**Stopped in 2019: Further split into Microfinance, Micro-Enterprise, Secured-Enterprise Loan

State-Wise Portfolio



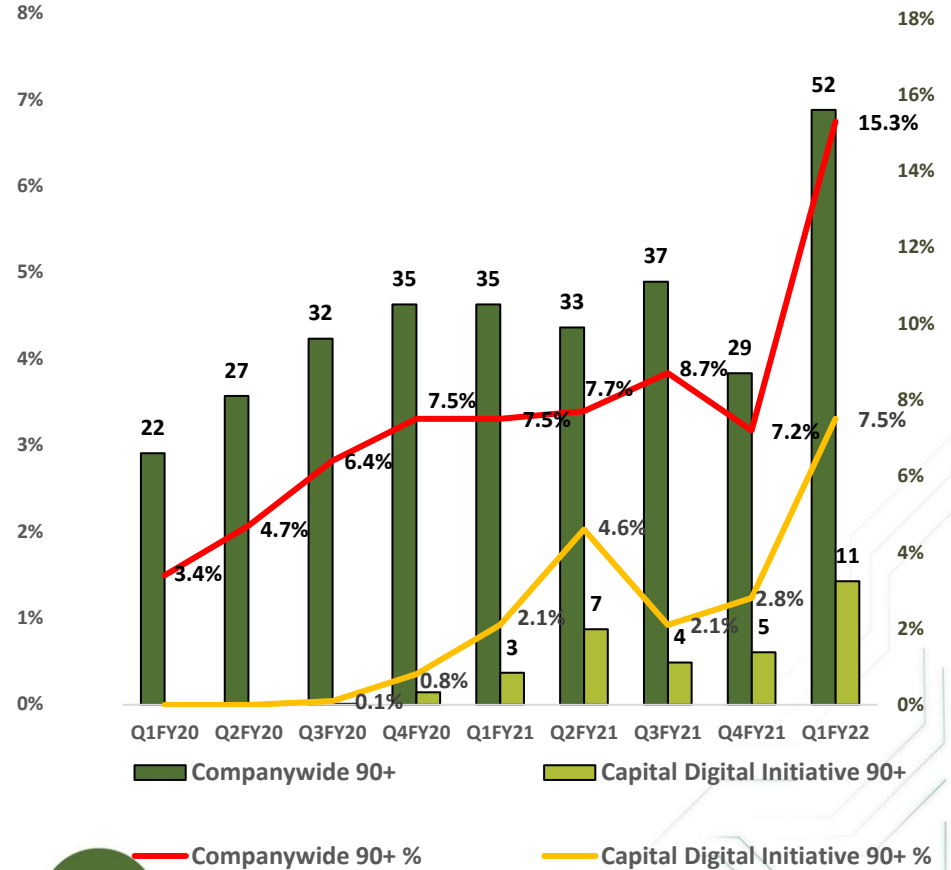
Portfolio Quality

Stage 3 ECL



90+

(₹ in Crores)

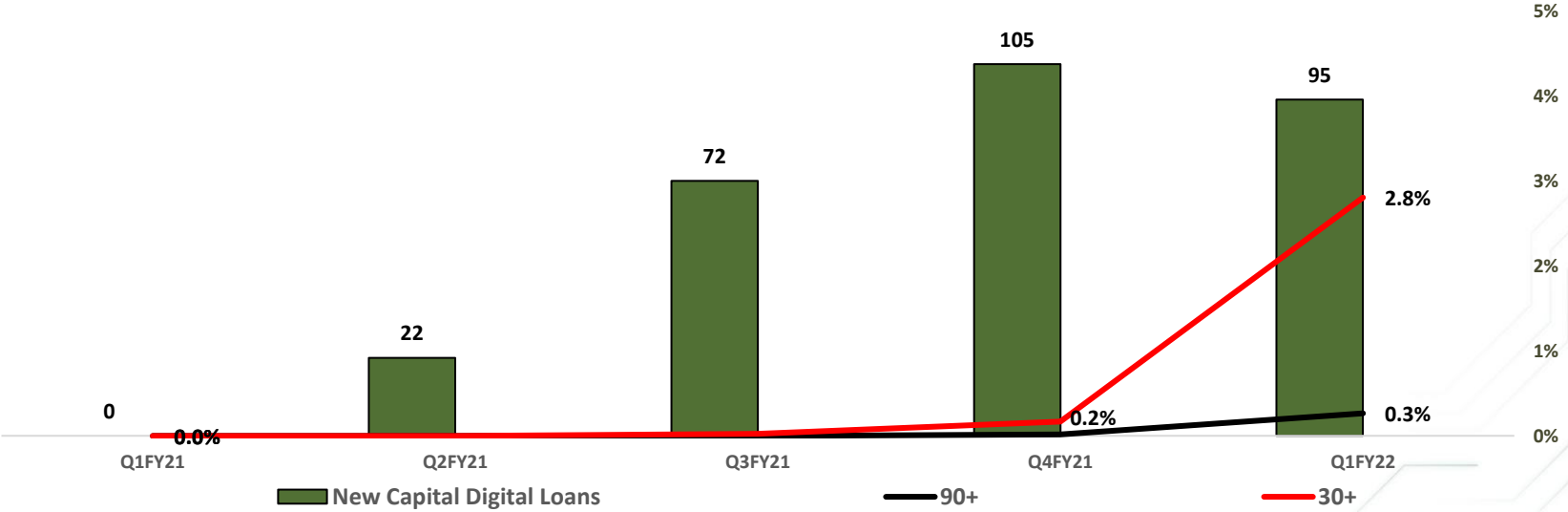
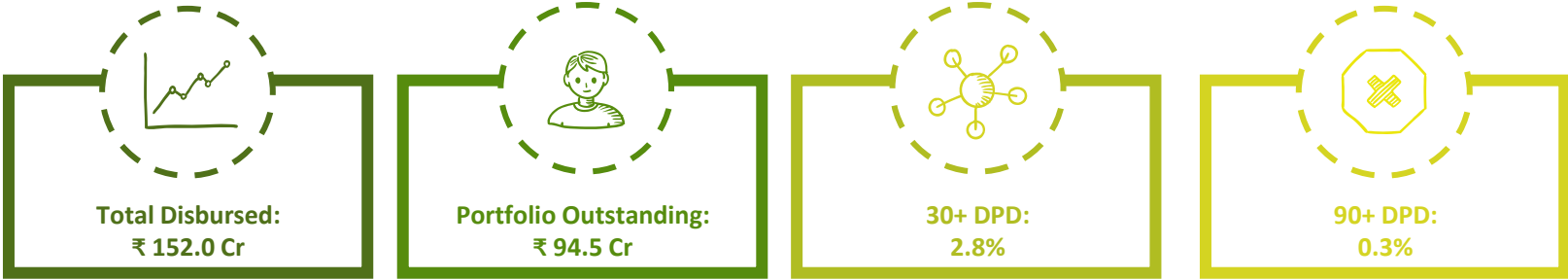


- Own book data of Stage 3 ECL; Own + Off book data of 90+
- Company has restructured ₹33 Cr portfolio

Portfolio Quality – New Capital Digital Loans

Robust portfolio quality of loans which have disbursed post April 2020 (automated credit engine enabled)

(₹ in Crores)



Outstanding Provisions

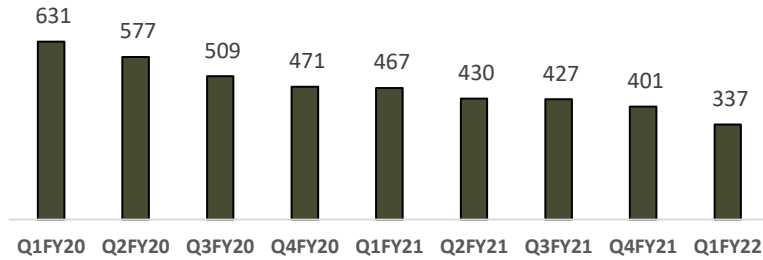
Cumulative Provisions of ₹ 55.6 Crores which accounts for 21.9% of the On-Balance Sheet Portfolio

(₹ in Crores)

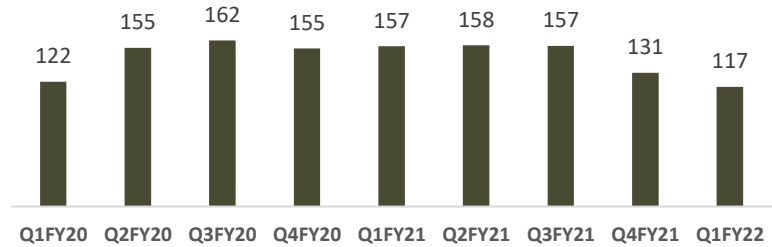
Particulars	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	As on 31.03.2021	Q1 FY22
Standard Provisions (Stage 1 & 2)	6.8	6.5	5.8	4.4	4.4	4.7
COVID & Other Provisions (Including Stage 3)	13.7	16.0	6.8	31.1	31.1	50.9
Cumulative Provision Balance	20.5	22.5	12.6	35.5	35.5	55.6
Impairment Charged to P&L	5.9	1.7	4.2	23.5	35.3	20.1

Key Highlights & Ratios

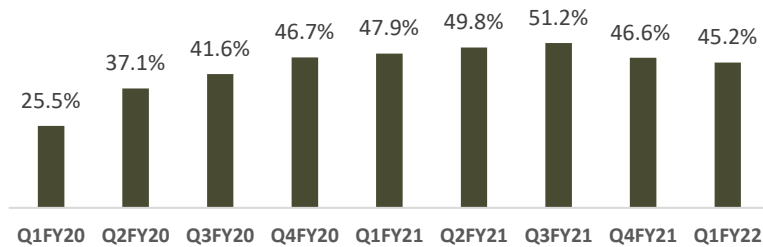
Asset Under Management (₹ in Crores)



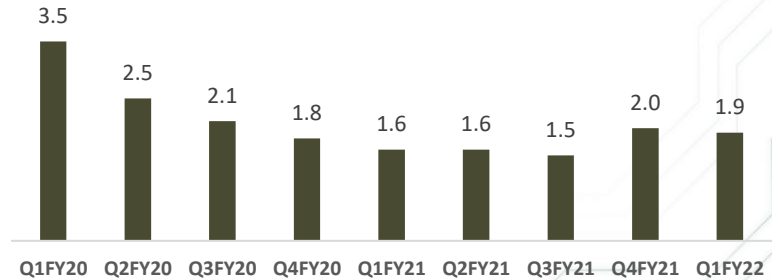
Net Worth (₹ in Crores)



Capital Adequacy Ratio (%)

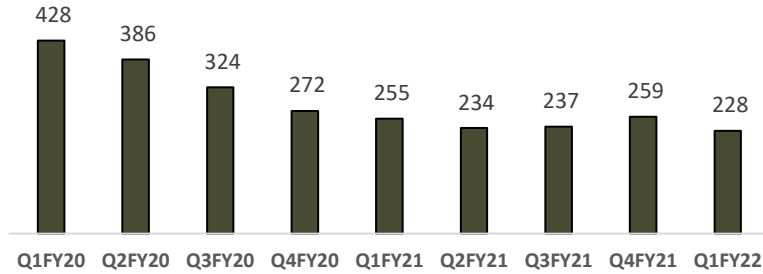


Leverage (in X)

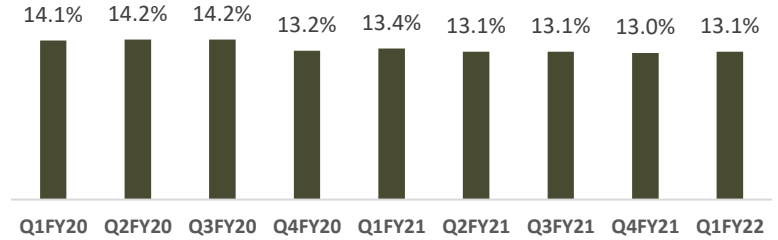


Key Highlights & Ratios

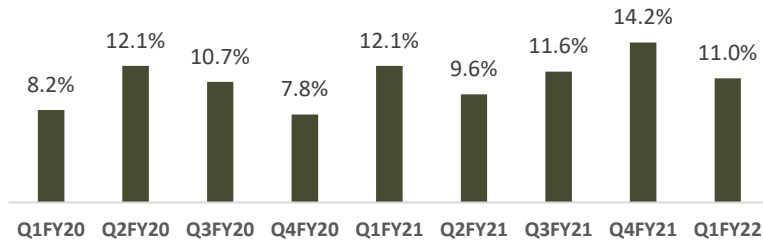
Borrowings (₹ in Crores)



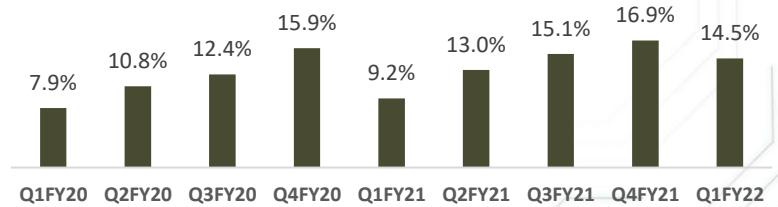
Cost of Borrowing (%)



Net Interest Margin (%) (Annualised)



Operating Cost to AUM Ratio (%) (Annualised)



Quarterly Consolidated P&L Update Q1FY22

Particulars	Q1 FY22	Q1 FY21	YoY %	Q4 FY21	QoQ %
Total Income	22.8	28.2	-19%	28.1	-19%
Total Expense (excluding tax)	41.7	25.4	64%	61.5	-32%
Profit / Loss before tax	-19.0	2.8	-779%	-33.3	-43%
Profit / Loss after tax	-13.8	2.1	-757%	-26.2	-47%
Net Worth	116.9	156.6	-25%	130.7	-11%
Micro-Business Loan	75.9	97.8	-22%	86.8	-13%
Capital Magic Loan	67.5	38.3	76%	79.4	-15%
Capital Digital Initiative	143.4	136.1	5%	166.2	-14%
Micro-Enterprise Loan	184.9	280.5	-34%	222.0	-17%
Secured Enterprise Loan	4.4	22.6	-81%	5.4	-19%
Microfinance Loan	4.7	27.6	-83%	7.5	-37%
Legacy Portfolio	194.0	330.7	-41%	234.9	-17%
Total Assets Under Management (AUM)	337.4	466.8	-28%	401.1	-16%
On-Book Portfolio	254.4	328.4	-23%	280.5	-9%
Off-Book Portfolio	83.0	138.4	-40%	120.5	-31%
Total Assets Under Management (AUM)	337.4	466.8	-28%	401.1	-16%

Quarterly Consolidated Balance Sheet Update June 21

(₹ in Crores)

Assets	June-21	Mar-21	Mar-20	Liabilities And Equity	June-21	Mar-21	Mar-20
Financial Assets				Financial Liabilities			
Cash and Cash Equivalents	27.2	38.5	34.4	Trade Payables	0.5	0.5	0.8
Bank Balances other than cash & cash Equivalents	41.1	40.9	29.2	Debt Securities	44.0	55.5	0
Trade Receivables	1.3	1.7	0.6	Borrowings other than Debt Securities	137.3	156.6	226.4
				Deposits	0	0	0.3
Loan Portfolio	196.3	242.6	304.5	Subordinate Liabilities	44.8	44.8	44.7
Investments	41.5	41.0	37.9	Lease Liabilities	0.2	0.2	2.1
Other Financial Assets	5.8	5.3	13.7	Other Financial Liabilities	6.1	9.8	20.2
Total Financial Assets	313.3	370	420.2	Total Financial Liabilities	233.0	267.5	294.5
				Non-Financial Liabilities			
				Current Tax Liabilities (Net)	0.1	1.2	0
Non-Financial Assets				Provisions	1.5	1.4	1.2
Current Tax Assets (Net)	3.5	2.9	2.3	Other Non-Financial Liabilities	4.9	7.5	2.2
Deferred Tax Assets (Net)	35.6	30.3	23.8	Total Non-Financial Liabilities	6.5	8.9	3.3
Property, Plant and Equipment	1.8	1.9	2.2				
Right to use Asset	0.2	0.2	1.8	Equity			
Intangible Assets	0.1	0.2	0.1	Equity Share Capital	16.2	16.2	16.2
Other Non-Financial Assets	1.8	1.6	1.9	Other Equity	100.7	114.5	138.2
Total Non-Financial Assets	43.1	37.1	32.1	Total Shareholders Fund	116.9	130.7	154.5
Total Assets	356.4	407.1	452.3	Total Liabilities and Equity	356.4	407.1	452.3



KEY PARTNERSHIPS

 Capital Trust

Long-Term Funding Partnerships



MSME Client through
Business Correspondent Relationship

Benefits of Long-Term Funding Secured

On-Tap Funding

Enables Raise Of
Equity At Right Time

Increase Of ROE

Leveraging
Partner's
Balance Sheet

Equity, Debt & Direct Assignment Partnerships

Equity:
1



Public Sector Banks:
5



Private Sector Banks:
2



DFI / NBFCs:
9



CAPITAL IMPACT



 Capital Trust



Capital Plus

Working with a **Double-Bottom Line** mission, company does a lot of good on ground level

	<p>Increase in financial discipline</p>		<p>Encouragement of self-sufficiency and entrepreneurship</p>	
<p>Facilitating financial inclusion of the unbanked and un-serviced</p>		<p>Mitigation of financial volatility</p>		<p>Financial Literacy</p>



**THANK
YOU**



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