



# Capital Trust

INVESTOR PRESENTATION Q4 FY20

Enriching Lives



Empowering Enterprises



# COMPANY OVERVIEW



# ABOUT CAPITAL TRUST



## STORY

Capital Trust pioneers the **digitalization of the rural financing model.**

While maintaining the robustness of a decade-old disciplined lending model, CTL supplements it with advanced technologies to create a one-of-a-kind business that finds the perfect balance between technology and traditional financing



## ORIGINS

Capital Trust is a publicly listed **Systematically Important Non Banking Finance Company with 35 years of rich legacy.**

Initial promoters of the company include former Governor Reserve Bank of India, Deputy Governor Reserve Bank of India and the Chief Justice of India



## MISSION

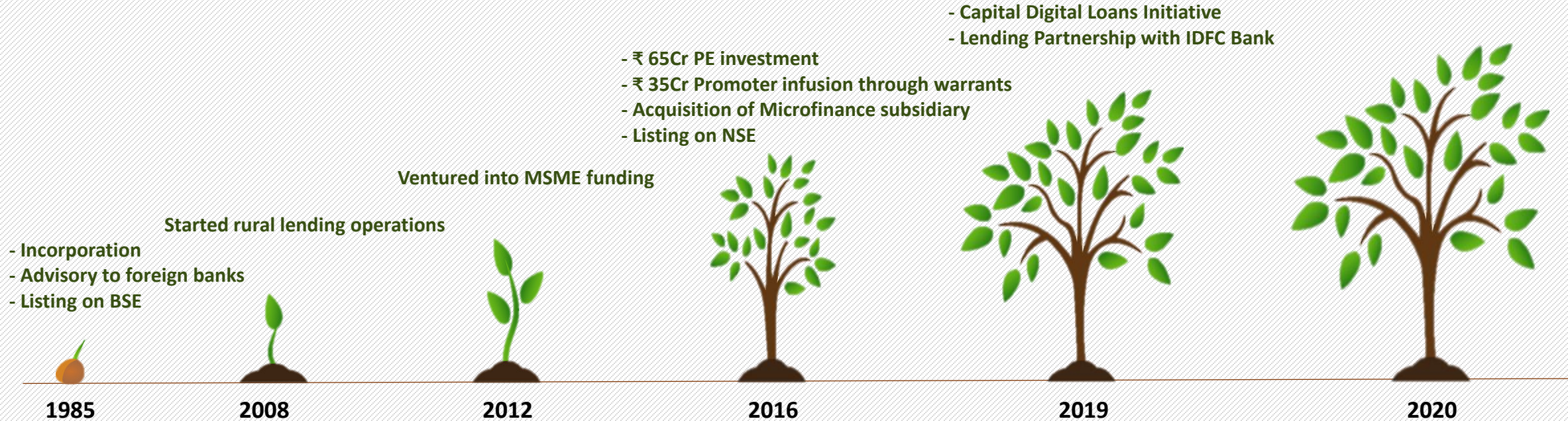
To provide financial assistance to India's unbanked population using state of the art technology and 100% digital processes



## VISION

To become the first fully digital and cashless, technology-enabled lending model in rural India

₹ 600Cr Co-Lending Partnership with a NBFC



## Company Position as on 31.03.2020

**Portfolio:**  
₹ 471 Cr

**Clients:**  
155,584

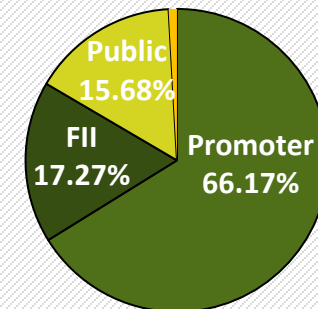
**Branches:**  
241

**States:**  
10

**Employees:**  
1923

**FY20 PBT:**  
₹ 14 Cr

### Shareholding:

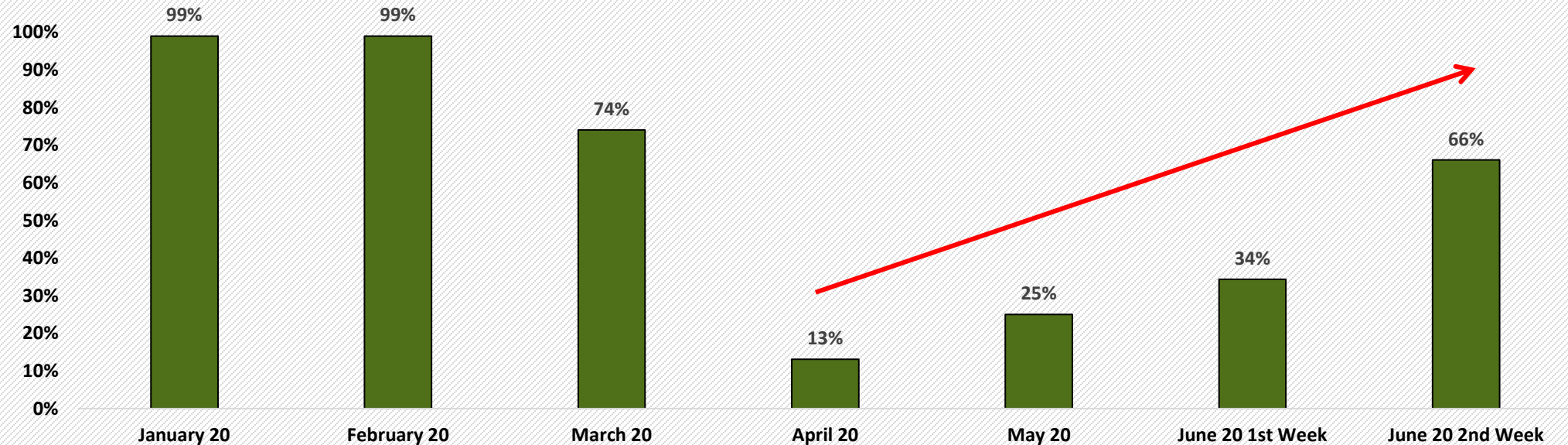


# COVID-19 UPDATE

With the Government of India declaring a National Lockdown on 25 March 2020 to tackle the global pandemic, update on key company parameters is provided below:

## Collections \*

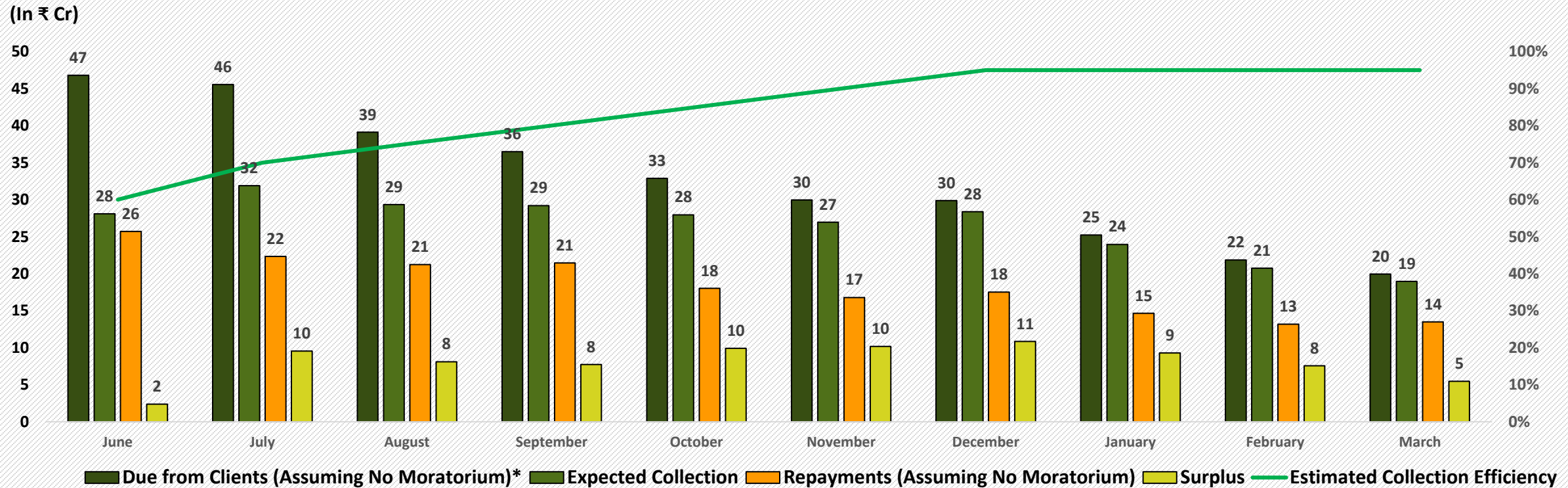
- Have touched 66% collection efficiency in 2nd week of June
- Up from 13% collection efficiency in April and 25% collection efficiency in May
- All 241 branches open



\* Without factoring Moratorium given to clients

## Liquidity

- High Liquidity Buffers (actual and systematic)
- ₹ 33Cr Opening Cash Balance in June
- Positive ALM
- Business Correspondent Relationship with IDFC First Bank
- Signed ₹600Cr Co-Lending Agreement with Poonawalla Finance during pandemic times



\* Assuming no incremental disbursements

# ➤ COVID-19 BUSINESS UPDATE: FUNDAMENTAL STRENGTHS

## Strong Solvency And Liquidity

- 47% Capital Adequacy
- 1.76x Leverage
- Positive Asset Liability Position
- Adequate Loan Pricing
- Support from lenders in Moratorium (89% of lenders provided Moratorium 1.0)

## Inherently Strong Customer Base

- 73% of borrowers in Essential Services and majority linked to Rural Economy
- 79% Client Base seasoned with over 12 Months on Board

## Capital Digital Initiative

- Early Mover into Rural Digital Collection since January 19
- Client Facing Application unique in MSME segment with direct client access
- Enabled all forms of online payment modes: NACH + Payment Gateway
- 28% portfolio with digital collection





# COVID 19-BUSINESS UPDATE: TACTICAL PLANNING AND THOROUGH EXECUTION

## Constant Client Contact

- 15 Lakh calls made to 1.5 Lakh clients using in-house developed Calling Application
- Frequent messages, notifications and videos sent through Client Facing Application
- Client profiling and collection follow up done

## Building Buffer Staff

- Increase of last mile field staff strength from 798 to 1266 for same client base
- Reduction of allocation per staff from 250 clients to 125 clients

## Extensive Monitoring

- Extensive daily monitoring on company, cluster and branch level. Covering areas of collection, staffing, frauds and liquidity
- Standardized reporting with daily Zoom meetings
- Planned Branch Opening with proper social distancing norms

# COVID-19 BUSINESS UPDATE: PLAN AHEAD

## Provisioning

- Covid-19 Provisioning of 5% of overdue standard assets

## Client Profiling

- Active client profiling exercise to identify portfolio risk and plan a response mix of collection strategy, new loans and provision buffers

## Automated Engines

- Implementation of Automated Analytical Credit, Disbursement, Branch and Staff Engines

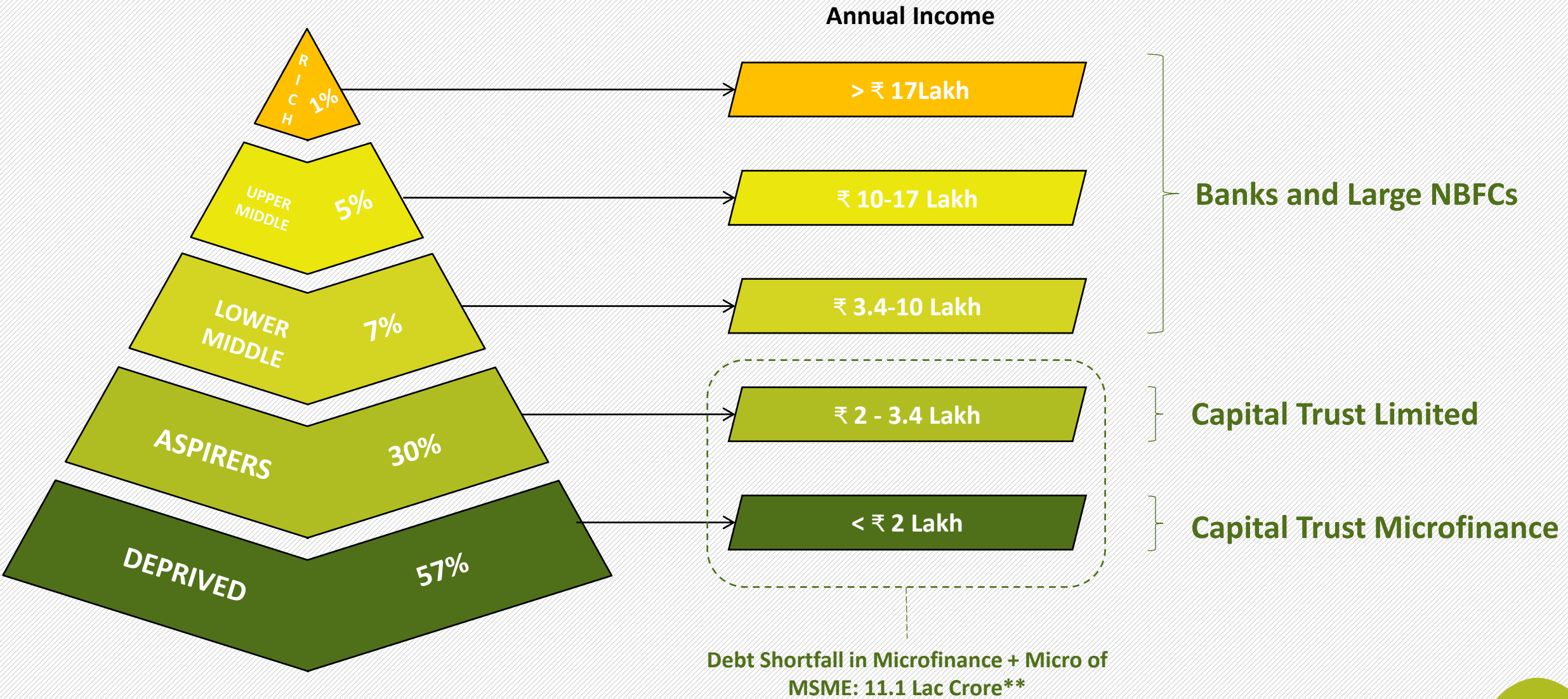
## Data Analytics and Business Intelligence

- Further strengthening of Alternative Data Analysis

# TARGET SEGMENT



# SERVING THE UNSERVED



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

# ➤ FINANCIAL INCLUSION?



- Formal Income
- Income Proof
- Filing Taxes





# TARGET CLIENTELE

**MISSING MIDDLE**

### Microfinance

Through Capital Trust Microfinance, its 100% owned subsidiary

### Graduated from Microfinance

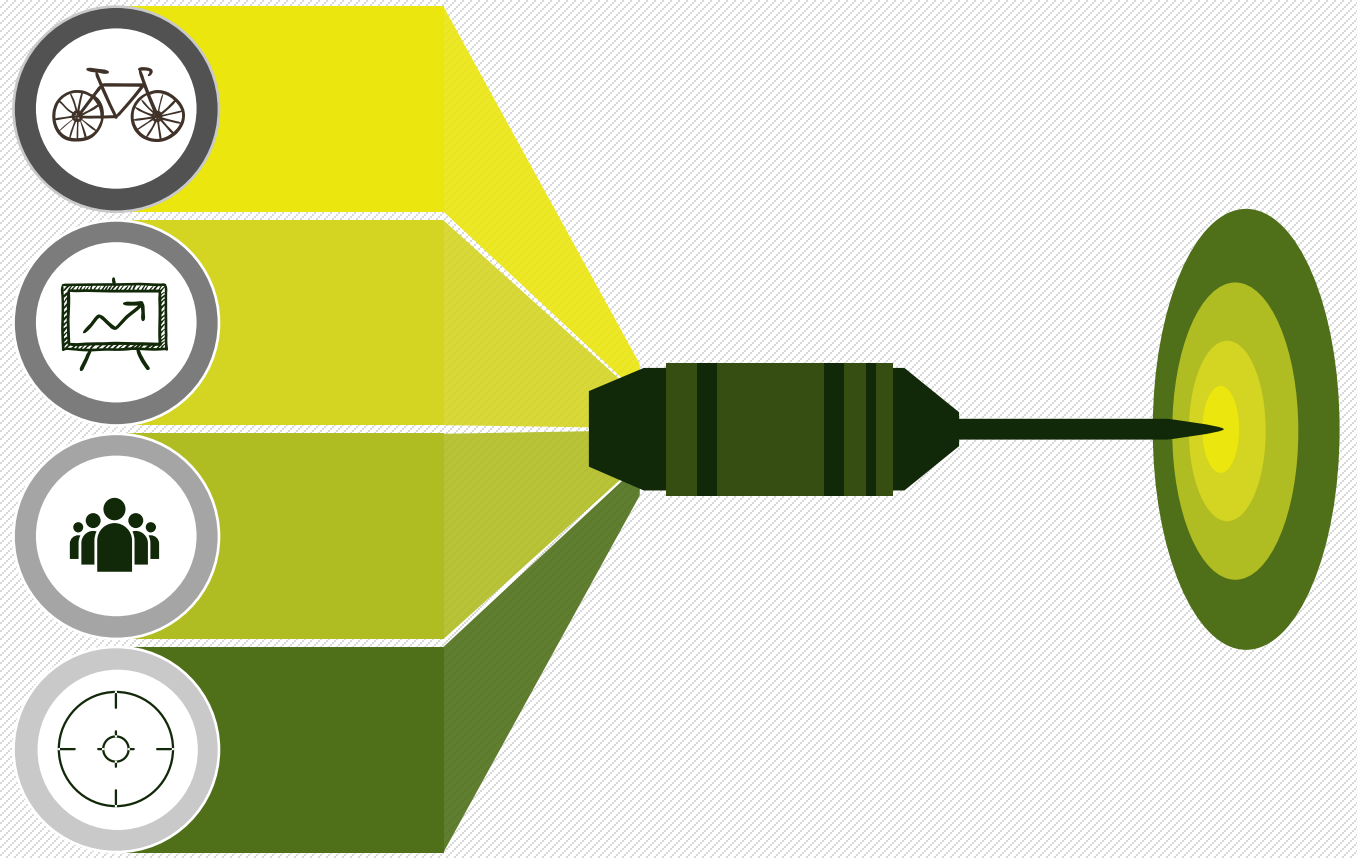
8% of the Microfinance clients graduate from the Microfinance sector each year and come and hit a wall

### 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

Clients who cannot be served by Microfinance institutions (owing to RBI guidelines) and are unable to be served by banks / large NBFCs (owing to lack of formal income documentation)







# TYPICAL CLIENTELE



General Stores



Diary and Livestock Farmers



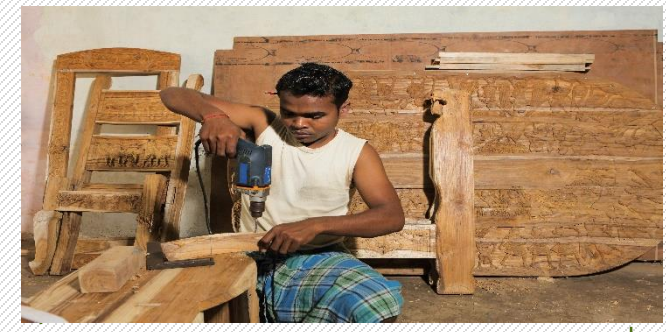
Handloom Units



Small Eateries



Textile Stores



Local Handicraft Producers



Sewing Stores



Hair Salons



Utensil Stores

# UNIQUE SELLING PROPOSITION



**Hybrid Fintech Model With Dual Credit**  
 Automated credit (QR scanning of Aadhaar card, immediate credit bureau check, algorithmic credit rule score) is supplemented with traditional safeguards of branch banking (physical verification of residence and business premise, cash flow analysis of business, telephonic verification)

**Revolutionary Digital Loans**  
 Spearheading digitalization in the rural sector, company offers 100% digital loans

**Data Analytics and Business Intelligence**  
 Use of credit engine, disbursement engine, staff engine and portfolio risk monitoring engine to help understand client creditworthiness before sanctioning of a loan and staff performance post disbursement

**Technology**  
 Automated systems and processes from on-boarding to disbursement with no exceptions. Auto-generation of branch cash books through collation of issued Digital Receipts. First rural NBFC with client facing application

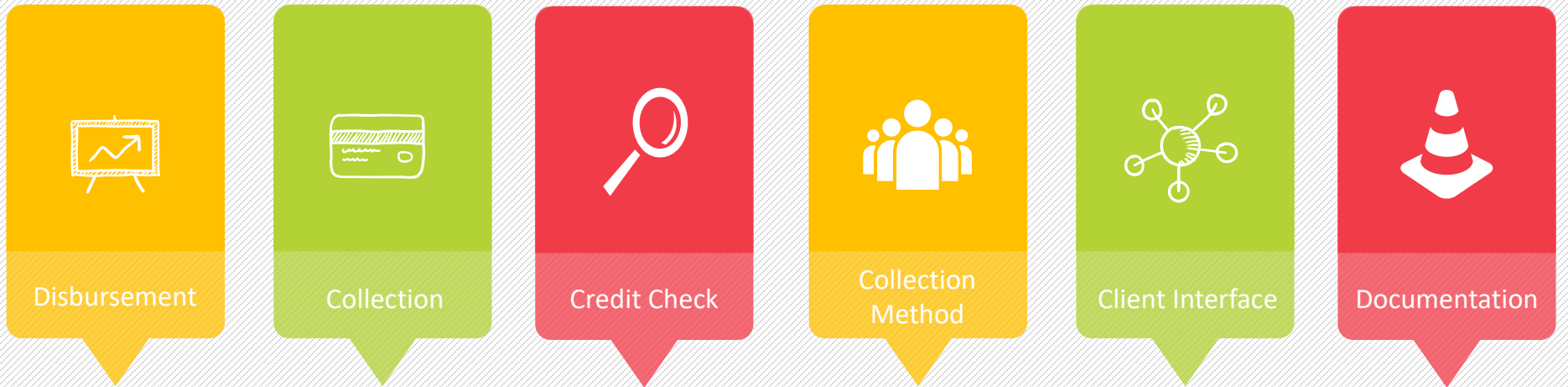


**Pioneer in Cashless Transactions**  
 Among the first NBFCs in the sector to undertake 100% cashless disbursement since 2016 and conduct 100% cashless repayments for loans disbursed post Jan 2019

**Extensive Rural Branch Network**  
 241 branches in 63 districts and 10 states encapsulating 'feet on street' model with perfect Tech-Touch balance

**Quick Disbursement**  
 Paperless on-boarding process with instant in-principle loan approval

# CAPITAL TRUST DIFFERENTIATORS



Traditional MFI / MSME Funders

Cash / Digital      Cash      Credit Bureau      Joint Liability with Center Meeting      Physical Paper Passbook      Physical

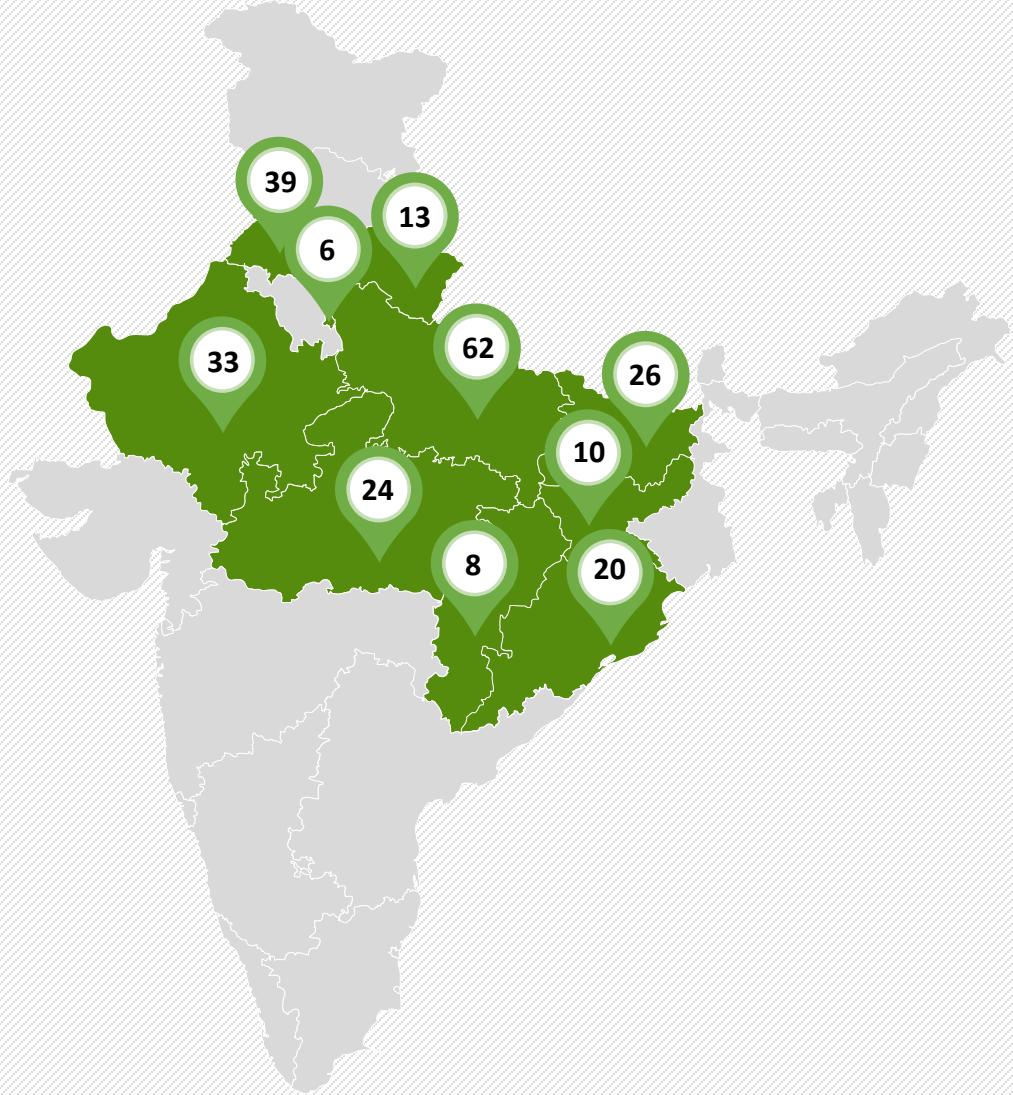
Capital Digital Loans Initiative (Since January 2019)

100% Digital      100% Digital      Physical Cash Flow Analysis Of Business  
 + Alternate Data  
 + Psychometric Analysis  
 + Credit Bureau      Individual Automated NACH      Client Facing Application      Automated through E-Sign and E-NACH

# BUSINESS MODEL



# BRANCH NETWORK



**Branches: 241**  
**Districts: 63**  
**States: 10**



# EVOLUTION OF PRODUCTS

With loans to over 800,000 clients, company has experience of lending to Micro Enterprises in Rural India since 2008

## MOVE TO DIGITAL COLLECTION

Group Loan



Cash Collection



Individual Loan



Digital Collection

### DISBURSEMENT

- One of the first rural NBFCs to start 100% cashless disbursement in 2015

### COLLECTION

- Pioneered online collection in rural lending
- Loans given since January 2019 have online collection mode
- Enabled all forms of online payment modes: NACH + Payment Gateway

## TRADITIONAL LENDING PLUS TECHNOLOGICAL INNOVATION

Direct sourcing  
 Feet-on-street  
 Physical cash flow credit verification  
 Brick and mortar approach

Digital on-boarding through QR code scan  
 Algorithmic credit rule engine and bureau check  
 Digital receipt on repayment  
 Client facing mobile application



## PRODUCT OPTIMIZATION

1. Small ticket size
2. Short tenure
3. Optimal EMI amount
4. Short Turn-Around-Time



Capital Magic Loan

Unsecured Business Loan

Ticket Size: ₹30,000

Tenure: 12 months

Repayment: Monthly NACH



Micro Business Loan

Unsecured Business Loan

Ticket Size: ₹60,000

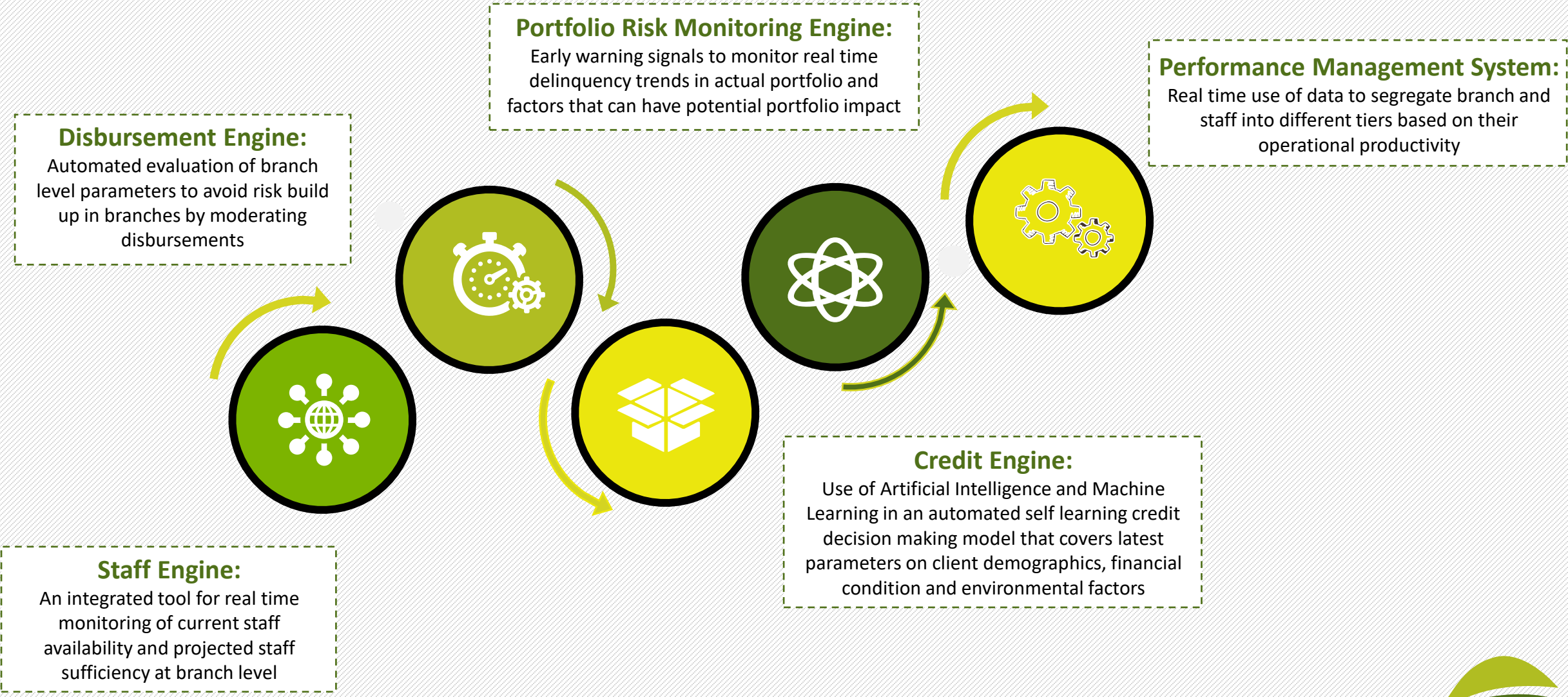
Tenure: 24 months

Repayment: Monthly NACH





# DATA ANALYSTICS & BUSINESS INTELLIGENCE





# SMART 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



**QR Code Scanning of Aadhaar By Field Team**

Automatic uploading of client data into system. Location geo-tagged and case rejected if client residence is beyond 25kms from branch

**Automated Credit Bureau Check**

Link-up with Equifax to review past credit history. Hard rejection in case of negative credit bureau history

**Algorithmic Credit Rule Engine**

Automatic rejection in case of any deviation from prescribed credit policies. System provides in-principal approval at this stage

**Physical Verification by Field Credit Team**

Ground level authentication by physical verification of home, business and income. All details uploaded into app

**Telephonic Verification by HO Credit Team**

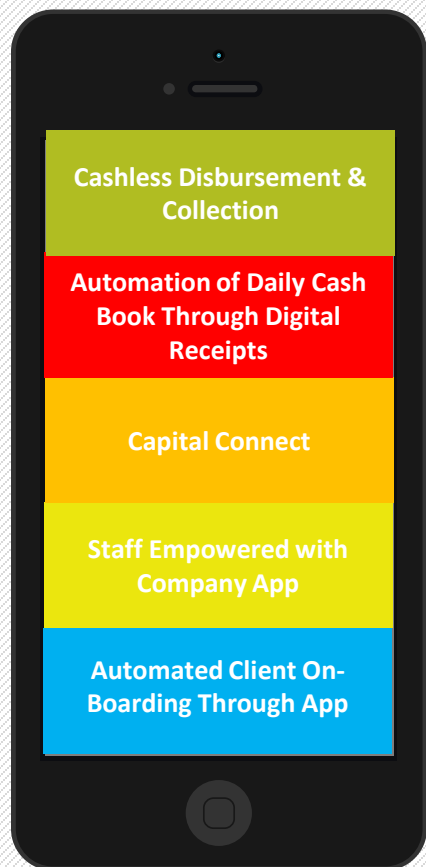
Verification of documents uploaded into system and re-assessment of cash flow of client during call

**Disbursement**

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





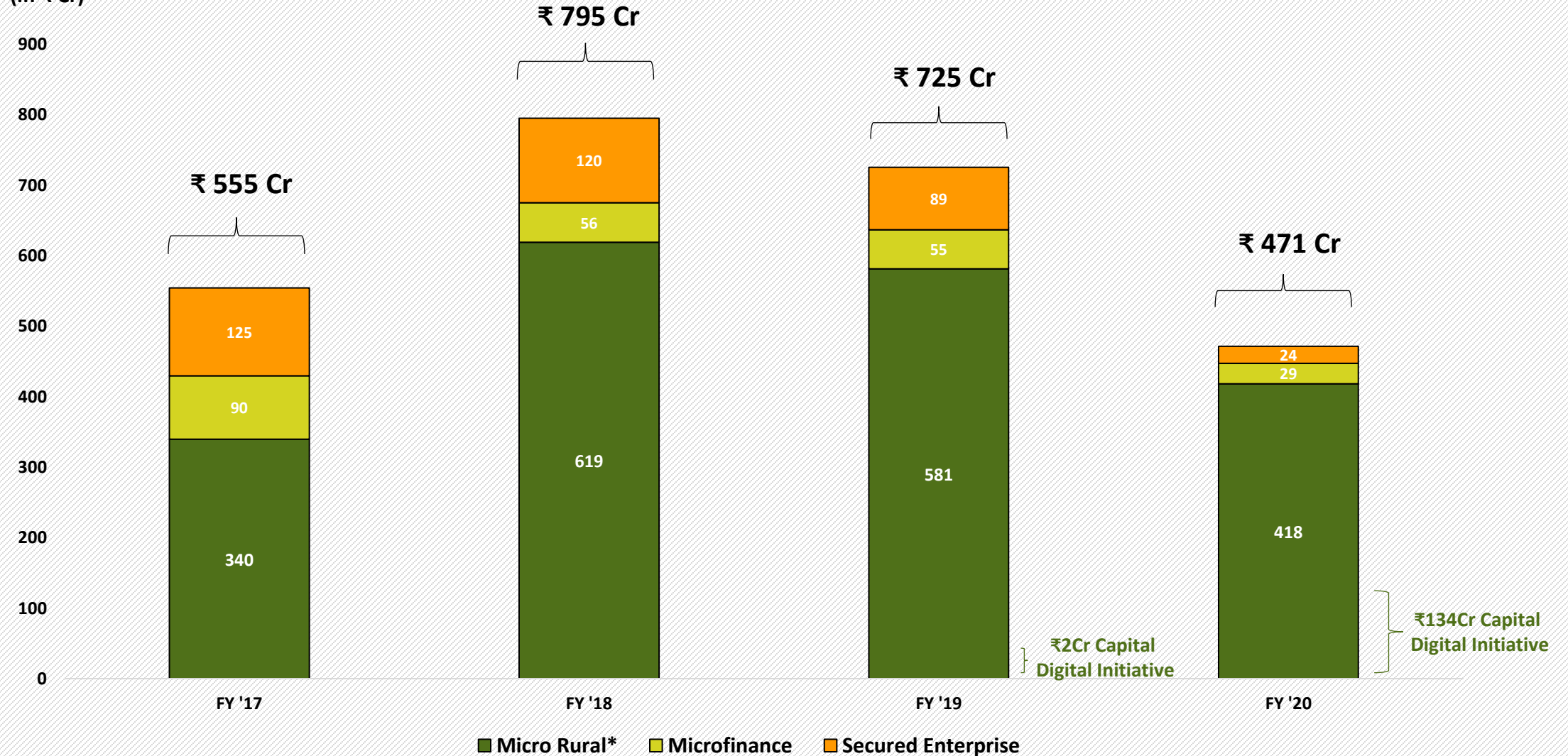
- Cashless Disbursement & Collection**  
One of the first NBFCs to start cashless disbursement of all loans since 2015. Also started process of cashless repayment for all loans (except Microfinance) in 2019
- Automation of Daily Cash Book Through Digital Receipts**  
Automated closing of company and all branch books at 6PM daily through collation of issued Digital Receipts (SMSs sent to client on collection of any repayment)
- Capital Connect**  
Client application with access to all details regarding the loan to promote transparency and authenticity
- Staff Empowered with Company App**  
All staff have access to Capital Sales, the company application, that provides real-time information in even the most remote locations. All warehousing of information on cloud
- Automated Client On-Boarding Through App**  
Smart credit enabling client on-boarding and in-principle approval from scanning of client's Aadhar card at his doorstep. No manual entry allowed for any clients

# PORTFOLIO UPDATE



# PRODUCTWISE PORTFOLIO

(In ₹ Cr)

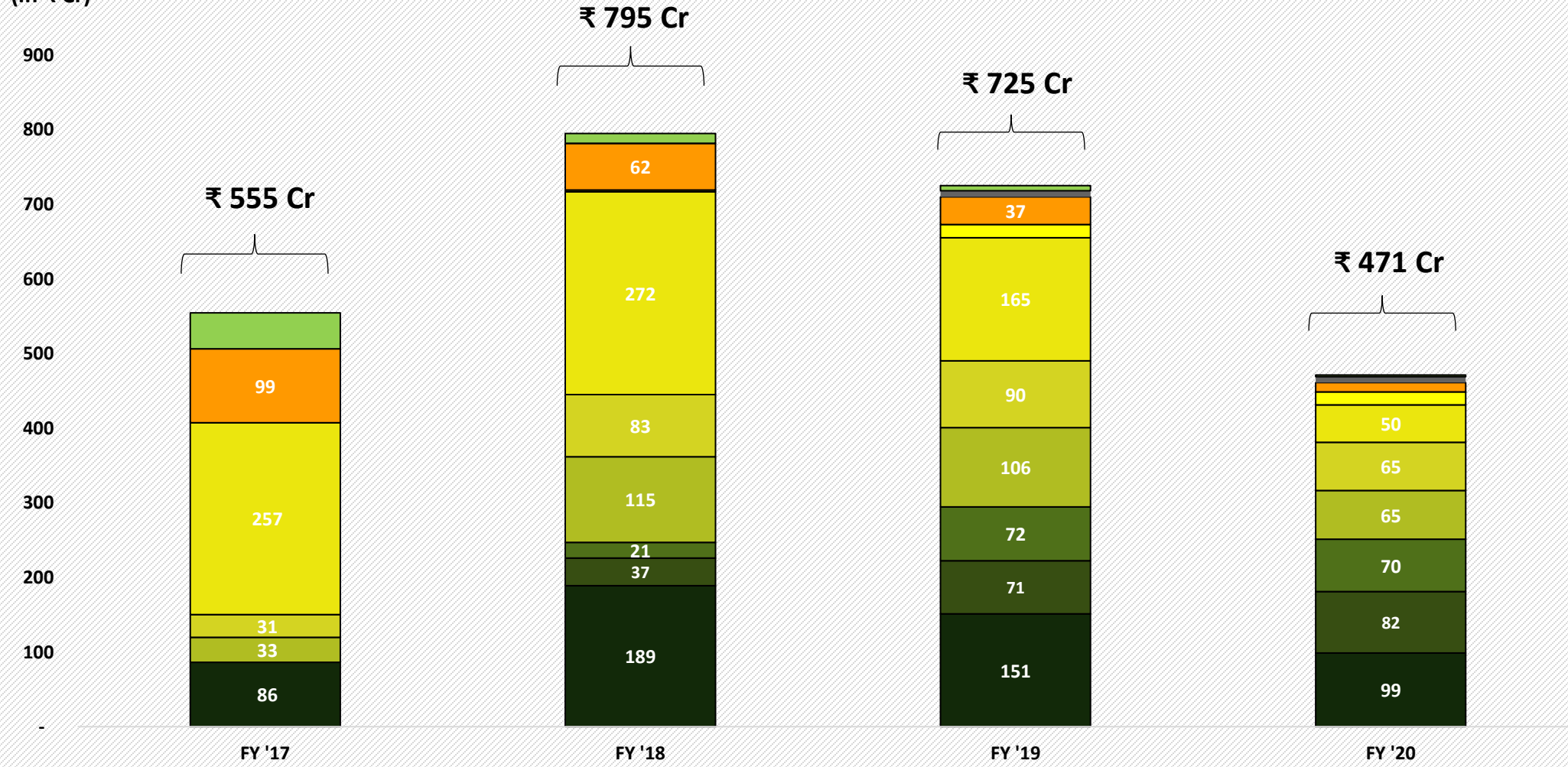


\*Further Classified into Micro-Enterprise, Micro-Business and Capital Magic Loan

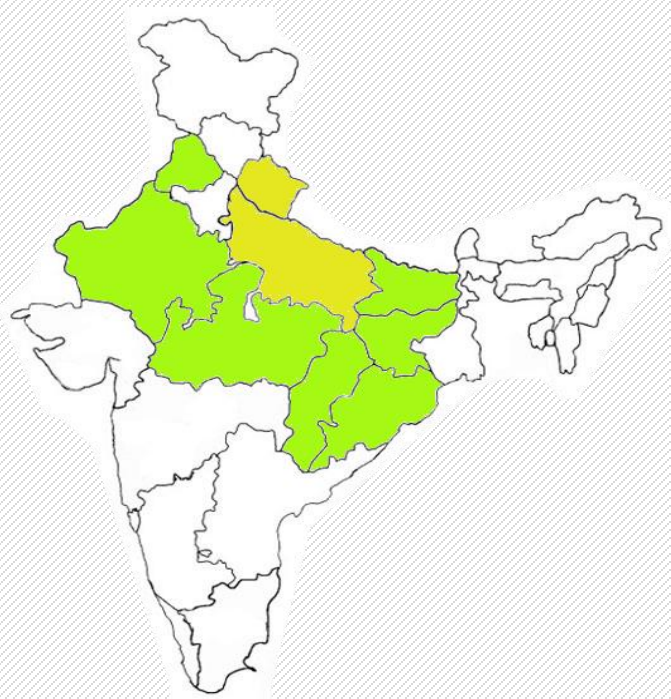


# STATEWISE PORTFOLIO

(In ₹ Cr)



PUN
  BIH
  ODI
  RJ
  MP
  UP
  JH
  UKH
  CH
  DEL



COMPANYWIDE			
As on 31.03.20	AUM (₹ Cr.)	90+ DPD (₹ Cr.)	90+ DPD (%)
Non-Demonetization Impacted States*	406.8	16.5	4.0%
Demonetization Impacted States**	64.6	19.0	29.4%
<b>Total</b>	<b>471.4</b>	<b>35.5</b>	<b>7.5%</b>

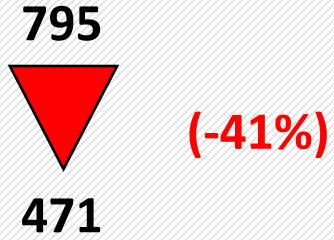
\*Punjab, Rajasthan, Madhya Pradesh, Bihar, Odisha, Chhattisgarh, Jharkhand

\*\* Uttar Pradesh, Uttarakhand, Delhi

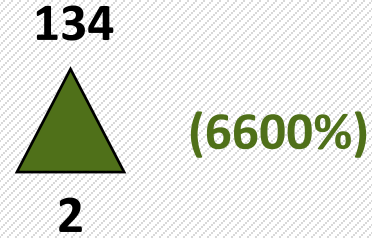
# FINANCIALS

# ➤ ANNUAL CHANGE (FY19 vs FY20)

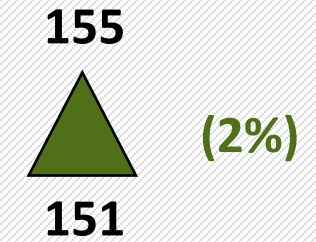
## Assets Under Management (in Cr):



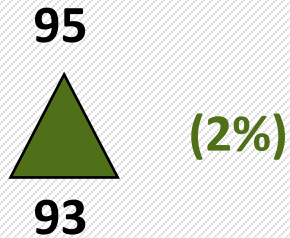
## Capital Digital Initiative (in Cr.):



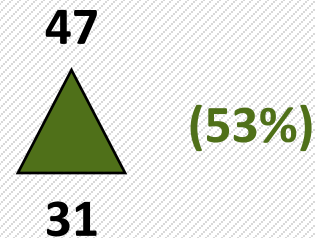
## Net Worth (in Cr):



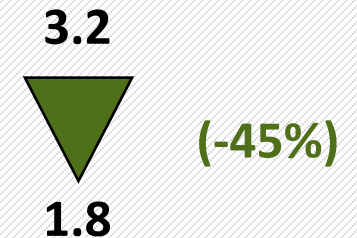
## Book Value Per Share (in Rs):



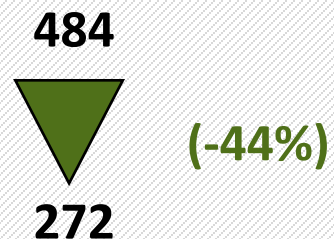
## Capital Adequacy (in %):



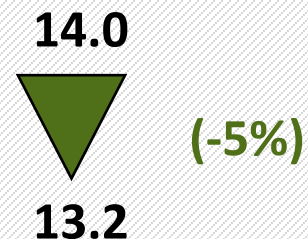
## Leverage (in x):



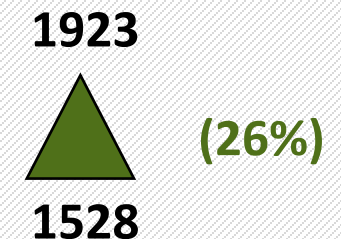
## Borrowings (in Cr):



## Cost Of Borrowings (in %)

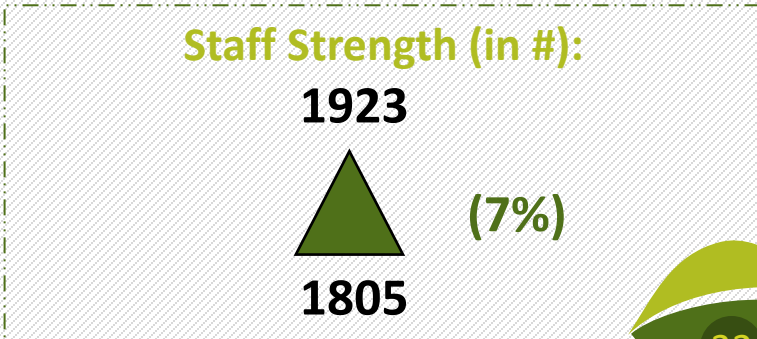
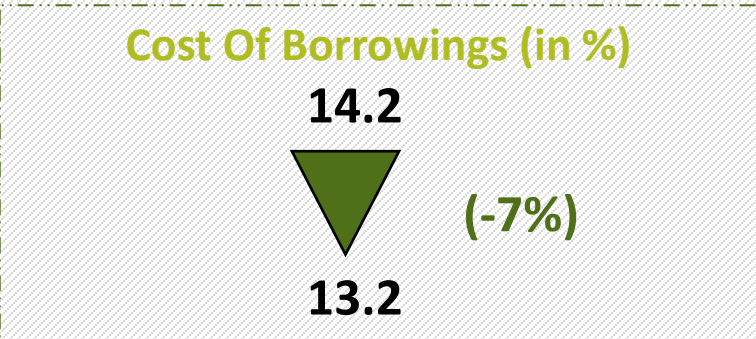
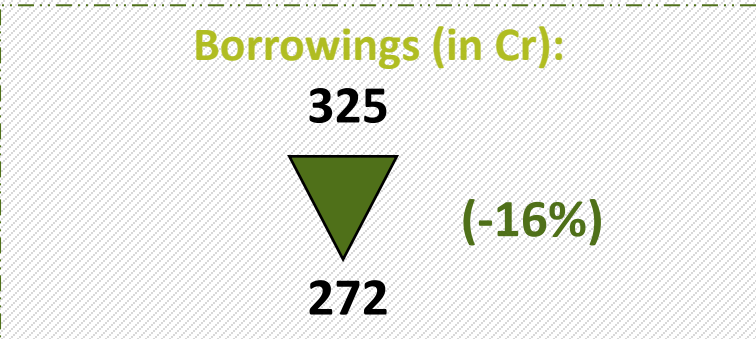
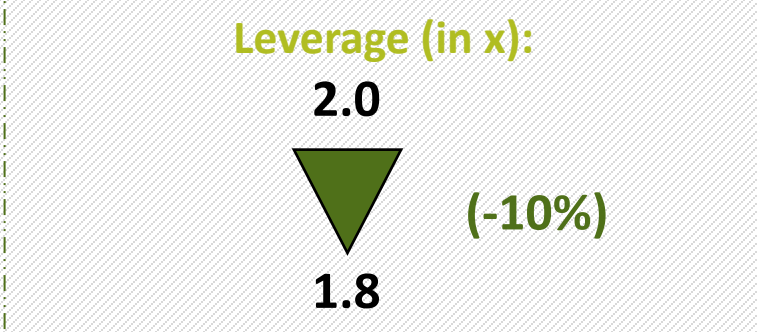
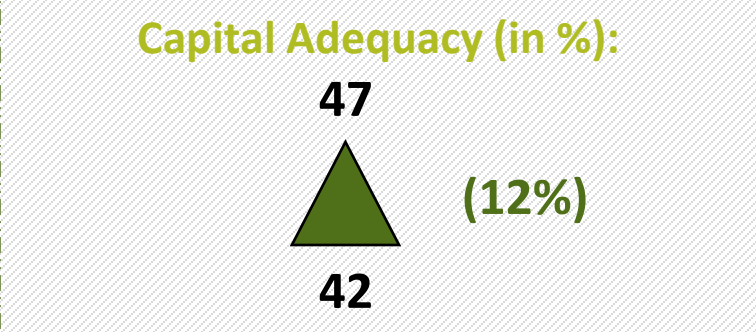
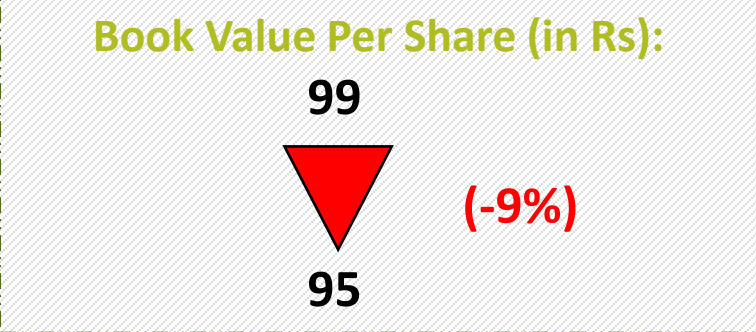
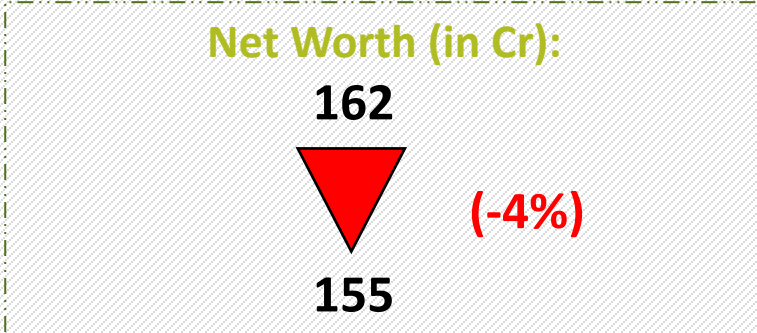
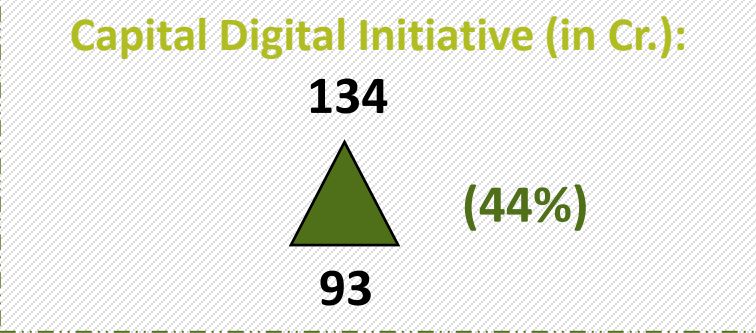
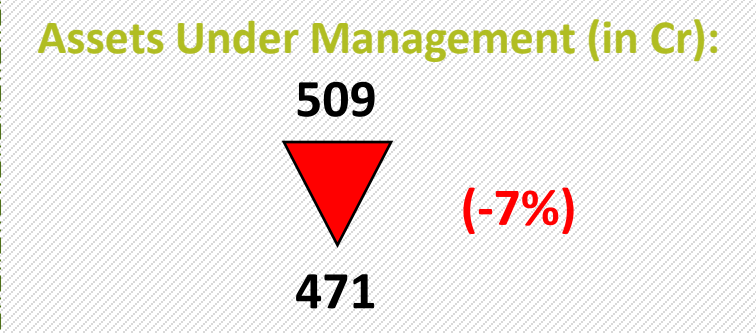


## Staff Strength (in #):





# QUARTER OVER QUARTER CHANGE (Q3FY20 vs Q4FY20)







# KEY FINANCIALS

Line Item	FY19	FY20	(YoY)	Q3 FY20	Q4 FY20	(QoQ)
Total Income	193.2	155.1	-20%	41.5	31.5	-24%
Total Expense (excluding tax)	180.8	141.5	-22%	30.4	36.7	21%
Profit / (loss) before tax	12.4	13.6	10%	11.1	-5.2	-146%
Profit / (loss) after tax	8.6	4.3	-50%	8.2	-6.3	-177%
Net Worth	<b>151.1</b>	<b>154.5</b>	<b>2%</b>	<b>162.1</b>	<b>154.5</b>	<b>-5%</b>

Micro-Enterprise Loan	579.4	285.2	-51%	347.1	285.2	-18%
Micro-Business Loan	0.0	92.6	-	55.1	92.6	68%
Capital Magic Loan	1.9	41.3	2026%	38.0	41.3	9%
Total Micro-Rural Loan	581.4	419.1	-28%	440.2	419.1	-5%
Secured Enterprise Loan	88.6	23.3	-74%	27.7	23.3	-16%
Microfinance Loan	55.4	29.0	-48%	40.6	29.0	-29%
Total Assets Under Management (AUM)	<b>725.4</b>	<b>471.4</b>	<b>-35%</b>	<b>508.5</b>	<b>471.4</b>	<b>-7%</b>

On-Book Portfolio	621.0	317.0	-49%	374.1	317.0	-15%
Off-Book Portfolio	104.4	154.4	48%	134.4	154.4	15%
Total Assets Under Management (AUM)	<b>725.4</b>	<b>471.4</b>	<b>-35%</b>	<b>508.5</b>	<b>471.4</b>	<b>-7%</b>



# KEY RATIOS

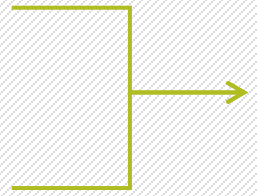
Ratio (IND-AS)	FY19	FY20	(YoY)	Q3 FY20	Q4 FY20	(QoQ)
<b>Net Interest Margin</b>	10.1%	9.2%	-9%	10.7%*	7.8%*	-27%
<b>Operating Cost to AUM Ratio</b>	8.2%	10.5%	28%	12.4%*	15.9%*	29%
<b>Earning Per Share (Rs.)</b>	5.3	2.6	-50%	20.3*	-15.6*	-77%
<b>Book Value Per Share (Rs.)</b>	93.2	95.2	2%	99.1	95.2	-4%
<b>Return on Assets</b>	1.1%	0.7%	-37%	6.1%*	-5.1%*	-184%
<b>Return on Equity</b>	5.8%	2.8%	-52%	20.7%*	-15.9%*	-177%
<b>Gross NPA (%)</b>	8.9%	7.5%	-15%	6.4%	7.5%	18%
<b>Net NPA (%)</b>	0.0%	4.2%	-	3.5%	4.2%	20%
<b>Capital Adequacy Ratio</b>	30.5%	46.7%	53%	41.6%	46.7%	12%
<b>Provision Coverage Ratio</b>	125.4%	52.5%	-58%	46.9%	52.5%	12%
<b>Cost of Borrowing</b>	14.0%	13.2%	-5%	14.2%	13.2%	-7%
<b>Leverage</b>	3.2	1.8	-45%	2.0	1.8	-12%

\*Annualized

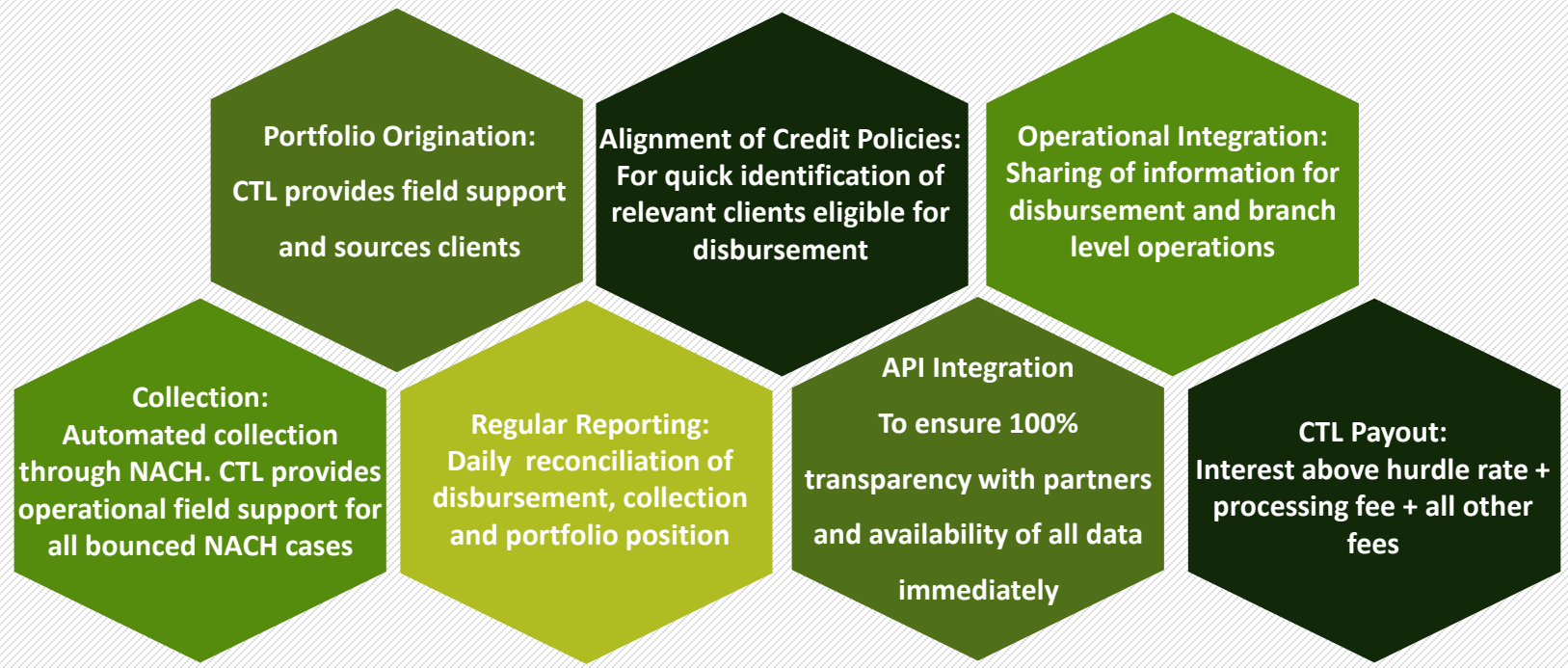
# PARTNERS



# BUSINESS PARTNERSHIPS



**MSME Client (Capital Magic Loan and Micro Business Loan)**



# PARTNERS



**THANK YOU**

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