



CAPITAL TRUST LIMITED

**Q4 & FY2022  
INVESTOR  
PRESENTATION**

May 2022

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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 - 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 **99,000 customers across 94 districts through 315 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.

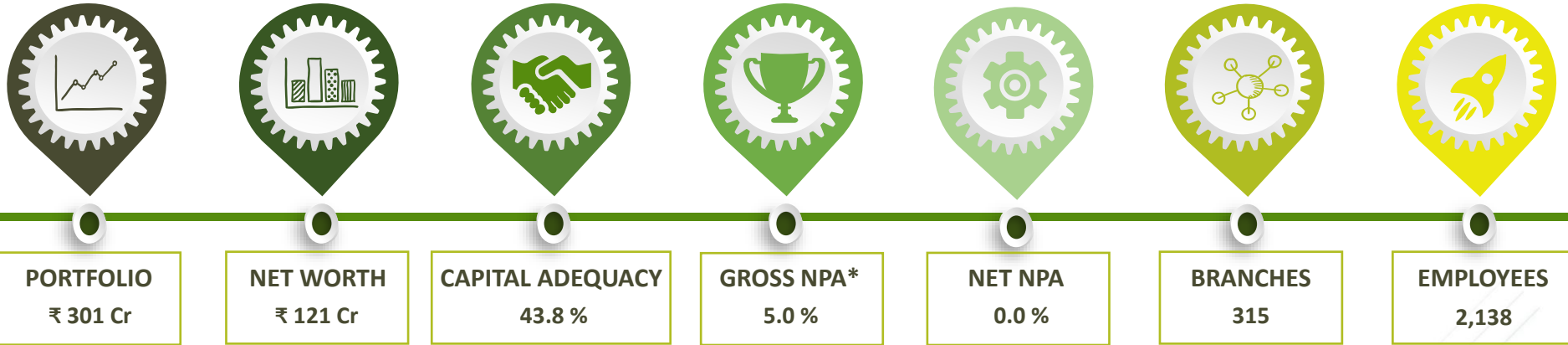
## Our Mission

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



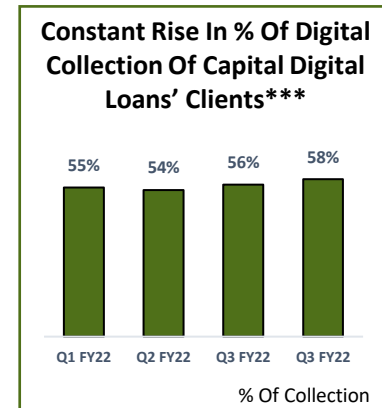
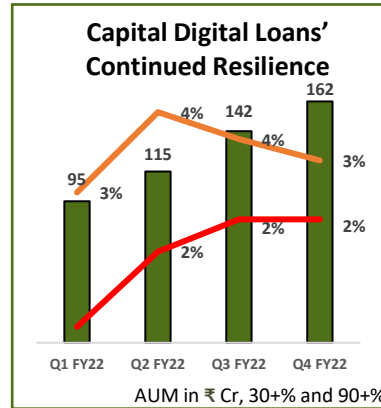
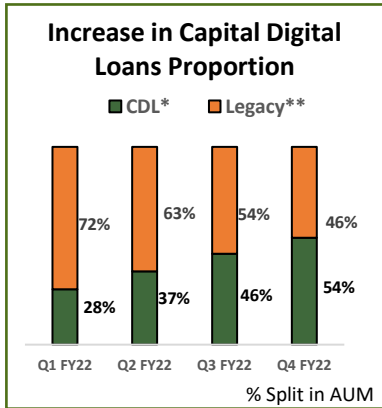
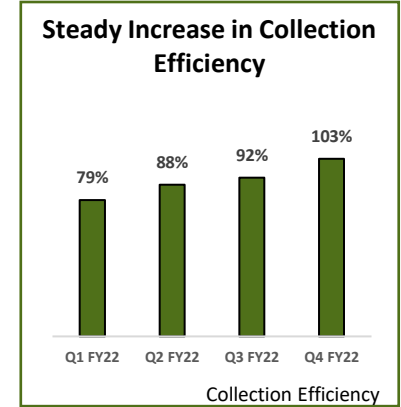
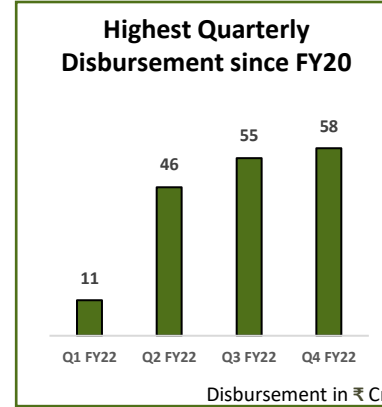
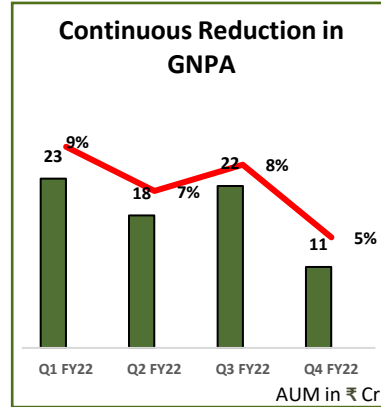
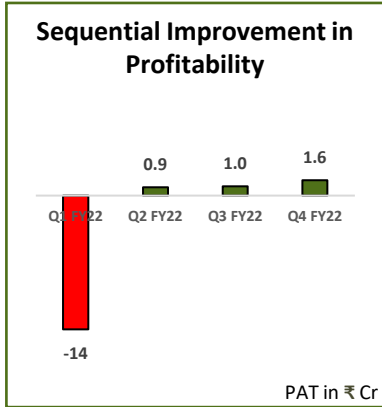
**As we continue to address the growing capital needs of the underserved markets of India, we have reached a tipping-point in our digital transformation journey, propelling us into the next phase of growth to help us serve more customers, better.**

# Capital Trust – Numbers at a Glance



\*Own Book 90+ / Own Book Portfolio

# Q4 FY2022 - Quarter At a Glance

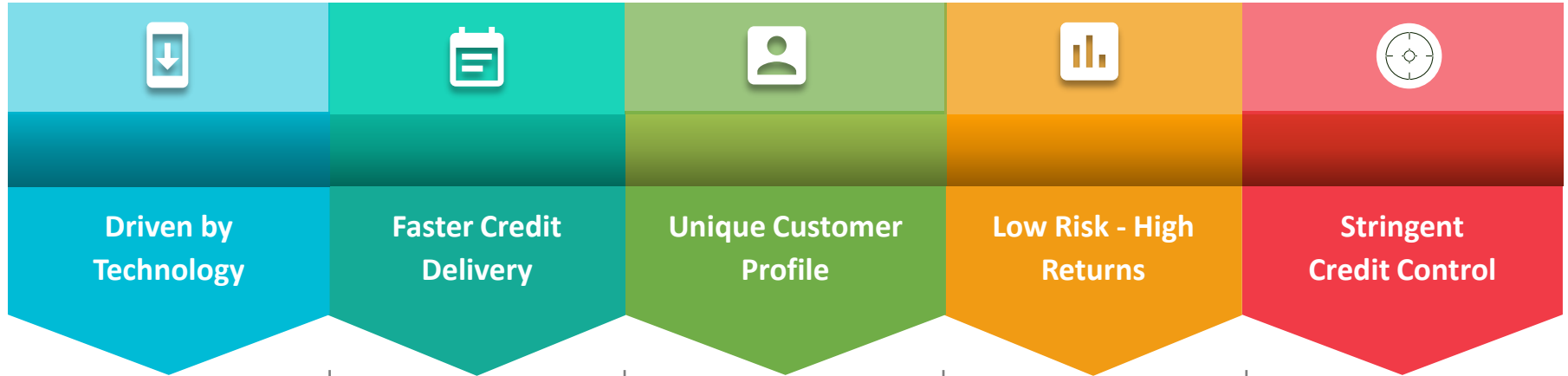


### Enhancement Of Existing & On-Boarding Of New Partnerships

Lenden club  
OIKO CREDIT

\* Loans disbursed post FY20 (automated credit engine backed)  
 \*\* Stopped disbursement in 2019 (cash collection product)  
 \*\*\* Collection % when bank clearance data is received (NACH clearance + Advance collection)

# 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 ₹ 5,000 - 50,000.

## Better Rewards

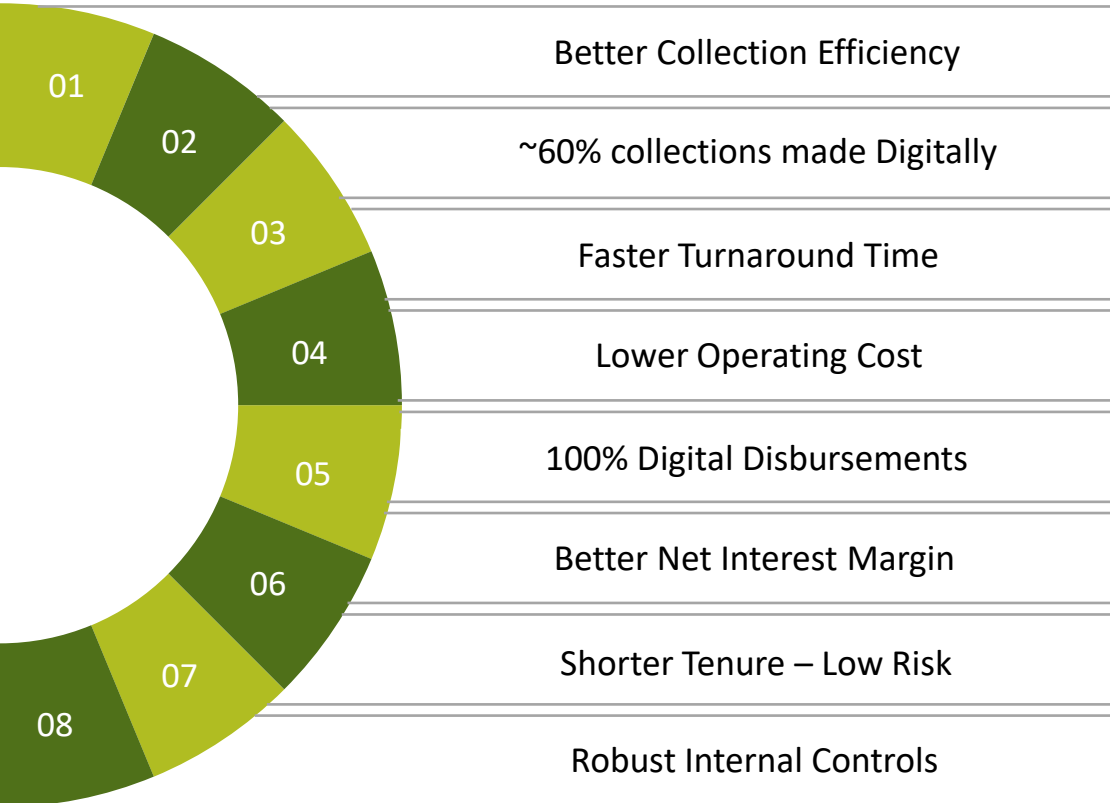
- Higher NIM's.
- Short tenure of 3-18 months makes repayment faster.
- Digital NACH Collections.
- Automated risk engine preventing build of concentration.

## Robust Quality Checks

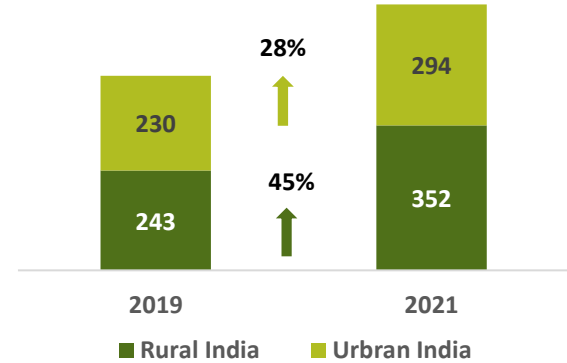
- Blending the best of physical & digital practices.
- AI and Business Intelligence to calculate applicants' income based on business industry.
- High quality portfolio – lower NPA .



# Capital Digital Loans to Drive Future Growth



Accelerated growth in Rural Internet Users



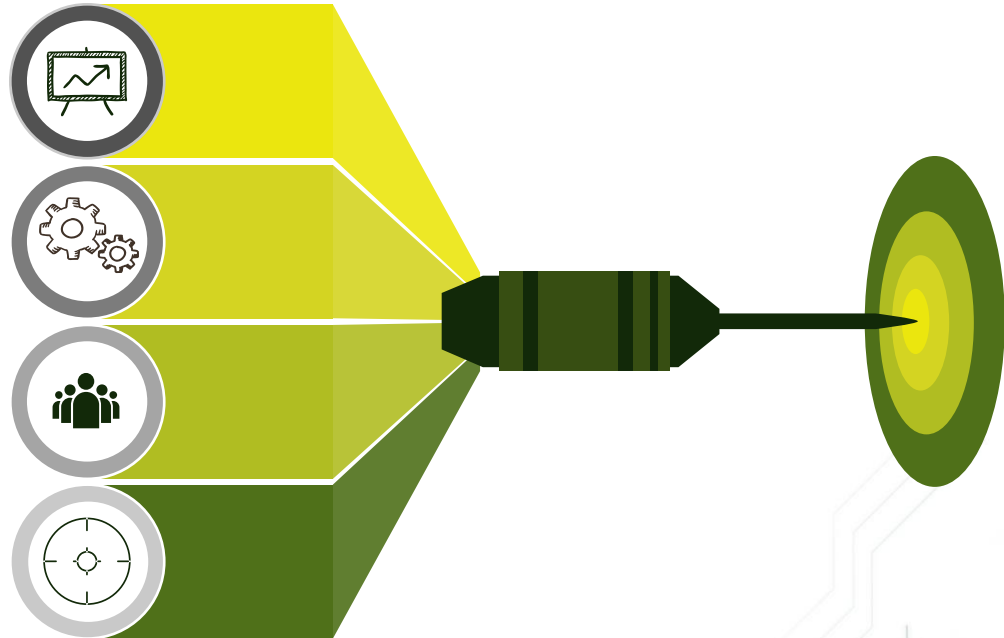
### Increasing Digital Penetration in India

- 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.

# 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**  
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 hours from onboarding



# Our Clientele



Kirana Stores



Dairy and Livestock Farmers



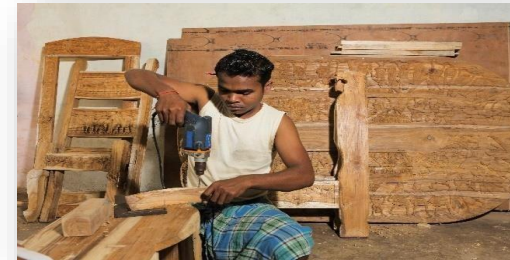
Grocery Vendors



Small Eateries



Textile Stores



Handcraft Manufacturers



Utility Stores

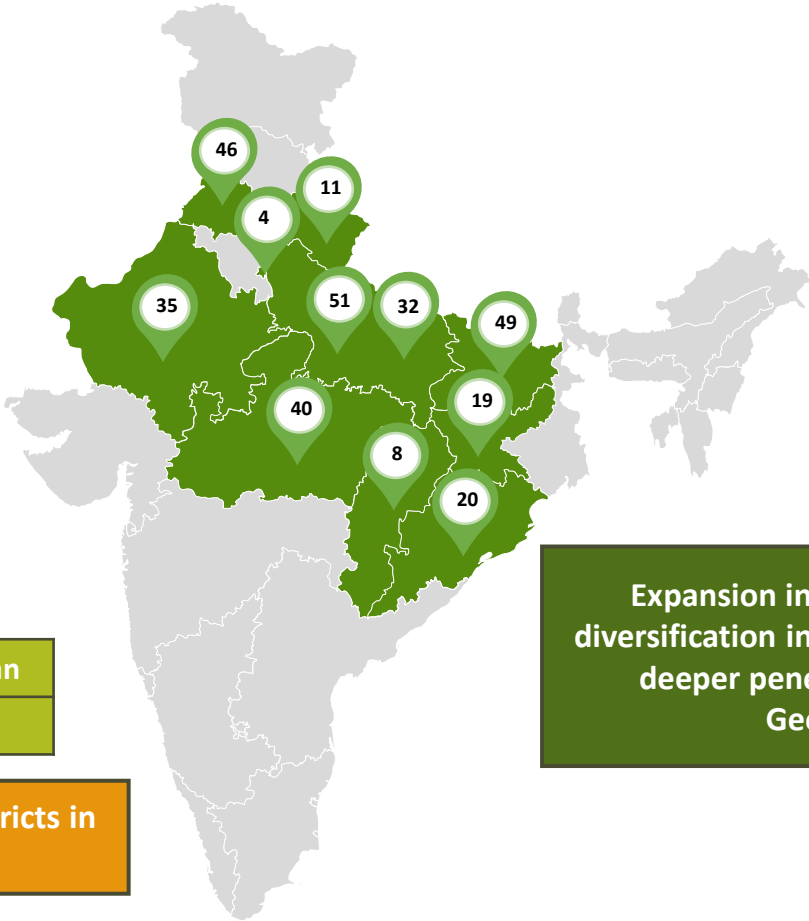


Salons



Flower Vendors

# Increasing our Reach in Rural India



Rural	Semi-Urban	Urban
55	237	23

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

315 Branches spread across 94 Districts in 10 States of India

# Our Products: Capital Digital Loans

Addressing a wide spectrum of customers, across needs and affluence



Product Name	Quick Digital Loan	Capital Magic Loan
Type of Loan	Unsecured Digital Loan	Unsecured Digital Loan
Ticket Size (₹)	5,000	30,000 – 50,000
Tenure	3 months	12 – 18 months
ROI	Interest-Free	~35%
Repayment	Digital followed by physical cash collection	Digital followed by physical cash collection

### 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



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

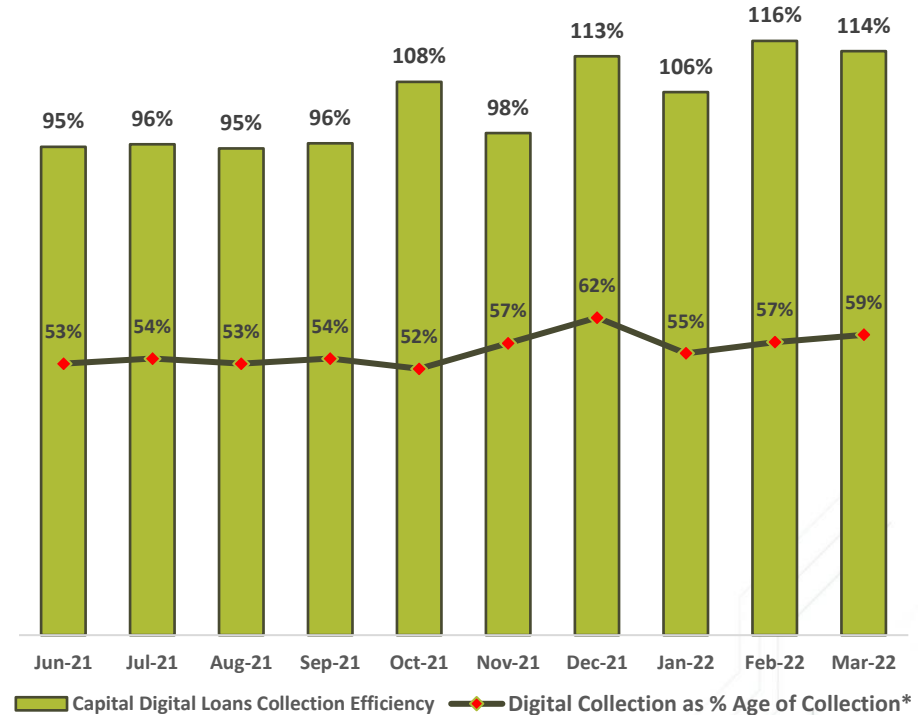
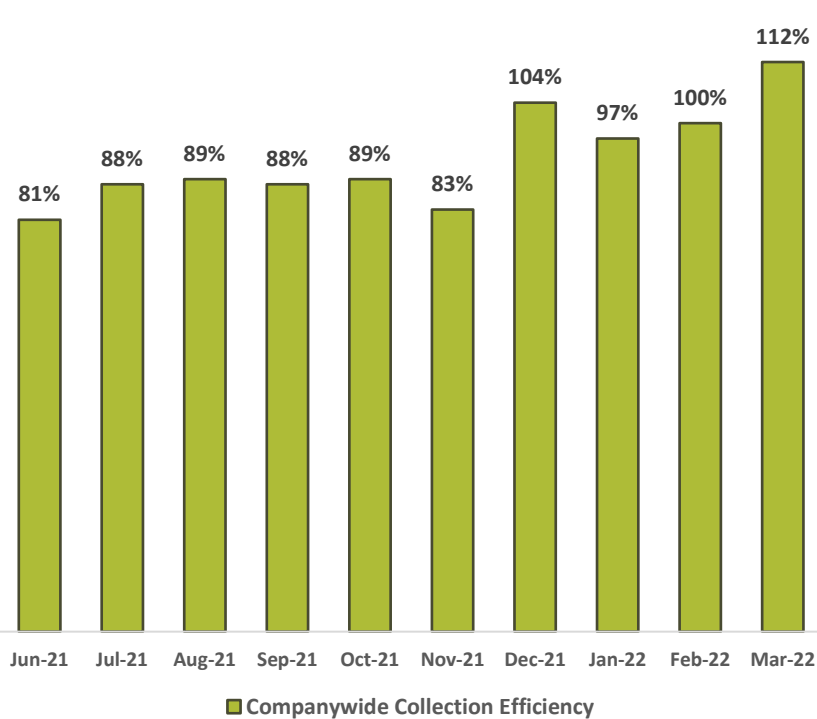
Financing the Overlooked Void

	<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

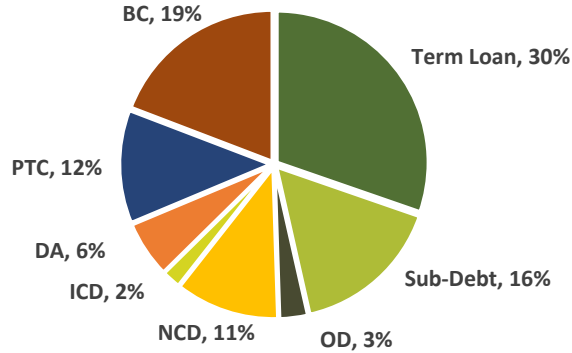


With our newly developed automated disbursement engine and algorithmic credit scorecard, our disbursements have increased consistently. Further, our average turnaround time has improved to less than 48 hours as on Q4 FY2022

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

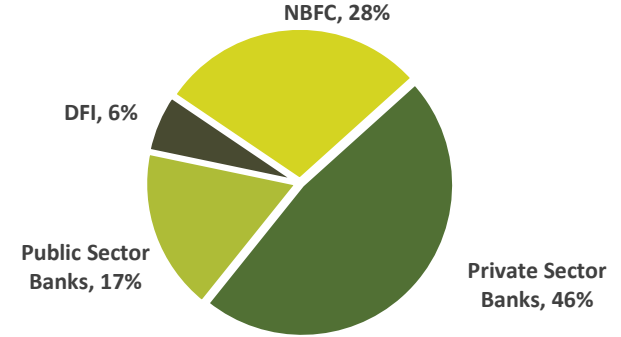
### 3. Prudent Risk Management

Conservative ALM Practices and Diversified Funding Book



Instruments

**DIVERSIFICATION  
ACROSS...**



Funders

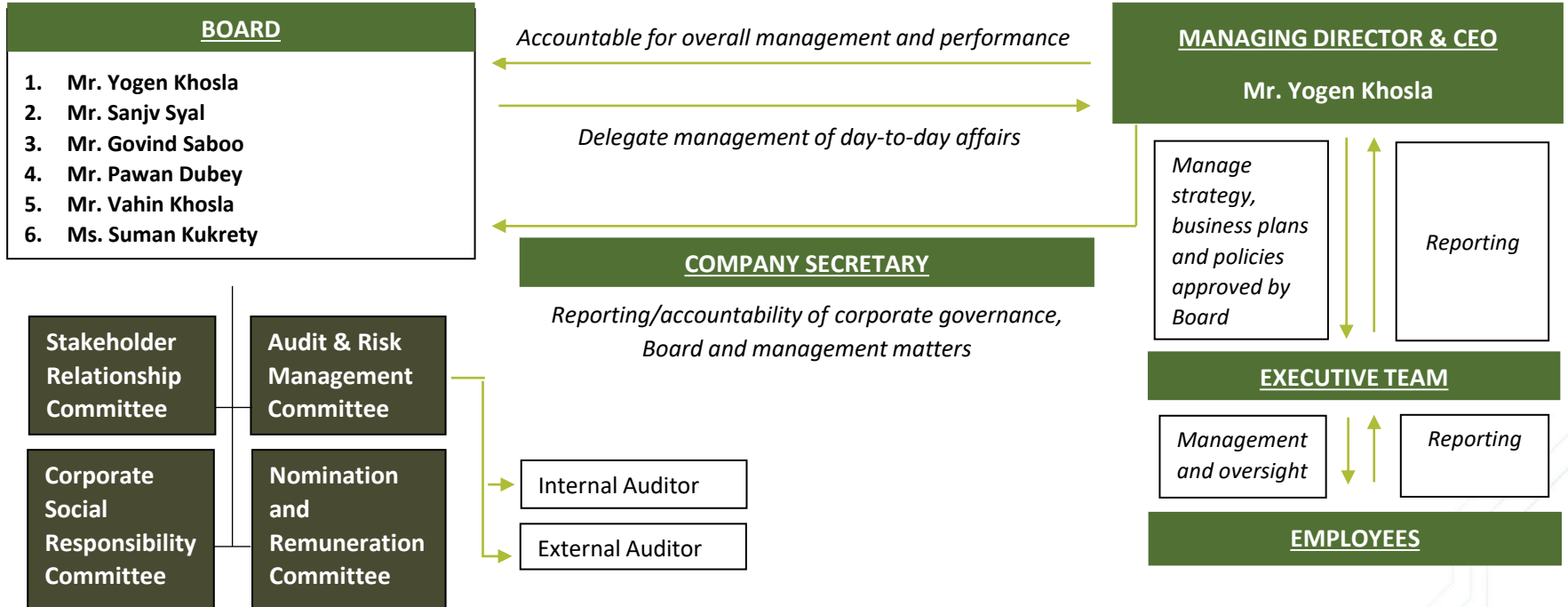
#### Asset Liability Position Update \*

	Q1FY22 (Actual)	Q2FY22 (Actual)	Q3FY22 (Actual)	Q4FY22 (Actual)	Q1FY23 (Expected)
Quarterly Collections (₹ Cr.)	73.3	76.6	74.9	78.1	81.1
Quarterly Repayments (₹ Cr.)	53.8	58.4	61.8	61.0	59.0
Quarterly Surplus (₹ Cr.)	19.5	18.2	13.1	17.1	22.8
Monthly Surplus (₹ Cr.)	6.5	6.1	4.4	5.7	7.6

\* 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



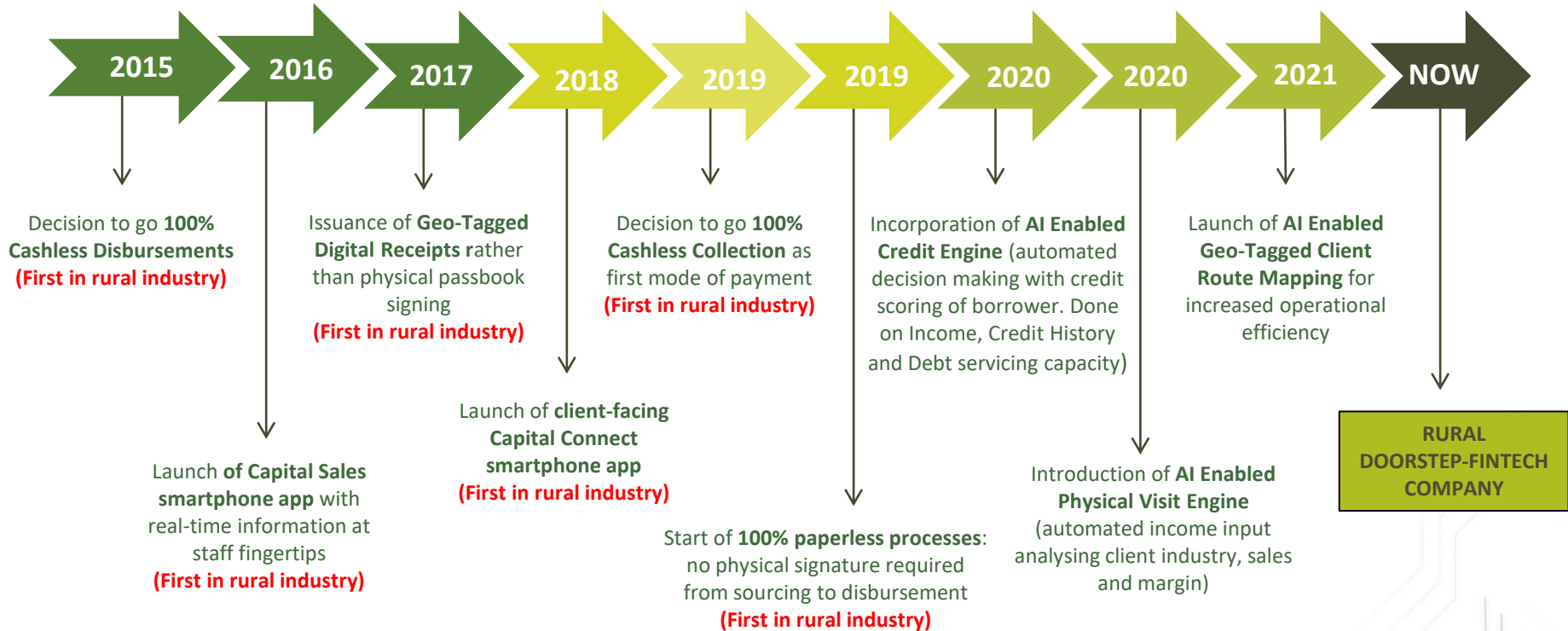
**More Rural Internet Users (277 Mn) than Urban (227 Mn):**  
Indian internet is more rural and local than ever

**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



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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

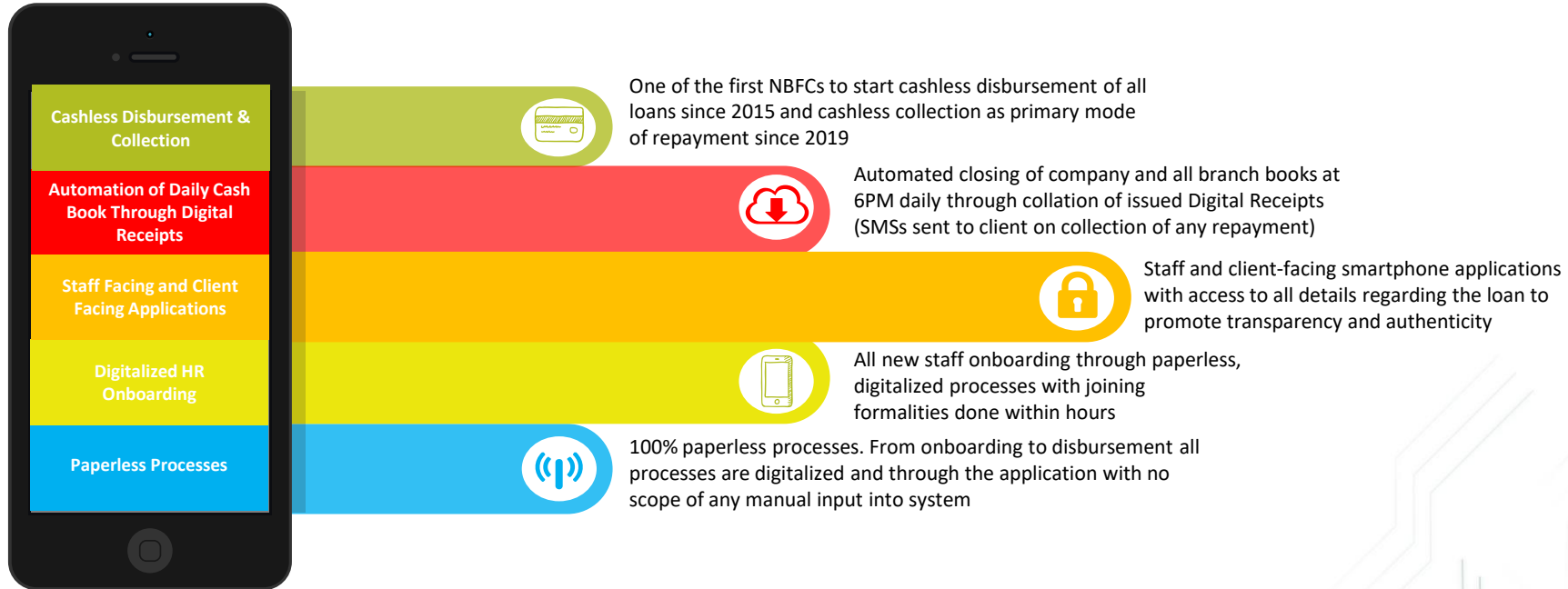
Use of Technology for faster, confidential, transparent and better enhancement of credit profile with low risk and better returns

## 3. BUSINESS INTELLIGENCE

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



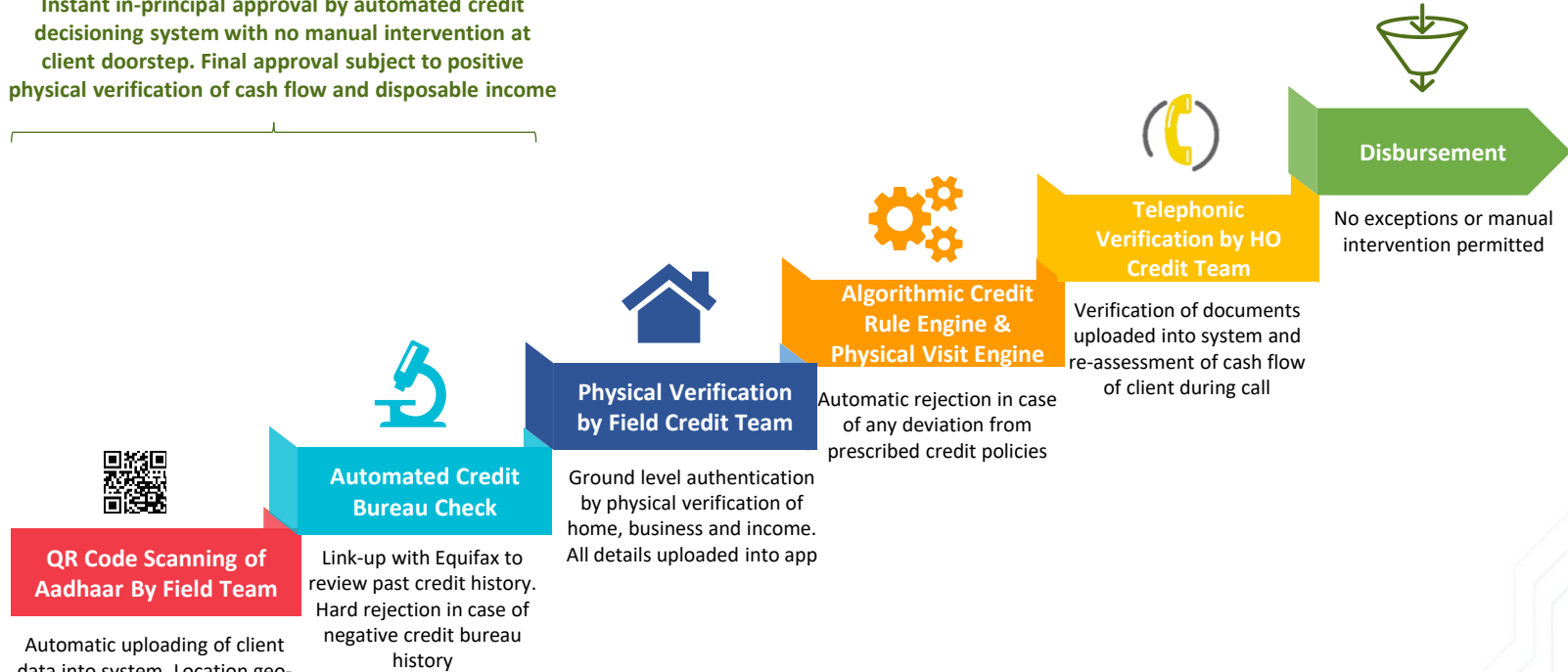
# 1. Technology





## 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

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

#### 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



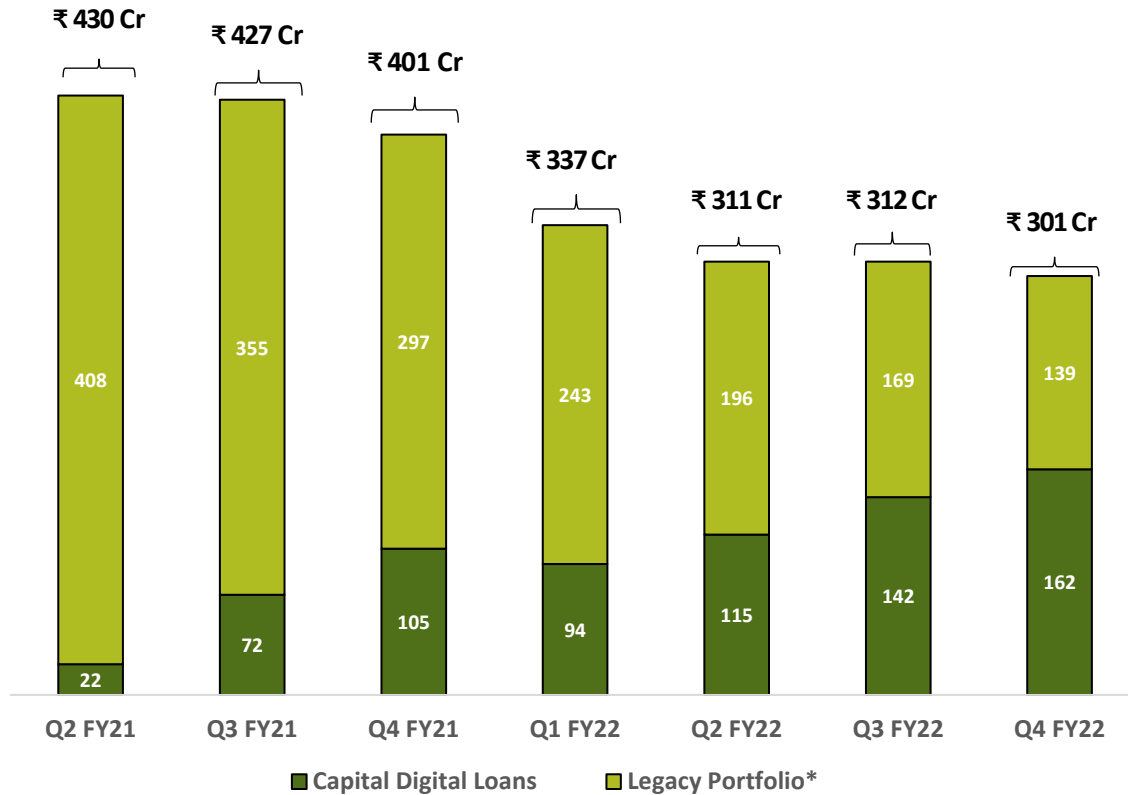
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## FINANCIALS

 Capital Trust



# Product-Wise Portfolio



Legacy Portfolio is coming down on the back of improved collections, no new disbursements and write-off\*\* in Q4 FY22

Share of Capital Digital Loans continuously increasing and stands at 54% in Q4 FY22 vs 5% of Loan Book in Q2 FY21

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)

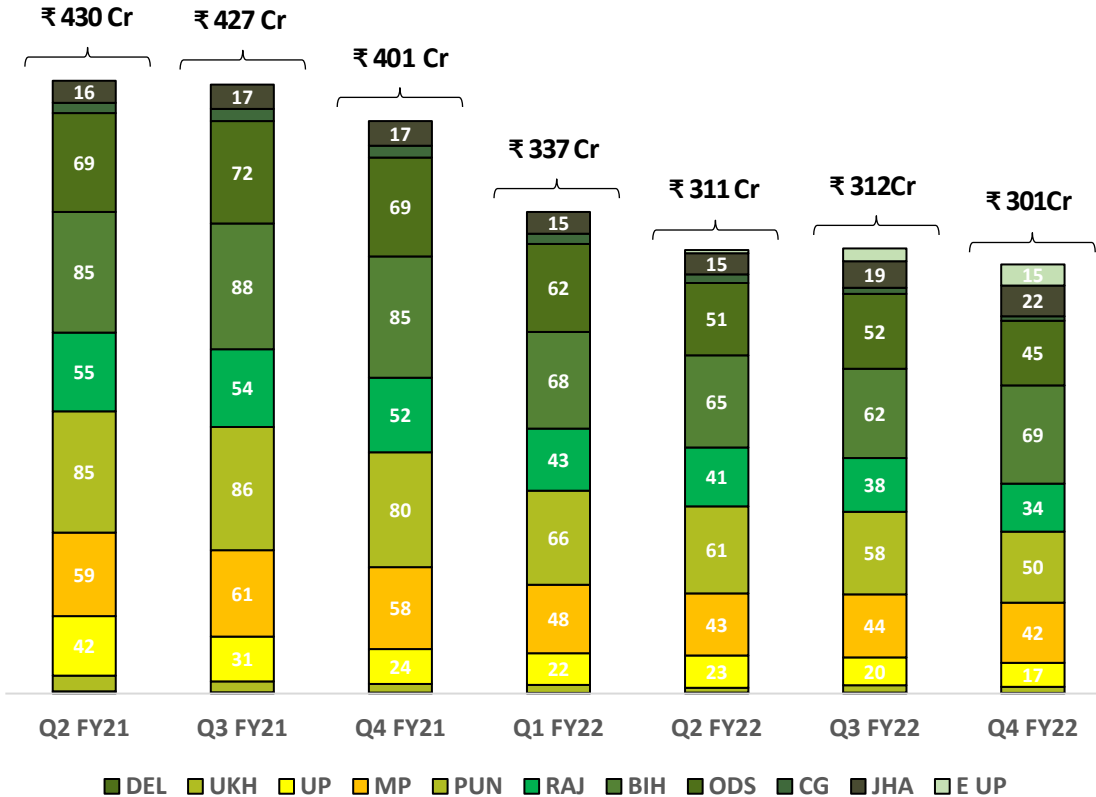
\*\* Company did write-off ₹13.7Cr in Q4 FY22 (all through existing provision balance)

# State-Wise Portfolio

Cautious approach in Disbursement led to decline in Loan portfolio during COVID-19

Q4 FY22 AUM declined marginally in spite of 6% QoQ growth in disbursements due to healthy improvement in collection efficiency

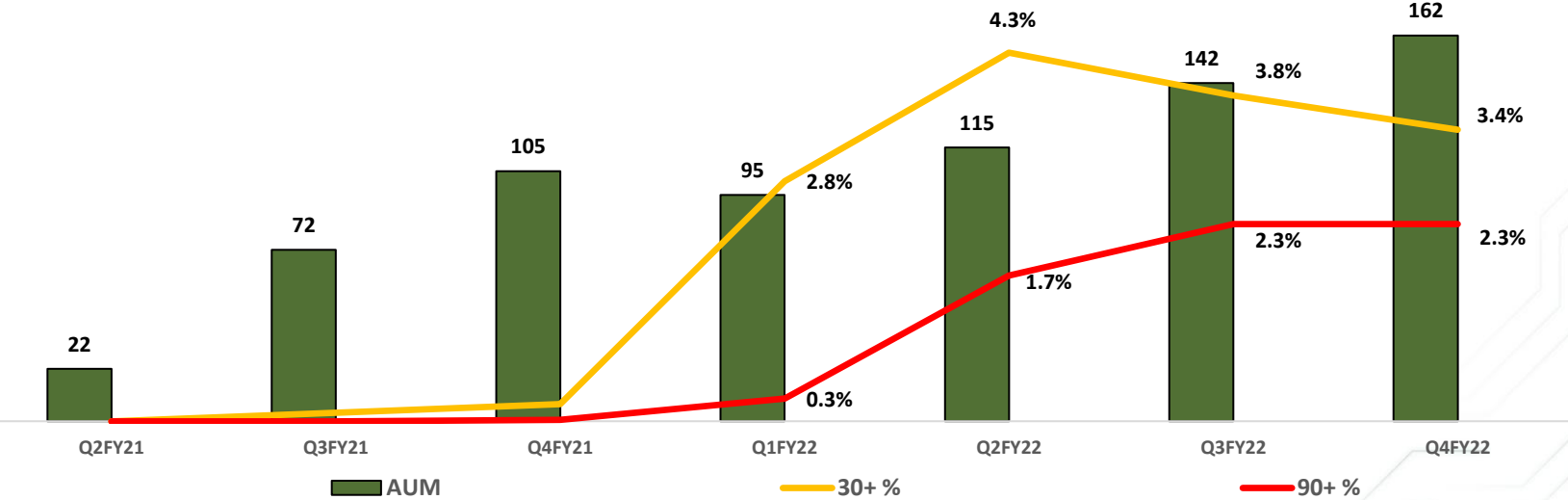
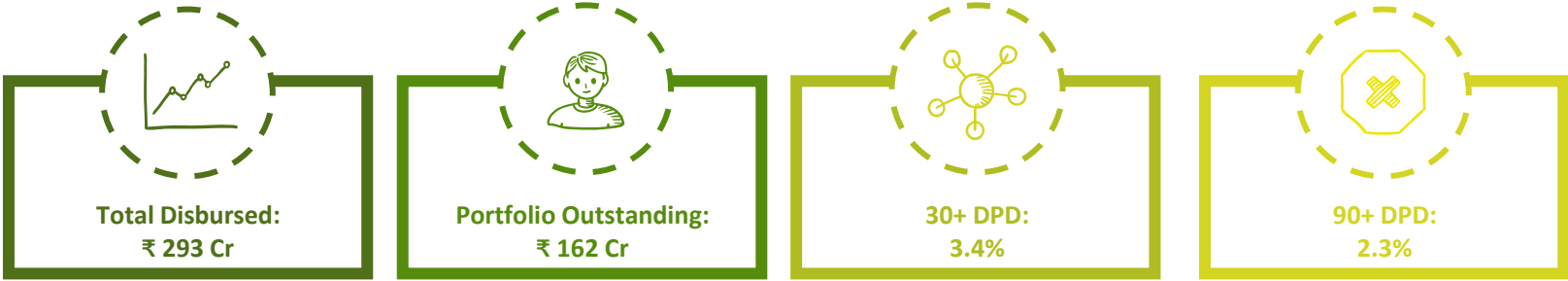
Economic Revival combined with Strengthened Branch Network will be Key Drivers of Growth Going Forward



# Portfolio Quality – Capital Digital Loans

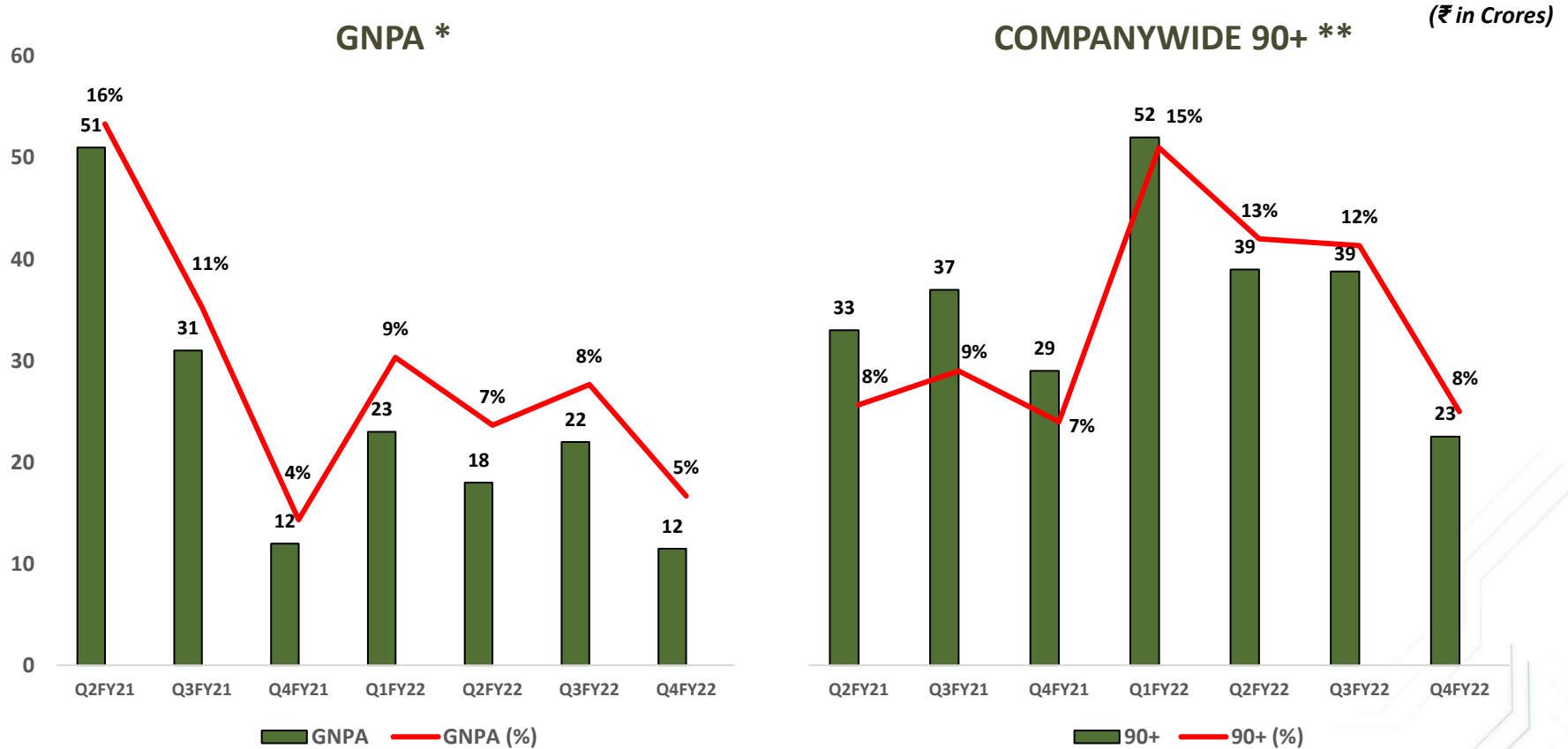
Robust portfolio quality of loans disbursed post FY 20 (automated credit engine backed)  
 Despite Covid, there has been no restructuring or write-off in this product

(₹ in Crores)





# Portfolio Quality - Companywide



\* Changed retrospectively in accordance with Nov 21 RBI circular (Own Book 90+ / Own Book Portfolio)

\*\* Includes Off Balance Sheet portfolio

- Company did write-off of ₹13.7Cr in Q4 FY22 (all through existing provision balance)

- Company has outstanding ₹109 Cr restructured portfolio

# Outstanding Provisions

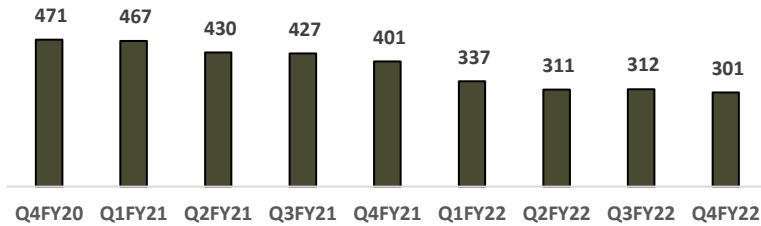
Cumulative Provisions of ₹ 41.7 Crores which accounts for 18.2% of the On-Balance Sheet Portfolio

(₹ in Crores)

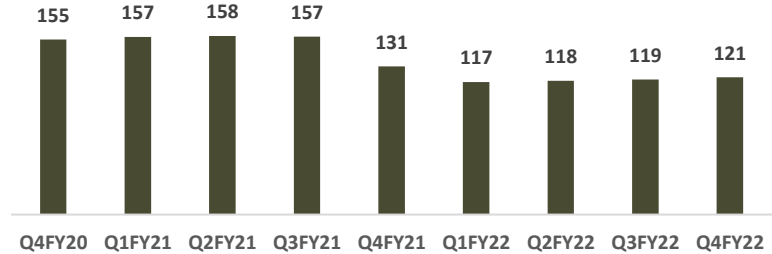
Particulars	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY 22
Standard Provisions (Stage 1 & 2)	4.4	4.7	1.3	1.1	11.0	11.0
COVID & Other Provisions (Including Stage 3)	31.1	50.9	55.8	56.4	30.7	30.7
Cumulative Provision Balance	35.5	55.6	57.1	57.5	41.7	41.7
Impairment Charged to P&L	23.5	20.1	1.5	0.4	-2.5	19.5

# Key Highlights & Ratios

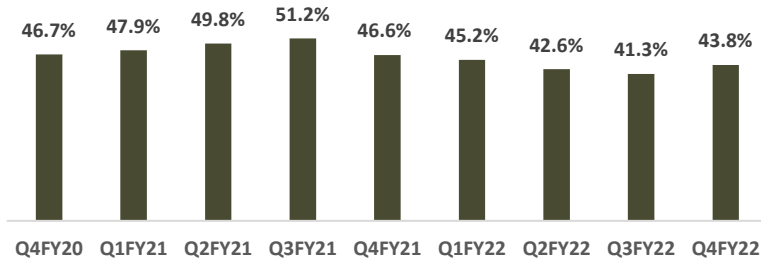
## Asset Under Management (₹ in Crores)



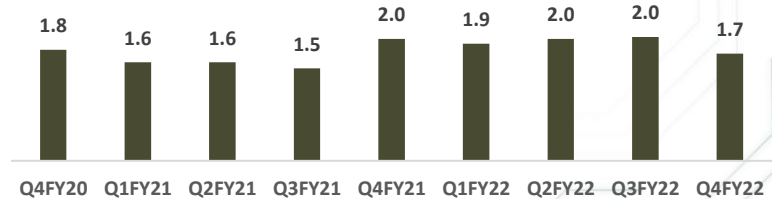
## Net Worth (₹ in Crores)



## Capital Adequacy Ratio (%)

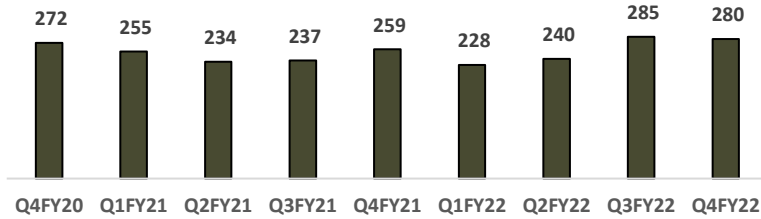


## Leverage (in X)

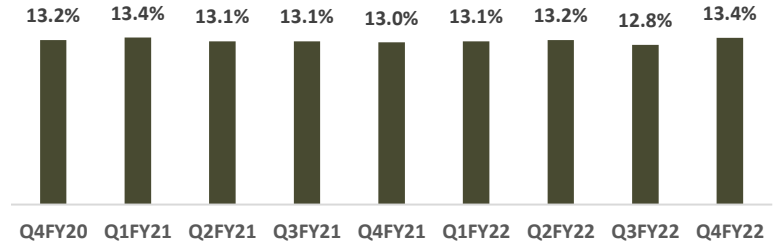


# Key Highlights & Ratios

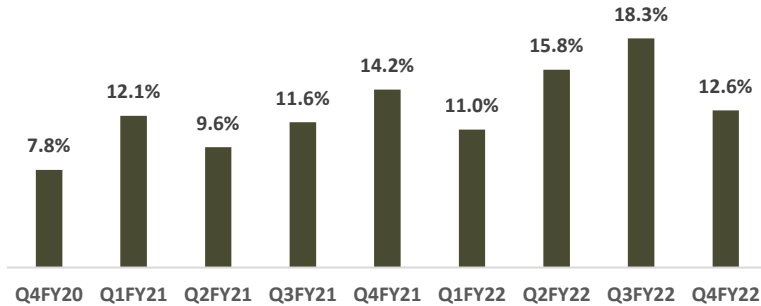
## Borrowings (₹ in Crores)



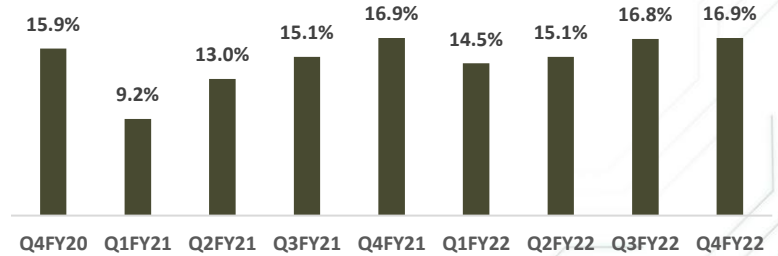
## Cost of Borrowing (%)



## Net Interest Margin (%) (Annualised)



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



# Quarterly Consolidated P&L Update Q4 & FY22

(₹ in Crores)

Particulars	Q4 FY22	Q4 FY21	YoY %	Q3 FY22	QoQ %	FY22	FY21	YoY %
<b>Total Income</b>	27.8	28.1	-1%	29.2	-5%	106.0	114.6	-8%
Total Expense (excluding tax)	25.4	61.5	-59%	27.9	-9%	120.2	144.0	-17%
Profit / Loss before tax	2.3	-33.3	-	1.3	82%	-14.2	-29.4	-
<b>Profit / Loss after tax</b>	1.6	-26.2	-	1.0	70%	-10.3	-23.6	-
<b>Net Worth</b>	120.5	130.7	-8%	118.8	1%	120.5	130.7	-8%
Capital Digital Loans	162.0	104.6	55%	142.0	24%	162.0	104.6	55%
Legacy Loans	138.6	296.5	-53%	169.9	-13%	138.6	296.5	-53%
<b>Total Assets Under Management (AUM)</b>	300.6	401.1	-25%	311.9	-4%	300.6	401.1	-25%
On-Book Portfolio	229.4	280.6	-18%	265.8	-14%	229.4	280.6	-18%
Off-Book Portfolio	70.8	120.5	-41%	46.1	54%	70.8	120.5	-41%
<b>Total Assets Under Management (AUM)</b>	300.2	401.1	-25%	311.9	-4%	300.2	401.1	-25%

# Quarterly Consolidated Balance Sheet Update Q4 & FY22

Assets	Mar-22	Dec-21	Sep-21
<b>Financial Assets</b>			
Cash and Cash Equivalents	4.9	10.8	21.2
Bank Balances other than cash & cash Equivalents	52.5	49.7	51.9
Trade Receivables	3.3	2.7	2.7
Loan Portfolio	187.3	207.0	195.8
Investments	42.8	42.5	42.2
Other Financial Assets	20.1	16.3	16.2
<b>Total Financial Assets</b>	<b>310.9</b>	<b>329.0</b>	<b>330.0</b>
<b>Non-Financial Assets</b>			
Current Tax Assets (Net)	5.4	4.5	4.2
Deferred Tax Assets (Net)	34.8	35.3	35.5
Property, Plant and Equipment	1.6	1.7	1.7
Right to use Asset	0.1	0.2	0.2
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	1.2	1.3	1.6
<b>Total Non-Financial Assets</b>	<b>43.3</b>	<b>43.2</b>	<b>43.4</b>
<b>Total Assets</b>	<b>354.2</b>	<b>372.2</b>	<b>373.4</b>

Liabilities And Equity	Mar-22	Dec-21	Sep-21
<b>Financial Liabilities</b>			
Trade Payables	0.9	0.6	0.1
Debt Securities	64.1	57.6	80.1
Borrowings other than Debt Securities	98.8	134.4	114.0
Deposits	0.0	0.0	0
Subordinate Liabilities	44.9	44.9	44.8
Lease Liabilities	0.2	0.2	0.2
Other Financial Liabilities	17.2	8.9	10.4
<b>Total Financial Liabilities</b>	<b>226.1</b>	<b>246.5</b>	<b>249.6</b>
<b>Non-Financial Liabilities</b>			
Current Tax Liabilities (Net)	0.0	0.0	0.2
Provisions	1.3	1.6	1.5
Other Non-Financial Liabilities	6.3	5.4	4.2
<b>Total Non-Financial Liabilities</b>	<b>7.61</b>	<b>6.94</b>	<b>6.0</b>
<b>Equity</b>			
Equity Share Capital	16.2	16.2	16.2
Other Equity	104.3	102.5	101.6
<b>Total Shareholders Fund</b>	<b>120.5</b>	<b>118.8</b>	<b>117.8</b>
<b>Total Liabilities and Equity</b>	<b>354.2</b>	<b>372.2</b>	<b>373.4</b>





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 & Funding 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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