



CAPITAL TRUST LIMITED

**Q2 & HY2025
INVESTOR
PRESENTATION**

November 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

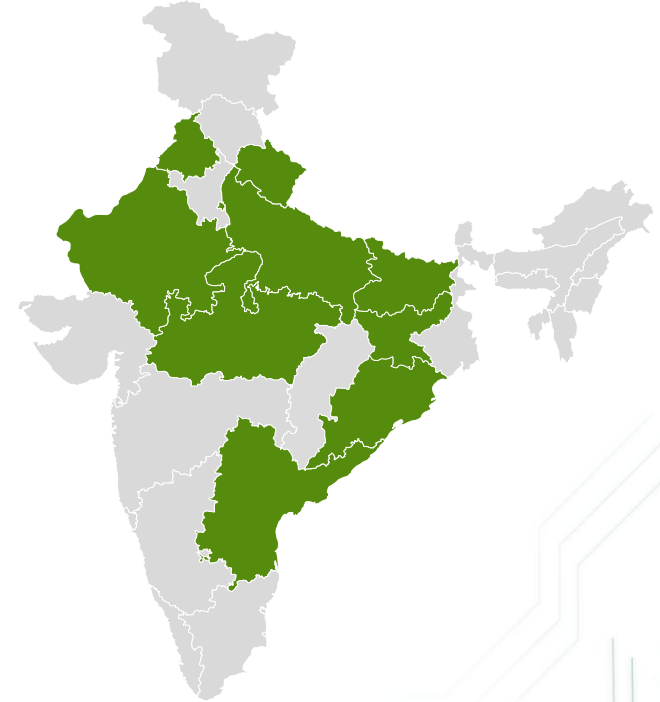
- Publicly listed "**Rural Doorstep-Fintech Company**" focused on providing financial inclusion services to underserved India by merging fintech and traditional financing.
- Our digitized rural financing model offers micro business loans and caters to over **1,12,530 customers across 89 districts through 336 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

₹ 284 Cr
[YoY: +40%] [QoQ: -4%]




CAPITAL ADEQUACY

29.2 %
[YoY: -22%] [QoQ: -14%]




ON-BOOK PORTFOLIO

₹ 108 Cr
[YoY: +88%] [QoQ: +19%]




GROSS NPA & NET NPA

2.90 % & 1.89 %




OFF-BOOK PORTFOLIO

₹ 176 Cr
[YoY: +21%] [QoQ: -14%]



Q2 FY25 REVENUE & PBT

₹ 25.1 Cr & ₹ 0.3 Cr



NET WORTH

₹ 86 Cr
[YoY: +14%] [QoQ: +0.4%]



HY FY25 REVENUE & PBT

₹ 49.9 Cr & ₹ 1.3 Cr

—
Q2 FY2025
UPDATES



 Capital Trust

Q2 FY2025: Stepping Stone For Future Growth



Q2 FY2025: Stepping Stone For Future Growth

Pilot & Launch of Micro LAP Product

Ticket Size: ₹2,00,000 - ₹10,00,000
Interest Rate: ~25%
Tenure: 3 years +
Business Correspondent line secured for product

Board Approval for ₹49.9 Cr Equity Infusion through Rights Issue

Part of larger plan of growth capital with first round of ₹8.1Cr raised in Q1FY25

Systems, policies, branches and technology set up up for growth in secured and unsecured rural financing

Long term tie ups for Co-Lending with larger NBFCs

Larger off-balance sheet lines with existing partners + onboarding of two larger NBFCs



Q2 FY2025: Stepping Stone For Future Growth

Proactive Rather Than Reactive Approach To Challenging Market Conditions

01

RBI Action on NBFCs, Fintechs and P2Ps

- Strict RBI action due to material supervisory concerns restricting 2 NBFCs, 2 NBFC-MFIs from disbursing additional loans
- RBI tightening guidelines for P2Ps sending showcause notice to six P2Ps with monetary fines on another two

Capital Trust:

- 100% compliant with all RBI, SEBI, MCA guidelines
- Closure of routine RBI inspection in January '24
- Fully compliant with all statutory requirements in company's 39 years legacy

02

Overleveraging in Rural India

- Introduction of MFIN Guardrails and Sa-Dhan's SANKALP Guidelines in July '24 for Microfinance clients

Capital Trust:

- Proactively tightened credit bureau score criteria for borrowers and co-borrowers in May '24
- Proactively imposed caps on the number of loans, monthly obligations, and overall outstanding balances for borrowers and co-borrowers in May '24



03

Rising Delinquency in Certain Geographical Pockets

- Agitation and non-payment due to Punjab Mazdoor Mukti Morcha
- RBI advisory regarding growth in unsecured lending in Bihar and UP in July '24

Capital Trust:

- Reduced AUM by 63% in Punjab over the last four quarters, with only ₹8 Cr remaining outstanding
- Expanded into South India (Andhra Pradesh) and opened new branches in Odisha, Madhya Pradesh, and Rajasthan in Q1 and Q2 FY25

04

Caution Regarding Unsecured Lending

- RBI increased risk weights on unsecured consumer credit exposures

Capital Trust:

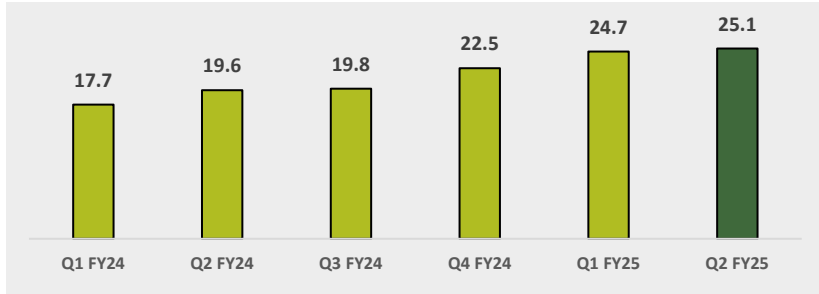
- Decision to shift from 100% unsecured portfolio to mix between secured and unsecured portfolio
- Receiving Term Loans because of business requirement and better portfolio quality
- Additional focus on BC / Co-Lending tie ups

Q2 FY2025: Stepping Stone For Future Growth

Financial Parameters:

- Consistent quarterly revenue uptrend
- Decrease in PBT and PBT numbers due to higher operational cost on account of new branch opening in South India

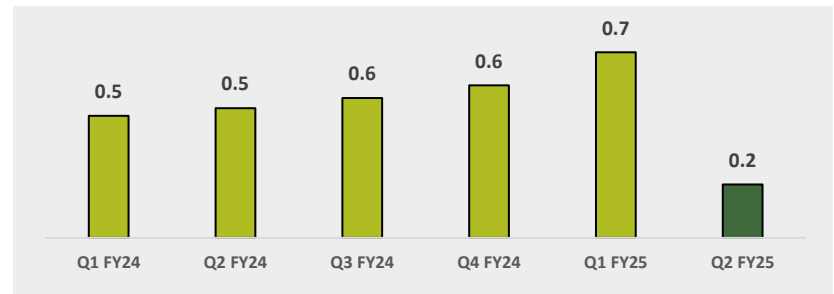
Revenue (₹ in Crores)



YoY: 28%

QoQ: 1%

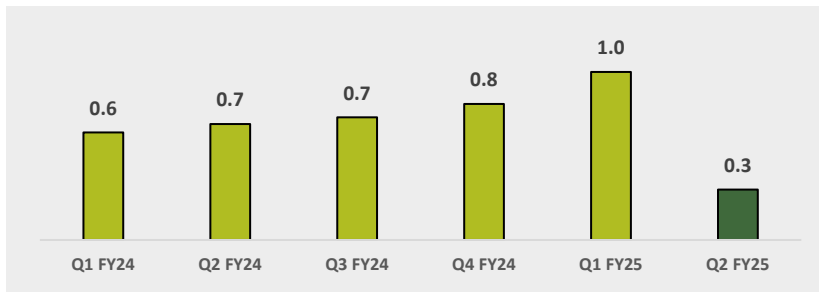
Profit After Tax (₹ in Crores)



YoY: -55%

QoQ: -68%

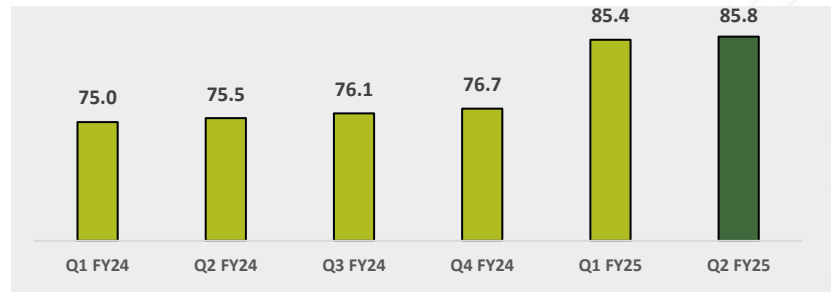
Profit Before Tax (₹ in Crores)



YoY: -55%

QoQ: -69%

Net Worth (₹ in Crores)



YoY: 14%

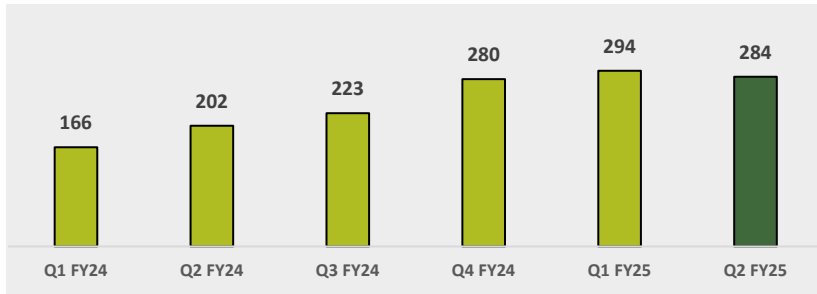
QoQ: 0%

Q2 FY2025: Stepping Stone For Future Growth

Operational Parameters:

- Conservative decision to have lower disbursement in Q2FY25 due to market conditions

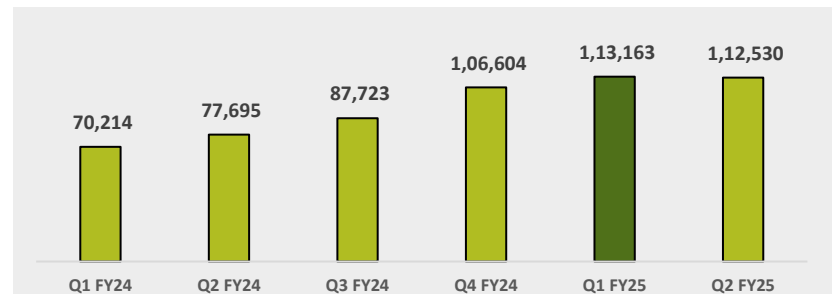
Asset Under Management (₹ in Crores)



YoY: 40%

QoQ: -4%

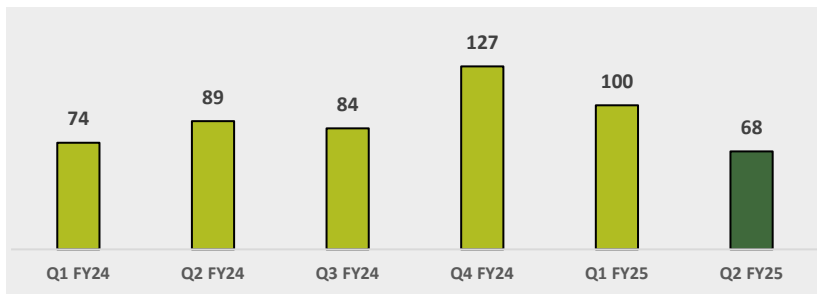
Clients (in #)



YoY: 45%

QoQ: -1%

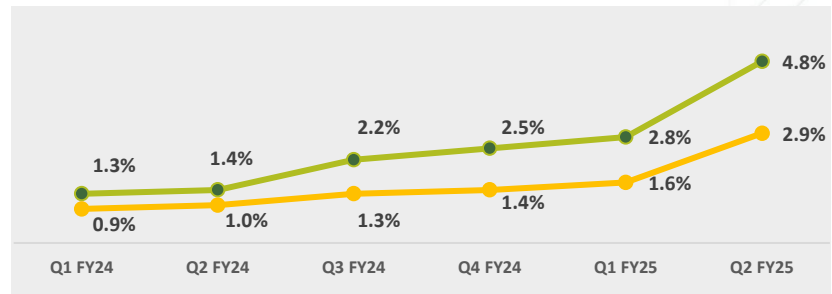
Quarterly Disbursement (₹ in Crores)



YoY: -24%

QoQ: -32%

30 DPD% & 90 DPD %



YoY Comparison (Q2 FY2025 vs Q2 FY2024)

Assets Under Management (in Cr.):

283.6



(40%)

202.1

Own Book Portfolio (in Cr.):

108.0



(14%)

57.5

Net Worth (in Cr.):

85.8



(14%)

75.5

Revenue (in Cr.):

25.1



(28%)

19.6

Expenses (in Cr.):

24.8



(31%)

18.9

Profit Before Tax (in Cr.):

0.5



(-55%)

0.3

Capital Adequacy (in %):

37.4%



(-22%)

29.2%

Book Value / Share (in ₹):

50.9



(9%)

46.6

External Borrowings (in Cr.):

103.3



(123%)

46.4

QoQ Comparison (Q2 FY2025 vs Q1 FY2025)

Assets Under Management (in Cr):

294.2



(-4%)

283.6

Own Book Portfolio (in Cr.):

108.0



(19%)

90.3

Net Worth (in Cr.):

85.8



(0%)

85.4

Revenue (in Cr):

25.1



(1%)

24.7

Expenses (in Cr):

24.8



(31%)

23.8

Profit Before Tax (in Cr):

1.0



(-69%)

0.3

Capital Adequacy (in %):

33.8%



(-14%)

29.2%

Book Value / Share (in ₹):

52.7



(-3%)

50.9

External Borrowings (in Cr):

103.3



(8%)

96.1

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

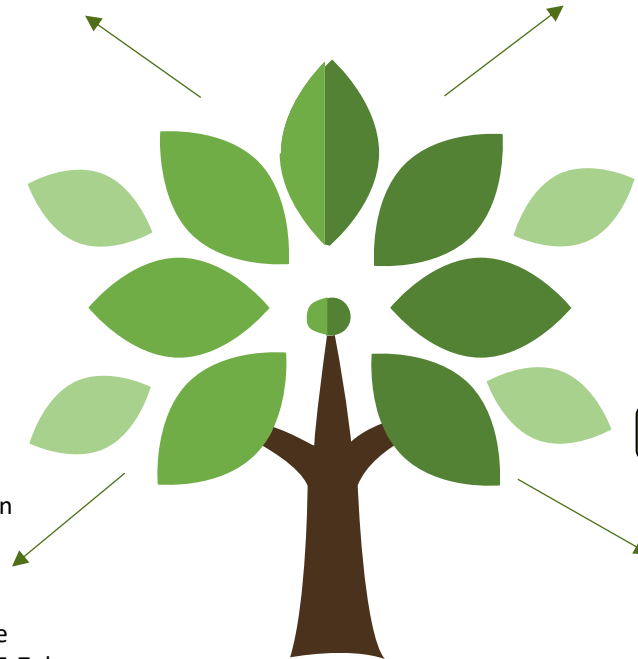
04 Group Structure (Company Perspective)

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



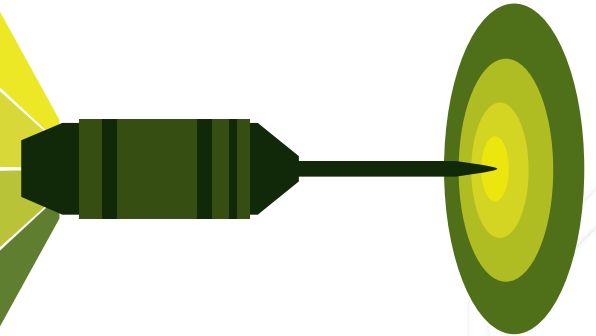
Group Structure (Client Perspective)

Providing individual loans that assess repayment capacity of client's business in isolation. ~65% 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 + PAN Card - Udyam Assist - Bank Account 	₹ 30,000 – 1 Lac	₹ 3Lac - 4 Lakh		Launching in Q3 FY25 Ticket Size: 2-10 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 ~₹4.3Lakh Crore, 8% of graduated clients amount to **₹34,400 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	Income-generating business loan
Ticket Size (₹)	30,000 – 1,00,000
Tenure	18 – 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	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



CAPITAL TRUST 2.0



 Capital Trust



Unique Selling Proposition

Portfolio Quality

- High quality, seasoned portfolio with 2.90% GNPA
- Current product continues to show strength with ₹1054 Cr total disbursement with minimal credit cost (0.8% 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

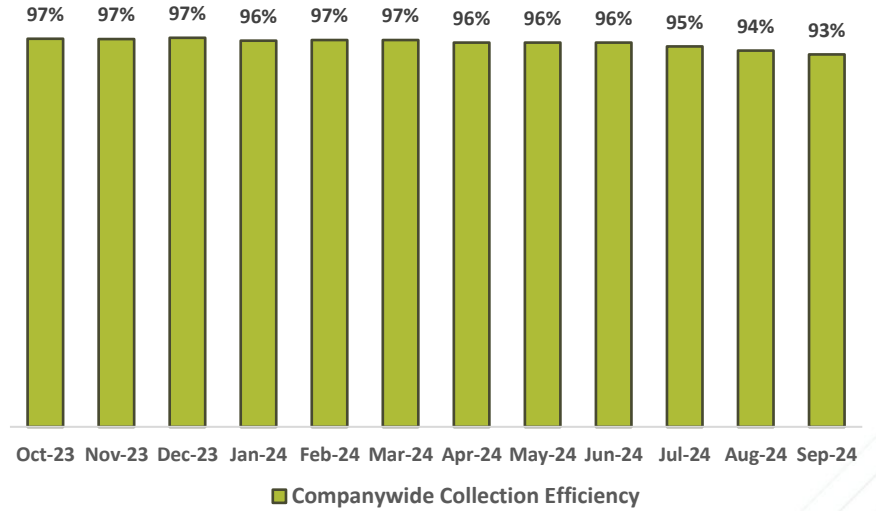
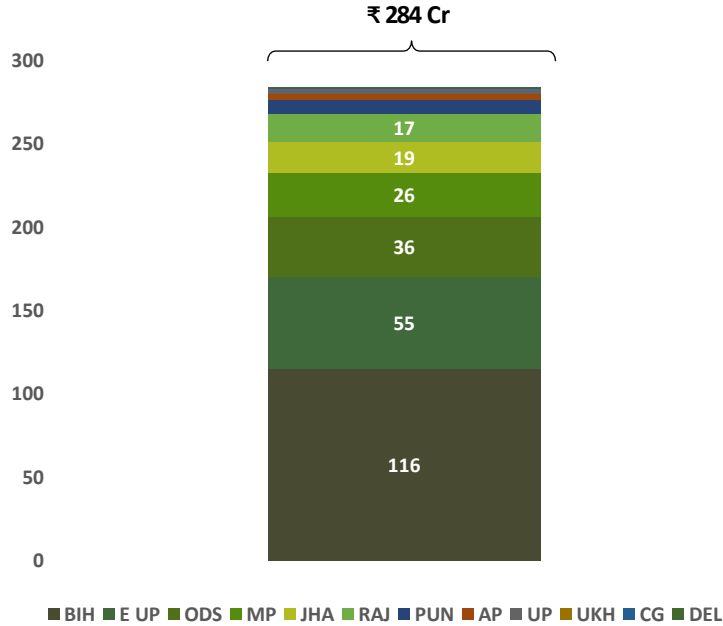
Providing Lending-As-A-Service

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

Hybrid Dual-Credit

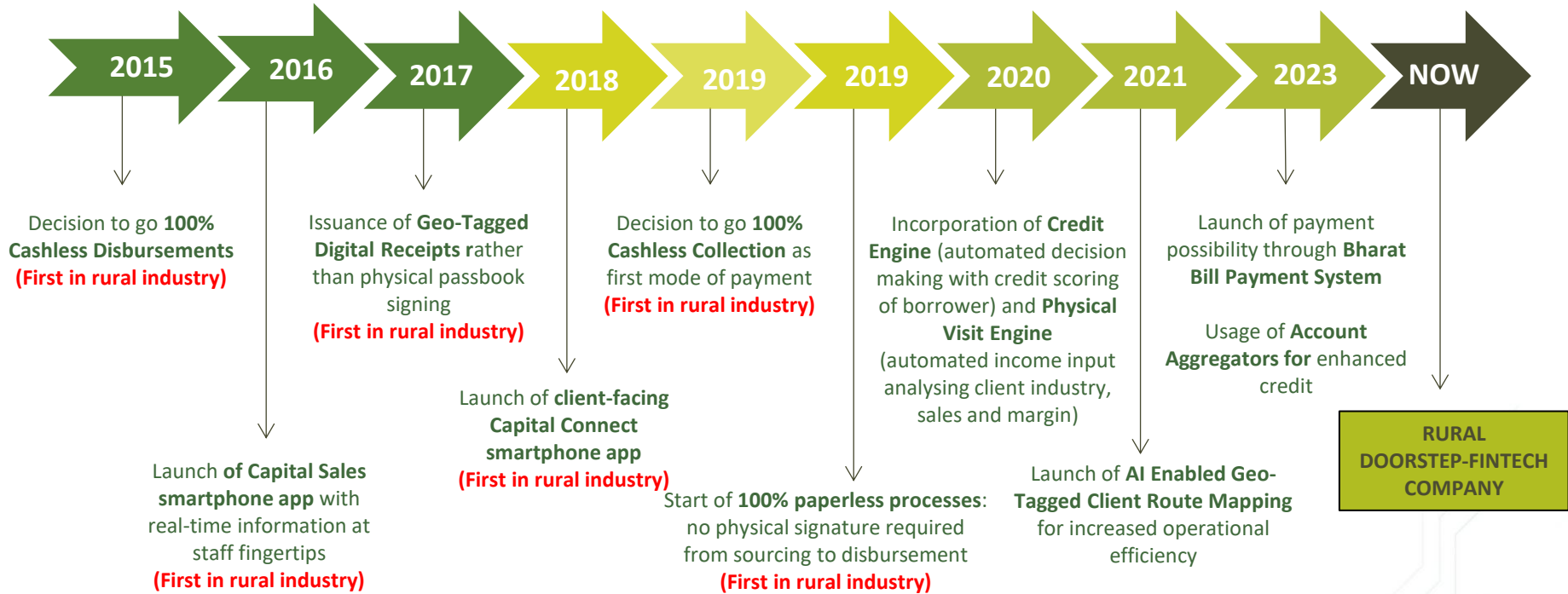
- Automated credit (credit bureau checks and preset algorithms) supplemented with traditional safeguards of branch banking (physical verification of residence, business premise and cash flow analysis)
- Reliance on data of ₹4,000+ Crore disbursed to 12 Lakh clients to reduce subjectivity of one individual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

1. Portfolio Quality



Assets Under Management	₹ 284 Cr
GNPA	₹ 8 Cr
GNPA %	2.9 %
Provision Balance	₹ 3 Cr
NNPA %	1.9 %

2. Pioneers in Technological Advancements



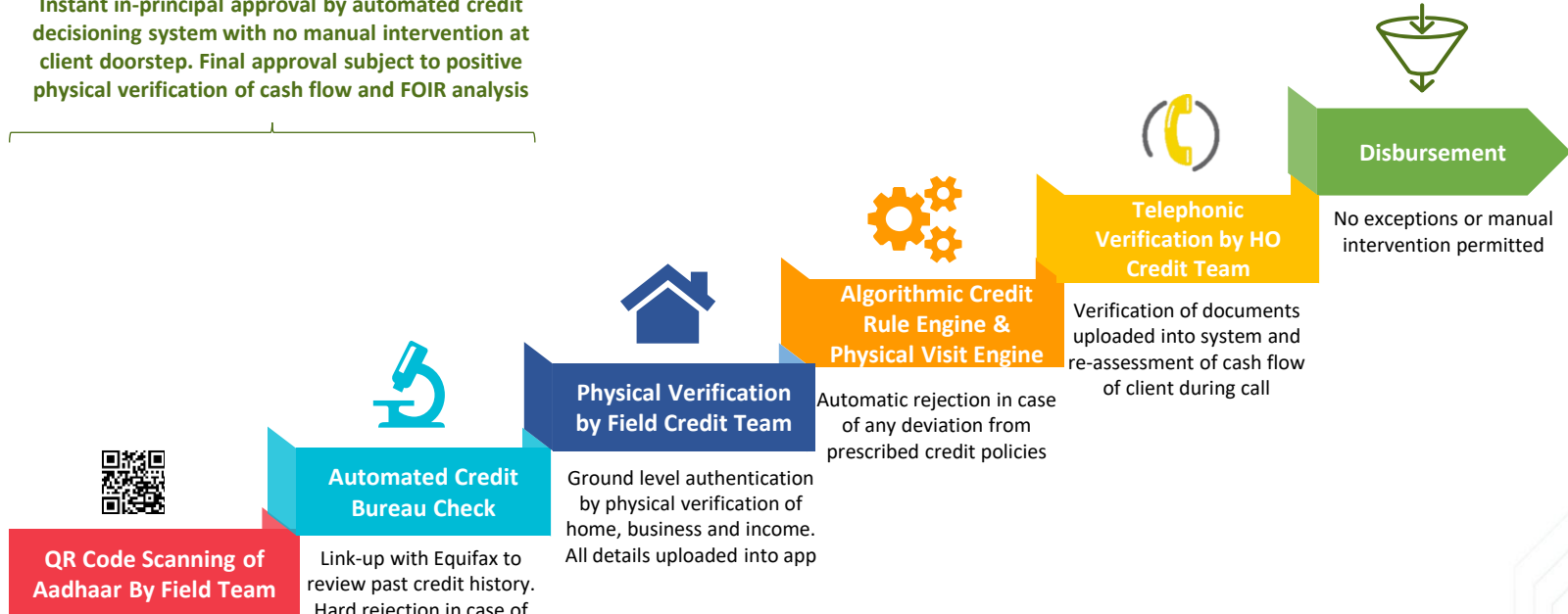
PROACTIVE RATHER THAN REACTIVE:

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 Q2 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 FOIR analysis



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)
Co-Lending / BC Disbursements done with:

Co-Lending:



Business Correspondent:



	Total Disbursements (₹ in Cr)	POS (₹ in Cr)	90+ % (on POS)	30+ % (on Disbursement)	90+ % (on Disbursement)
Co-Lending + BC Partnerships	633	173	3.6%*	1.4%*	1.0%*

* With current portfolio performance, partners have started sharing risk



FINANCIALS

 Capital Trust



Key Highlights & Ratios

(₹ in Crores)

Particulars	Q2 FY25	Q1 FY25	QoQ %	Q2 FY24	YoY %
Total Income	25.1	24.7	1%	19.6	28%
Total Expense (excluding tax)	24.8	23.8	4%	18.9	31%
Profit / Loss Before Tax	0.3	1.0	-69%	0.7	-55%
Profit / Loss After Tax	0.2	0.7	-68%	0.5	-55%
Net Worth	85.8	85.4	0%	75.5	14%
On-Book Portfolio	108.0	90.9	19%	57.5	88%
Off-Book Portfolio	175.6	203.4	-14%	144.6	21%
Total Assets Under Management (AUM)	283.6	294.3	-4%	202.1	40%
Cost Of Borrowing	16.3%	16.1%	1%	15.7%	4%
Book Value Per Share (in ₹)*	50.9	52.7	-3%	46.6	9%

Balance Sheet

(₹ in Crores)

Assets	Q2 FY25	Q1 FY25	Q4 FY24
Financial Assets			
Cash and Cash Equivalents	20.0	36.2	12.2
Bank Balances other than Cash & Cash Equivalents	11.1	10.5	12.5
Trade Receivables	5.0	4.7	3.4
Loan Portfolio	103.9	87.1	83.0
Investments	2.6	0.6	0.6
Other Financial Assets	17.9	17.3	12.7
Total Financial Assets	160.4	156.4	124.3
Non-Financial Assets			
Current Tax Assets (Net)	5.4	4.7	4.1
Deferred Tax Assets (Net)	48.2	48.3	48.5
Property, Plant and Equipment	1.8	1.5	1.4
Right to use Asset	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	1.0	1.0	0.9
Total Non-Financial Assets	56.7	55.7	55.1
Total Assets	217.1	212.1	179.4

Liabilities And Equity	Q2 FY25	Q1 FY25	Q4 FY24
Financial Liabilities			
Trade Payables	0.5	0.5	0.8
Debt Securities	16.5	6.7	9.2
Borrowings other than Debt Securities	93.6	96.0	70.9
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	12.0	16.3	15.5
Total Financial Liabilities	122.6	119.5	96.4
Non-Financial Liabilities			
Current Tax Liabilities (Net)	0.0	0.0	0.0
Provisions	1.6	1.5	1.5
Other Non-Financial Liabilities	7.1	5.6	4.8
Total Non-Financial Liabilities	8.7	7.1	6.3
Equity			
Equity Share Capital	16.9	16.2	16.2
Share Application Money	0.0	8.0	0.0
Other Equity	68.9	61.2	60.5
Total Shareholders Fund	85.8	85.4	76.7
Total Liabilities and Equity	217.1	212.1	179.4



KEY PARTNERSHIPS

 Capital Trust

Funding & Partnerships

Equity: 1

Co-Lending: 5

Business Correspondent: 3

On-Balance Sheet Funders: 20



THANK YOU



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