



CAPITAL TRUST LIMITED

Q4 & FY 2023
INVESTOR
PRESENTATION

May 2023

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 & RECENT UPDATES

 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 **72,049 customers across 92 districts through 297 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.

Important Recent Updates: Launchpad For Future Growth

01 Merger of Subsidiaries

Final merger of subsidiaries (Capital Trust Microfinance and Capital Trust Housing) with the holding company, Capital Trust Limited, was completed in March 2023 (post reservation of order in December 2022).

02 Formalization of Informal MSMEs

In May 2023, RBI released “Formalisation of Informal Micro Enterprises on Udyam Assist Platform” circular thereby classifying all CTL Loans as PSL MSME loans.



03 Successful Bullet Repayments

In April and May 2023, Capital Trust successfully repaid ₹77 Cr bullet repayments (₹45 Cr Sub-Debt repayment to IDFC First Bank and ₹32 Cr NCD+TL repayment to SBI).

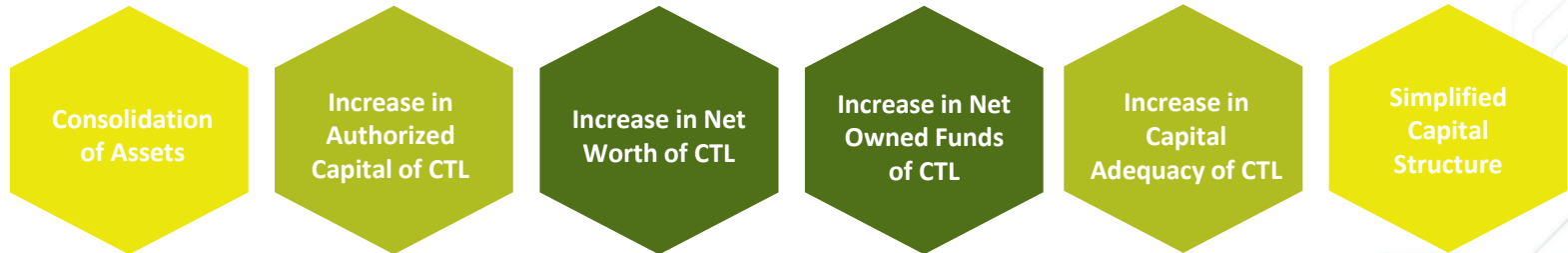
04 Legacy Portfolio Write-Off in Q4FY23

Start of new phase for Capital Trust with complete clean up and significant write off in legacy portfolio (sourced before Dec 2019 with joint liability cash collection, high ticket size, and long tenure).

1. Merger Of Subsidiaries



Benefits Realized:



2. Formalization of Informal MSMEs

RBI/2023-24/27 (FIDD.MSME & NFS.BC.No.09/06.02.31/2023-24) circular
 (“Formalisation of Informal Micro Enterprises on Udyam Assist Platform”)

<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
		₹ 1Lac - 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	

Benefits to CTL:
 MSME PSL Classification, Formalization of sector, Increased funding potential from Banks / NBFCs

3. Successful Bullet Repayments



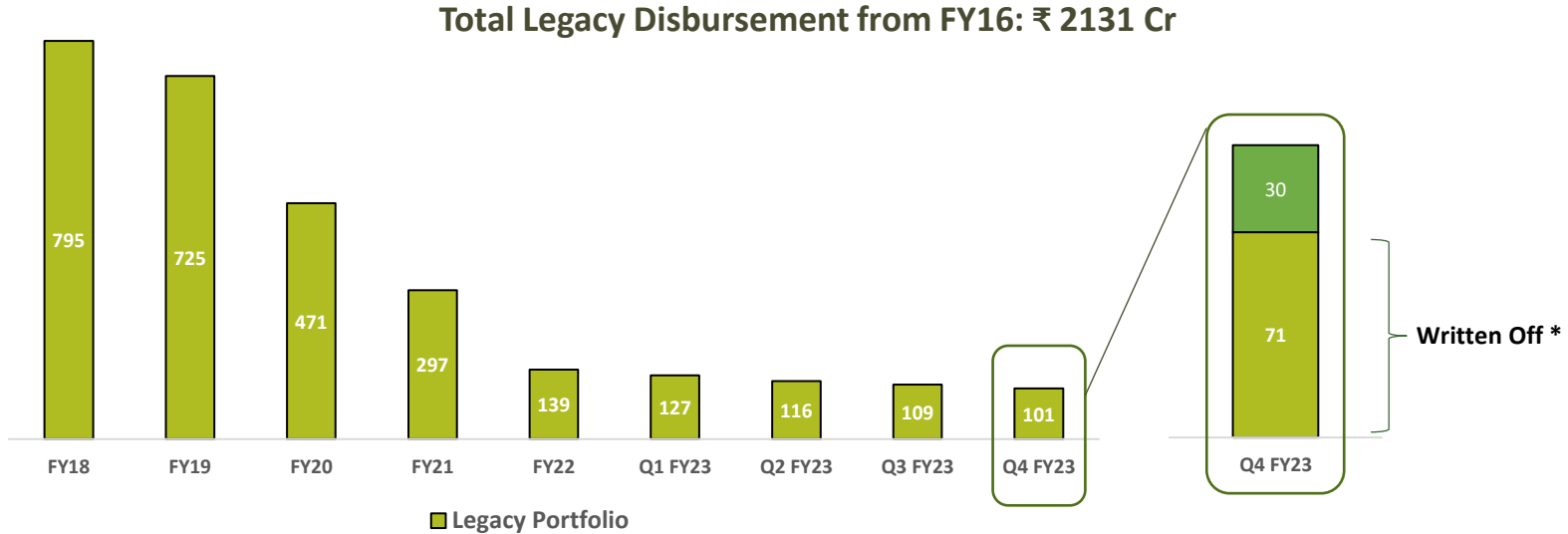
- ₹ 30 Cr NCD repayment on 20th April
- ₹ 2 Cr TL repayment on 30th April



- ₹ 45 Cr Sub-Debt repayment on 1st May

Borrowings: ₹ 96 Cr (March) to ₹ 24 Cr (May)
Capital Adequacy: 56% (March) to 85% (May)
Leverage: 1.3X (March) to 0.3X (May)

4. Legacy Portfolio Write-Off in Q4FY23



Reason for ₹ 71 Cr WO

- Fresh Start (Capital Trust 2.0)
- ₹ 75 Cr Net Worth vs ₹ 120 Cr Net Worth but continuous questions of future losses
- Investor / Banker / Funder focus on CDL and not Legacy portfolio
- Providing clear visibility and growth path for future

* ₹ 17Cr impact taken from provisions, ₹ 54Cr impact taken directly to the P&L

Numbers at a Glance



PORTFOLIO

₹ 150 Cr

Off: ₹ 107 Cr
On: ₹ 43 Cr



NET WORTH

₹ 75 Cr



BORROWINGS

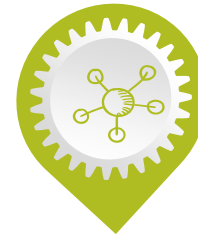
March 23: ₹ 96 Cr
May 23: ₹ 24 Cr

₹ 32 Cr SBI NCD+TL
₹ 45 Cr IDFC SD
closure in April and
May 23



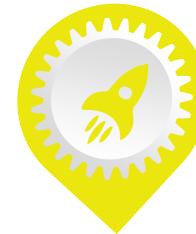
CAPITAL ADEQUACY

March 23: 56%
May 23: ~85%



LEVERAGE

March 23: 1.3X
May 23: 0.3X



GNPA & NNPA

GNPA:
₹ 1.5 Cr (1%)

NNPA: 0%



Provisions

₹ 3.1 Cr

CAPITAL DIGITAL
LOANS



 Capital Trust



Current Product Offering

Product Name	Capital Digital Loan
Type of Loan	Unsecured Income Generating Business Loan
Ticket Size (₹)	30,000 – 75,000
Tenure	12 – 24 months
ROI	32%+
Repayment	Digital NACH 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

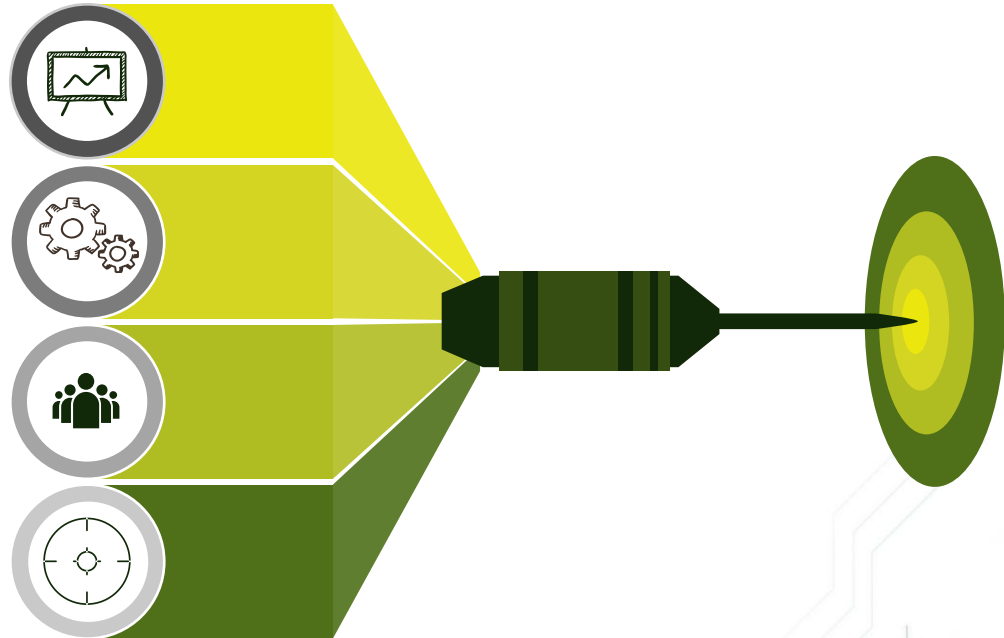
Production Optimization

- 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

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
- 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 hours from onboarding



Our Clientele



Kirana Stores



Dairy and Livestock Farmers



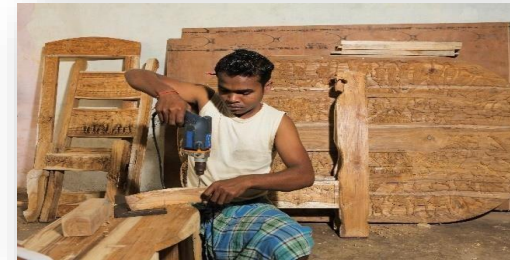
Grocery Vendors



Small Eateries



Textile Stores



Handicraft Manufacturers



Utility Stores

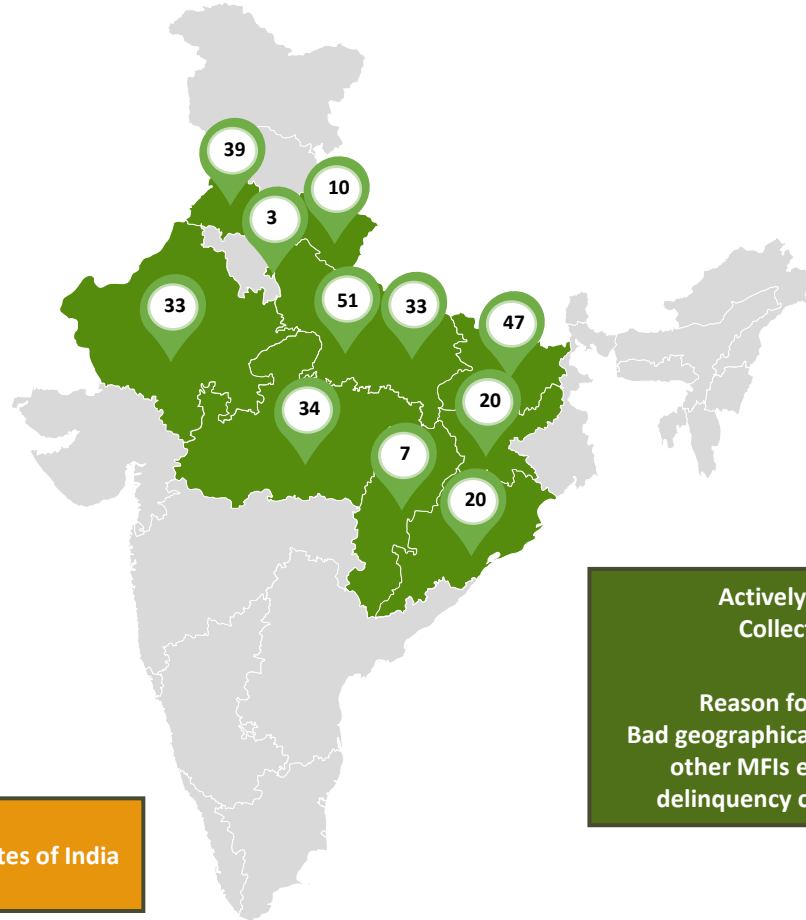


Salons



Flower Vendors

Branch Network




297 Branches spread across 92 Districts in 10 States of India


Actively Disbursing Branches: 176
Collection-Only Branches: 121

Reason for Collection-Only Branches:
Bad geographical delinquency in past, high DPD of other MFIs evident in pin code report, CDL delinquency crossing set 30+DPD benchmark


Portfolio Quality




Total Disbursed:
₹ 512 Cr



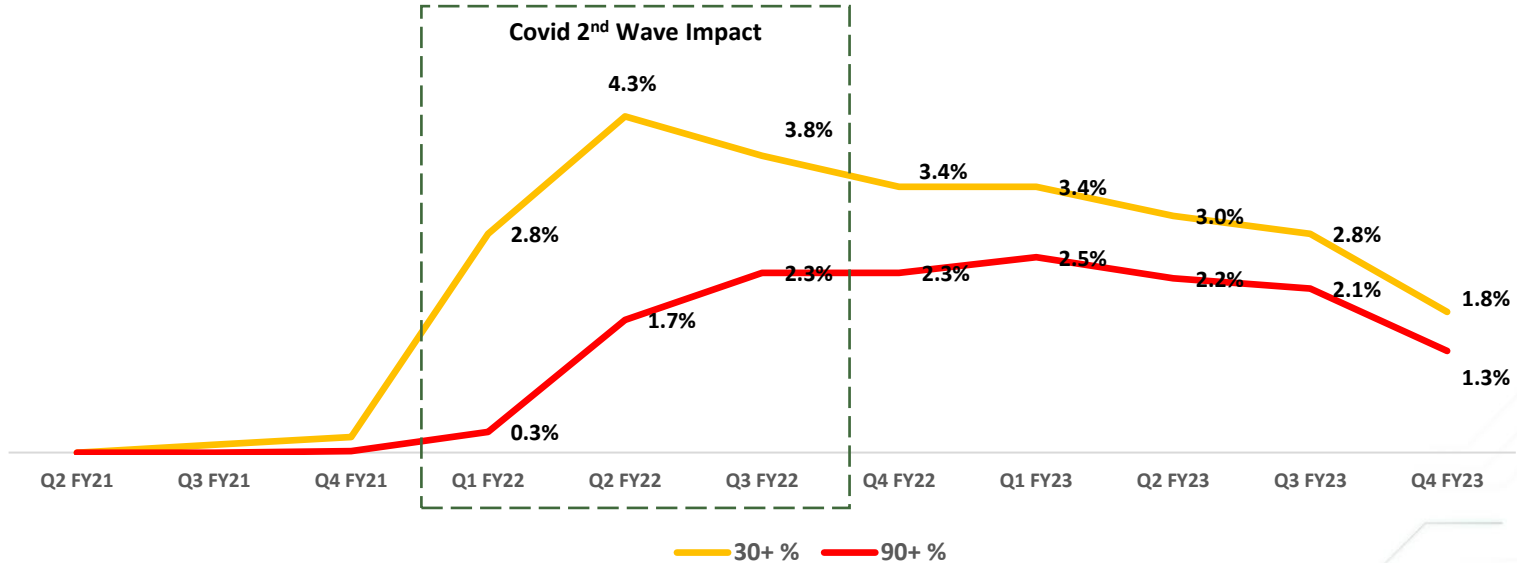
Portfolio Outstanding:
₹ 120 Cr



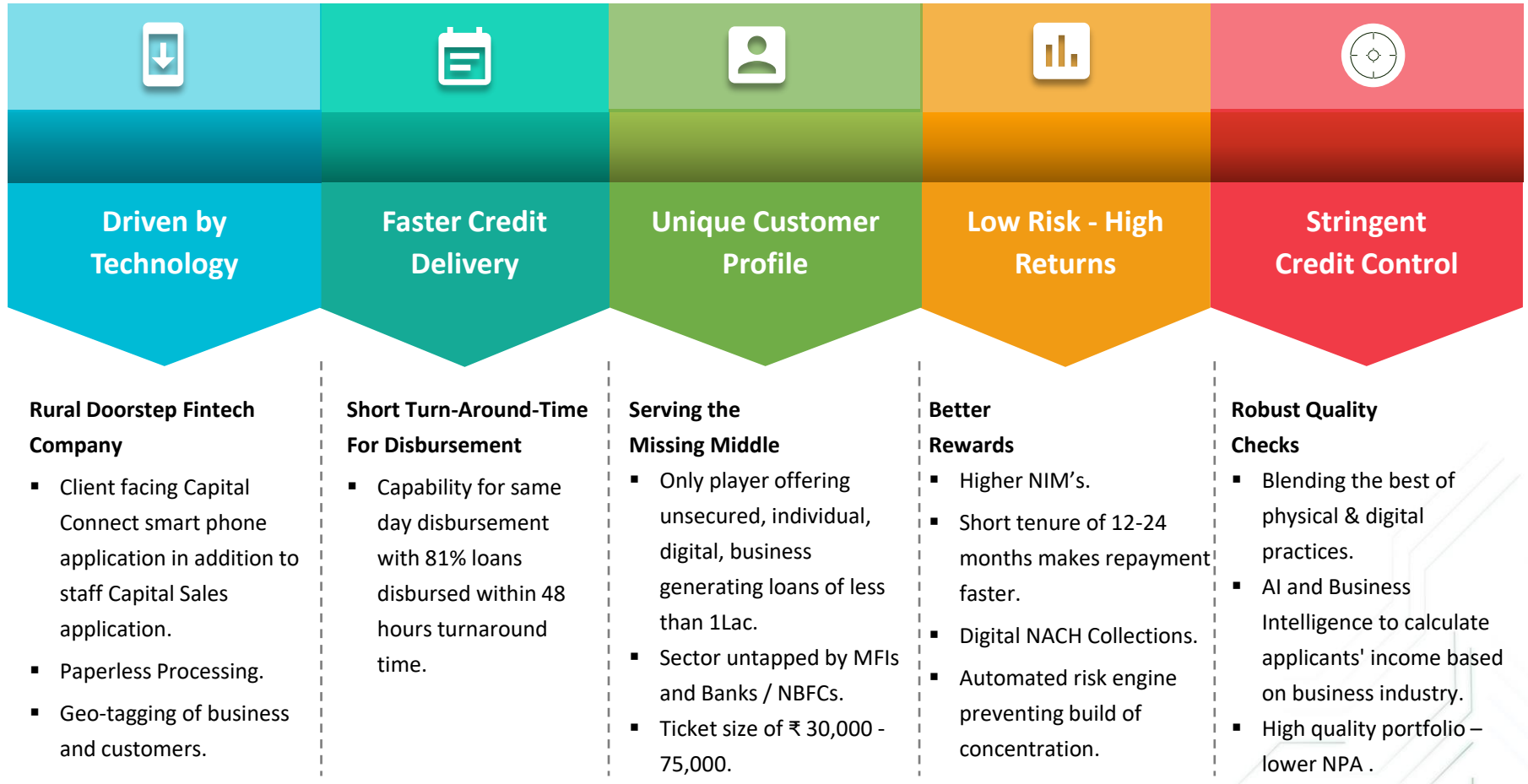
30+ DPD:
1.8%



90+ DPD:
1.3%



Product Features



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

CAPITAL TRUST 2.0



 Capital Trust



Acknowledging What Went Wrong: CDL – Legacy Differentiators



	CDL	Legacy	Enhancement in CDL Product
Timeline	Sourced Post FY20	Sourced Before FY20	-
About	Active flagship product of the company that is automated credit engine backed	Predominantly joint-liability, cash collection product with comparatively larger ticket sizes and longer tenure	-
Collection	Digital NACH collection as 1 st mode of repayment	100% Cash collection	With ~50% digital collection in CDL, lower operational cost
Tenure	12 - 24 months	36 - 60 months	Reduced risk owing to shorter time period. Also, higher client renewal % as client comes back for next loan
Ticket Size	30,000 – 75,000	1,00,000 - 5,00,000	Reduced risk owing to smaller exposure
Rate of Interest	32%+	24-28%	Greater NIMs and higher ability to absorb external factors
Process	Highly tech enabled underwriting, collection and monitoring process	Traditional collection and monitoring process	Use of data and BI to remove subjectivity and possibility of deviation in processes

Capital Trust 2.0: A Clean Slate

1. Remaining Portfolio

- High quality, seasoned AUM with 1% GNPA and 0% NNPA
- ₹120 Cr CDL product with good portfolio performance and ₹30 Cr legacy product with minimum potential of forthcoming losses

2. Pioneers in Technological Advancements

- 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



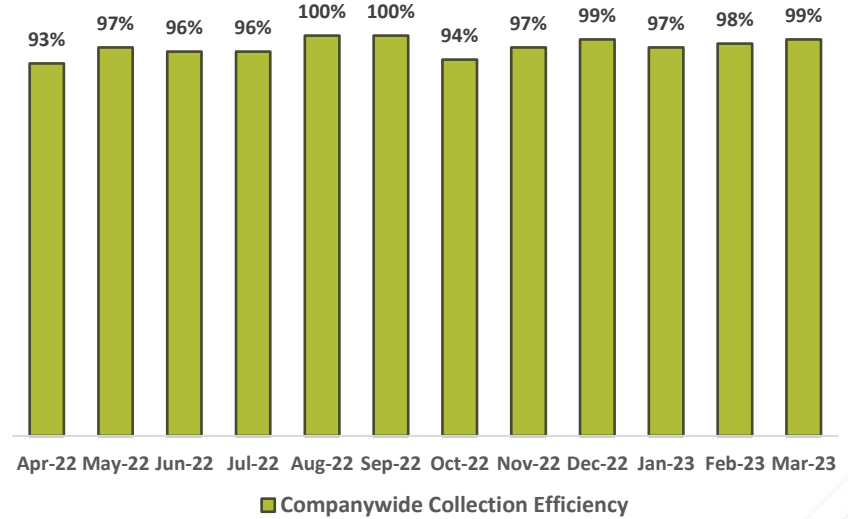
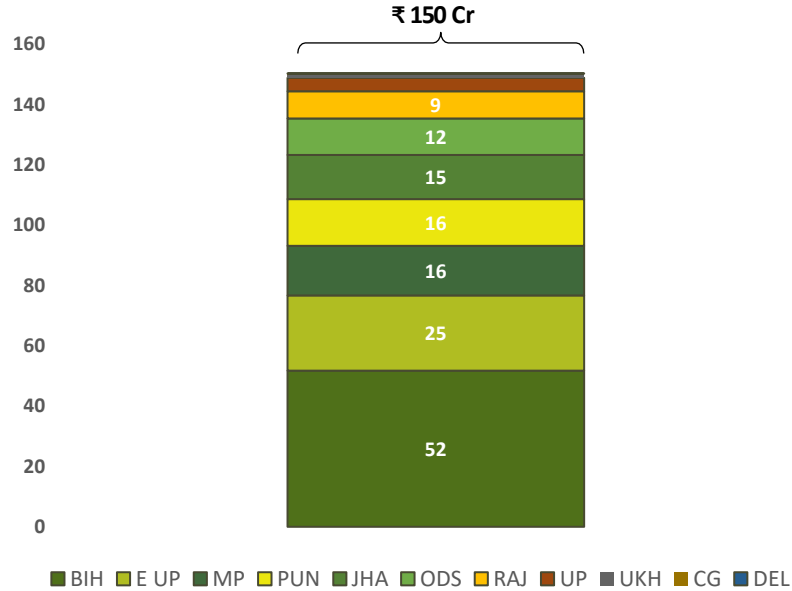
3. Hybrid Dual Credit

- 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)

4. Lending-As-A-Service

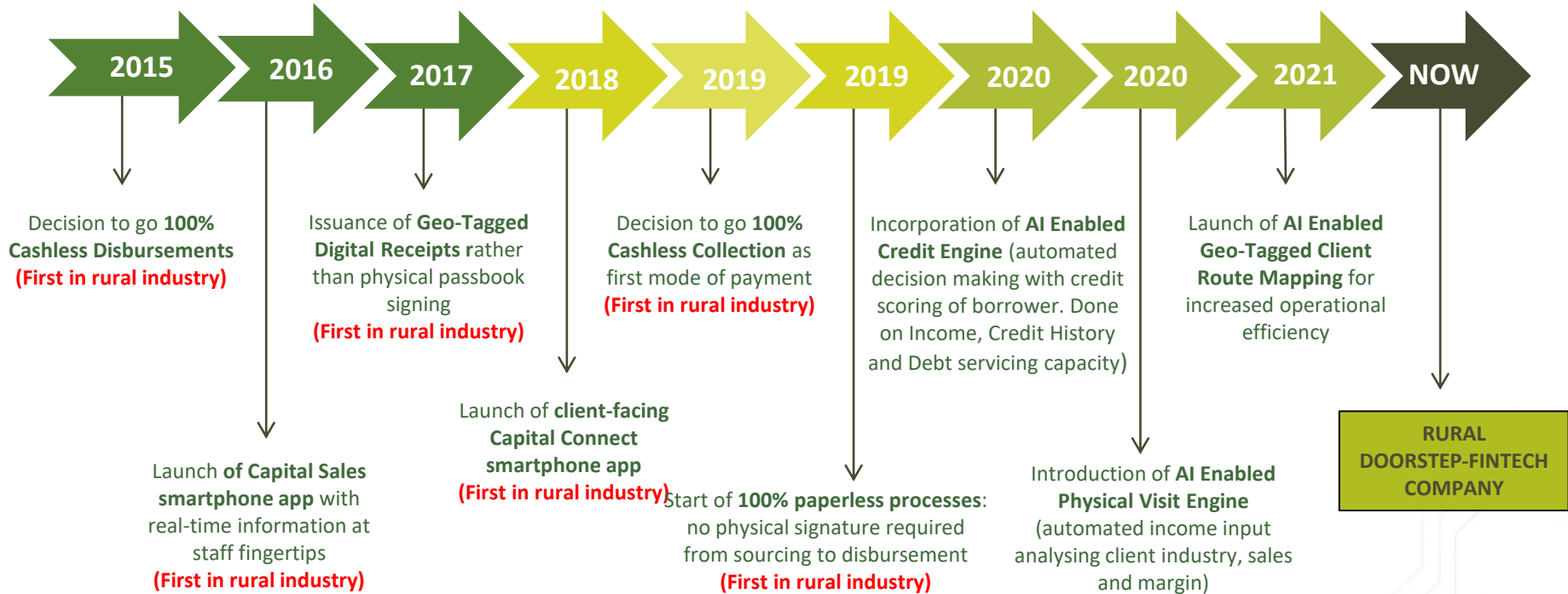
- With the inherent potential to disburse upwards of Rs. 60Cr monthly through its existing branch network, Capital Trust is employing Lending-As-A-Service as a model for growth
- 6 partnerships live with more expected soon

1. Remaining Portfolio



Portfolio Under Management	₹ 150.3 Cr
GNPA	₹ 1.5 Cr
GNPA %	1.0%
Provision Balance	₹ 3.1 Cr
NNPA %	0.0%

2. Pioneers in Technological Advancements



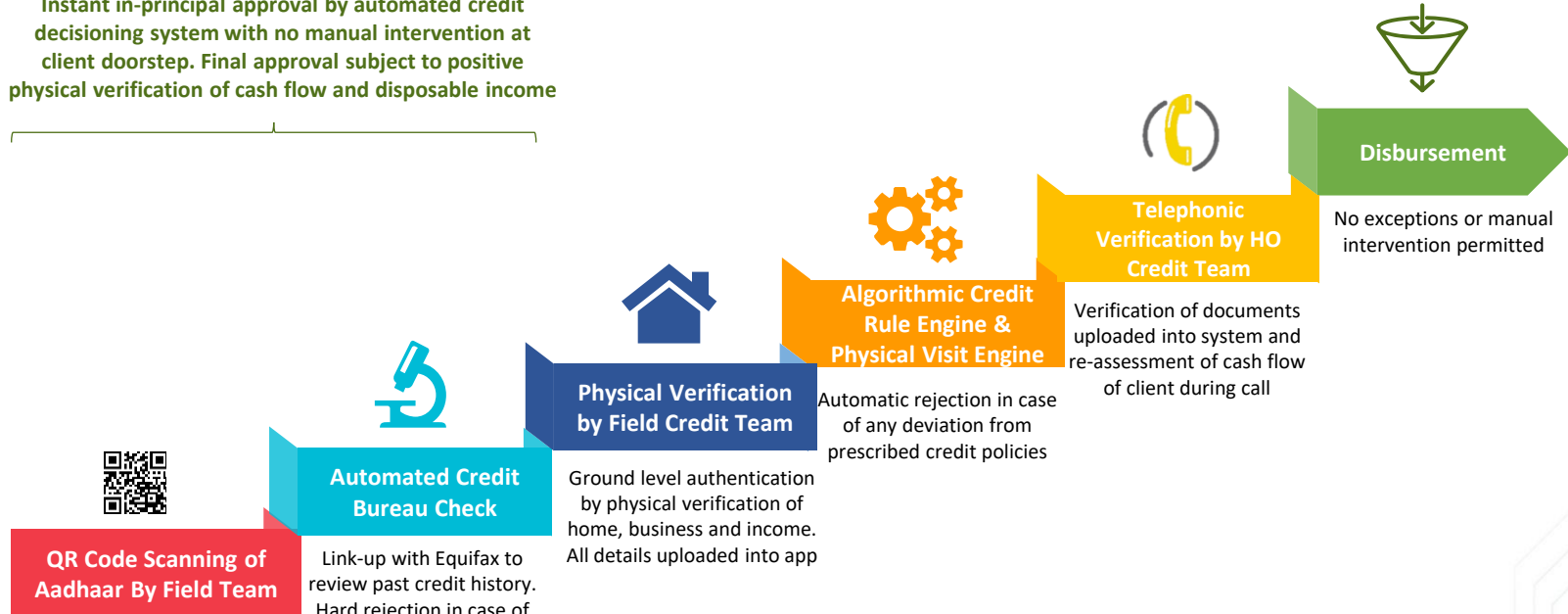
PROACTIVE RATHER THAN REACTIVE:

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 Q4 FY2023

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



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 1.5 years in an aim to offer Lending-As-A-Service (LAAS) BC / Co-Lending Disbursements done with:



	Total Disbursements (₹ in Cr)	POS (₹ in Cr)	30+ % (on POS)	90+ % (on POS)	30+ % (on Disbursement)	90+ % (on Disbursement)
5 Live Partnerships	238	110	1.3%*	0.8%*	0.6%*	0.4%*

CAPRI GLOBAL CAPITAL LIMITED expected to go live in June

* With current portfolio performance, partners have started sharing risk

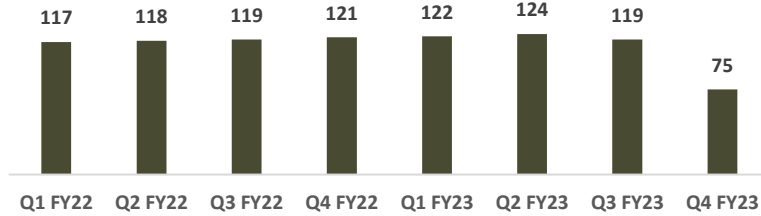


FINANCIALS

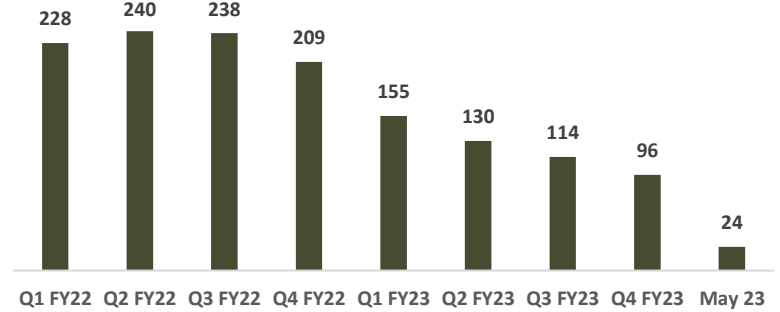


Key Highlights & Ratios

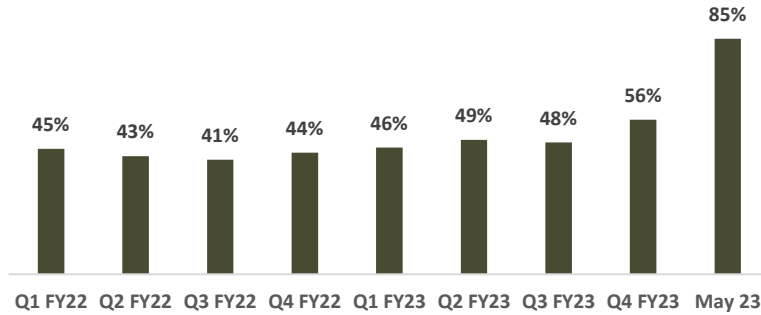
Net Worth (₹ in Crores)



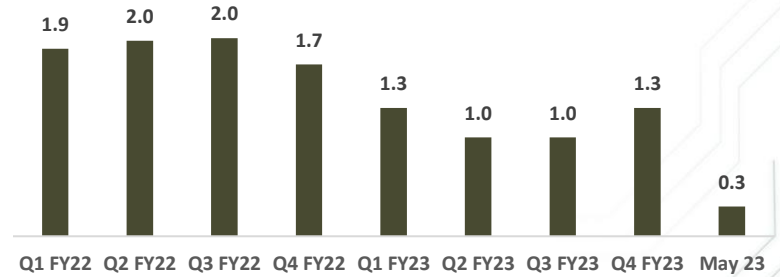
Borrowings (₹ in Crores)



Capital Adequacy Ratio (%)



Leverage (in X)



Key Highlights & Ratios

(₹ in Crores)

Particulars	Q4 FY23	Q4 FY22	YoY %	Q3 FY23	QoQ %	FY23	FY22	YoY %
Total Income	20.0	27.8	-28%	19.8	1%	86.9	106.0	-18%
Total Expense (excluding tax)	81.9	25.4	222%	24.6	232%	148.2	120.2	23%
Profit / Loss After Tax	-46.0	1.6		-3.5		-45.6	-10.8	322%
Net Worth	74.5	120.0	-38%	119.2	-37%	74.5	120.0	-38%
On-Book Portfolio	43.4	229.4	-81%	126.8	-66%	43.4	229.4	-81%
Off-Book Portfolio	106.9	70.8	51%	134.3	-20%	106.9	70.8	51%
Total Assets Under Management (AUM)	150.3	300.2	-50%	261.1	-42%	150.3	300.2	-50%
Net Interest Margin	17.6%*	16.3%*	8%	14.7%*	20%	20.8%	15.9%	31%
Cost Of Borrowing	14.9%	13.4%	11%	14.3%	4%	14.9%	13.4%	11%
Book Value Per Share	46.0	74.3	-38%	73.5	-37%	46.0	74.3	-38%

* Annualized

Consolidated Balance Sheet

(₹ in Crores)

Assets	Q4 FY23	Q3 FY23	Q2 FY23
Financial Assets			
Cash and Cash Equivalents	8.1	12.0	9.1
Bank Balances other than cash & cash Equivalents	65.1	68.4	64.7
Trade Receivables	3.2	3.2	5.5
Loan Portfolio	40.2	106.1	134.8
Investments	0.1	0.0	-
Other Financial Assets	13.4	23.1	21.7
Total Financial Assets	130.1	212.8	235.8
Non-Financial Assets			
Current Tax Assets (Net)	6.0	6.9	7.1
Deferred Tax Assets (Net)	49.3	33.9	34.0
Property, Plant and Equipment	1.3	1.4	1.4
Right to use Asset	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2
Other Non-Financial Assets	0.8	1.1	1.1
Total Non-Financial Assets	57.6	43.5	43.9
Total Assets	187.7	256.3	279.7

Liabilities And Equity	Q4 FY23	Q3 FY23	Q2 FY23
Financial Liabilities			
Trade Payables	0.8	0.8	0.2
Debt Securities	30.0	32.4	41.9
Borrowings other than Debt Securities	20.9	36.4	42.2
Deposits	0.0	0.0	0.0
Subordinate Liabilities	45.0	45.0	44.9
Lease Liabilities	0.0	0.0	0.0
Other Financial Liabilities	13.4	18.4	20.7
Total Financial Liabilities	110.1	133.1	149.9
Non-Financial Liabilities			
Current Tax Liabilities (Net)	0.0	0.0	0.0
Provisions	1.2	1.4	1.4
Other Non-Financial Liabilities	1.8	2.6	4.0
Total Non-Financial Liabilities	3.0	4.0	5.4
Equity			
Equity Share Capital	16.2	16.2	16.2
Other Equity	58.3	102.9	108.2
Total Shareholders Fund	74.5	119.2	124.4
Total Liabilities and Equity	187.7	256.3	279.7



KEY PARTNERSHIPS

 Capital Trust

Equity & Funding Partnerships

Equity:
1



Public Sector Banks:
2



Private Sector Banks:
2



DFI / NBFCs / P2Ps:
9





THANK YOU



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