Capital Trust

INVESTOR PRESENTATION Q1 FY19

Empowering Enterprises

Enriching Lives

INDIA SME 100 Awards
Celebrating SME Achievers of 2015-16

THE 10 MOST ADMIRED FINANCIAL LEADERS TO WATCH IN 2017

DALAL STREET INVESTMENT JOURNAL
400 SMALL-CAPS

DALAL STREET INVESTMENT JOURNAL presents
1000 Top Companies
Annual Results 2017-18

33 YEARS ANNIVERSARY 1985 - 2018

Capital Trust

CONTENTS

COMPANY OVERVIEW

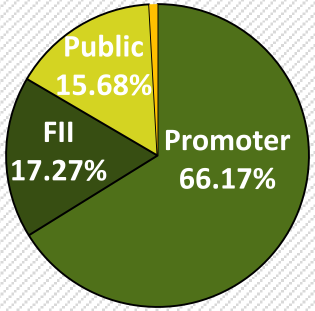
ABOUT THE COMPANY

BACKGROUND

- Incorporated in 1985
- Promoted by prominent bankers including former Governor RBI, Chief Justice of India
- Initial business was advisory to foreign banks
- Listed on BSE (in 1985) and NSE (in 2016)
- Started providing Micro loans in 2008

As on 30.06.2018

AUM:	Clients:	Branches:	Employees:	Bank Borrowings:	Profit After Tax:	Net Worth:	Credit Rating:
Rs. 796 Crores	1.77 Lacs	242	2098	Rs. 511 Crores	Rs. 6.72 Crores	Rs. 226 Crores	BBB+



RECENT UPDATES AND INVESTMENT HYPOTHESIS

RECENT COMPANY UPDATES

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Highlights

- Awarded one of India's **Top 400 Small Cap Companies** by Dalal Street
- Awarded one of India's **Top 1000 Best Performing Corporations** by Dalal Street
- Awarded **78th** position in **FT's 1000 High Growth Companies in Asia-Pacific**
- Closure of **Rs. 150 Crore NCD** with **Baring Private Equity Asia - Credit**
- Hiring of **new top management team (CFO, COO, HR Head, Audit Head, Business Head)**
- Diverse borrowing profile of **24 financial partners (12 banks and 12 NBFCs)**

INVESTMENT HYPOTHESIS

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- **Strong Entry Barriers (**inability of MFIs and non desire of banks to cater to our clients)
- **One Stop Financial Institution** (with a 100% owned MFI subsidiary, we offer loans from 25K-10Lacs)
- **Robust Financials and Established Growth Record** (56% CAGR of AUM in last 3 years, 36% CAR)
- **Extensive Branch Network** (242 branches spread over 62 districts and 10 states)
- **Perfect Example of Digi-Touch Model** (cashless disbursement with fortnightly cash collection)
- **Skin in the Game** (high promoter shareholding of ~66%)
- **Diversified Equity and Liability Partners** (1PE fund, 12 banks and 12 NBFCs providing support)

BUSINESS MODEL

UNIQUE BUSINESS MODEL

Capital Trust Microfinance

MFIs
(Rs. 25K – Rs. 1Lac)

Capital Trust Limited

MISSING MIDDLE
(Rs. 1Lac – Rs. 10Lacs)

Banks and large NBFCs

ASSET FINANCING
(Rs 10Lacs onwards)

Rs. 1.05Lac loan
Footwear Business (Saharanpur)

Rs. 2Lac loan
Yarn Production (Hapur)

Rs. 3Lac loan
Cloth Store (Bareilly)

Rs. 5Lac loan
Handloom Business (Hathras)

EMPOWERING MICRO ENTERPRISES

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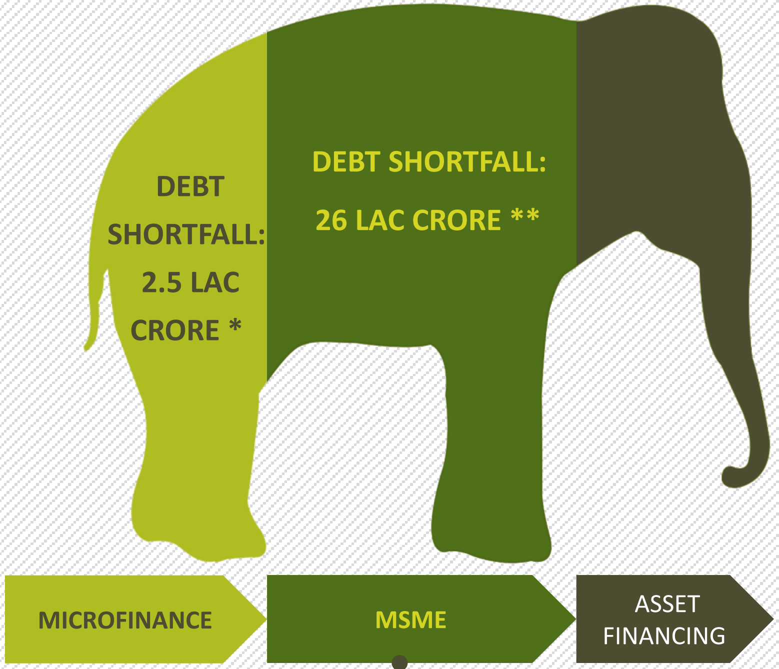

MSME SECTOR

94% of India's 2.65 Crore MSME's are unregistered, hence don't have access to traditional banking

8% of all Microfinance clients graduate to the next economic level each year but do not have access to traditional forms of funding (Mfin)

* Axis Securities Microfinance Report 2016
** IFC Report on Indian MSMEs (2015)

WHO

Typically family-run organizations that employ 1 - 10 people

WHY

MFIs not allowed to provide loans in this ticket size by RBI

Lack of comprehensive formal documentation of accounts, income and business transactions

WHY US

Methods and products designed to meet the customer requirement

Timely credit; feet-on-street model with transparent policies

LOAN PRODUCTS

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MICROFINANCE INDUSTRY

- Loans from Rs. 25,000 – Rs. 40,000
- Tenure: 24 months
- Joint Liability
- Interest Rate: 24.5%

MSME INDUSTRY

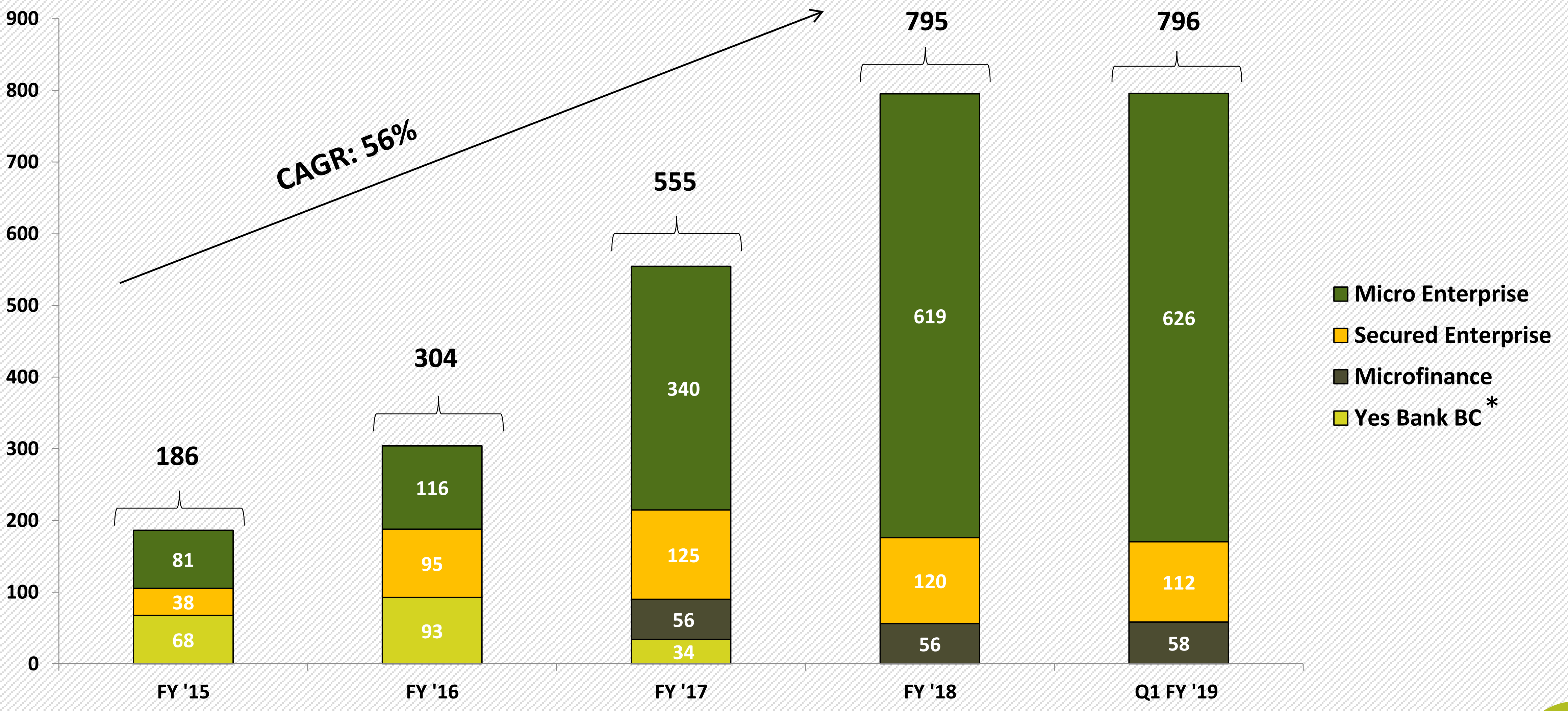
Micro-Enterprise Loan

- Loan of Rs. 1,05,000
- Tenure: 36 months
- Joint Liability
- Interest Rate: 26%

Secured-Enterprise Loan

- Loans from Rs. 1,00,000 – Rs. 10,00,000
- Tenure: 36 – 48 months
- Secured by original property documents of client
- Interest Rate: 28% - 30%

PRODUCT BREAKUP



* Microfinance Loan as a Business Correspondent

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OPERATING MODEL

GEOGRAPHICAL PRESENCE

DELHI
Branches: 4
Portfolio: 15 Crores

UTTARAKHAND
Branches: 17
Portfolio: 57 Crores

PUNJAB
Branches: 40
Portfolio: 180 Crores

UTTAR PRADESH
Branches: 65
Portfolio: 247 Crores

RAJASTHAN
Branches: 32
Portfolio: 106 Crores

BIHAR
Branches: 25
Portfolio: 51 Crores

MADHYA PRADESH
Branches: 25
Portfolio: 87 Crores

ODISHA
Branches: 20
Portfolio: 40 Crores

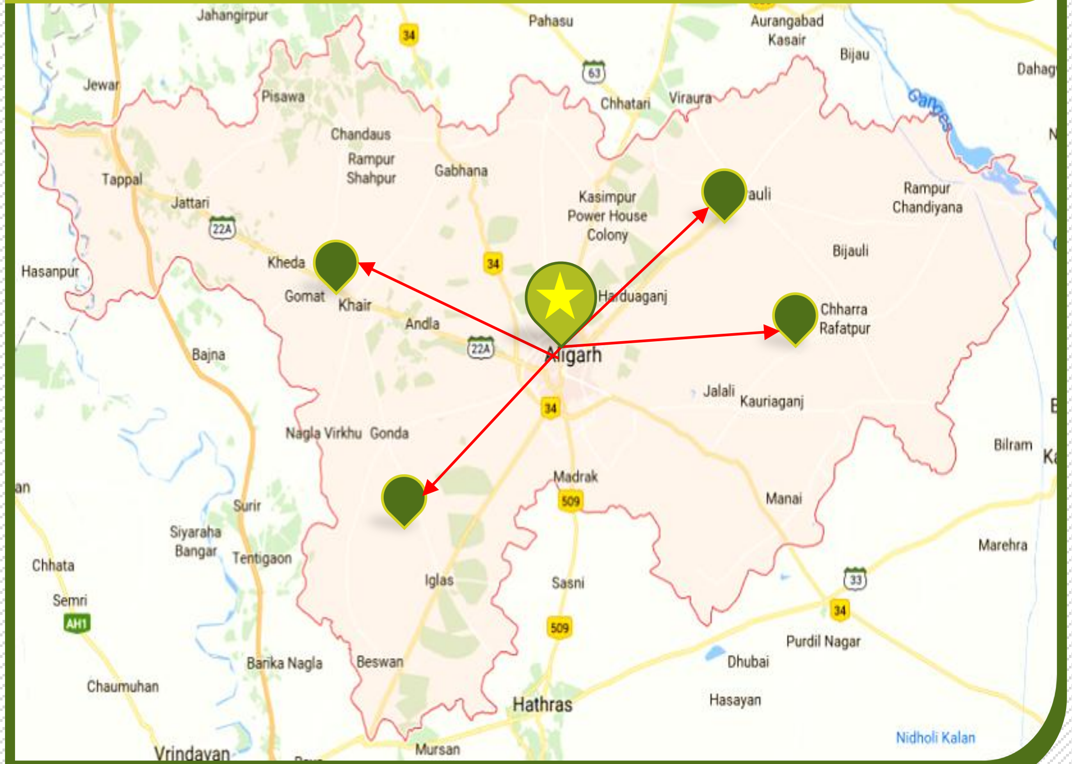
CHHATISGARH
Branches: 6
Portfolio: 4 Crores

JHARKHAND
Branches: 8
Portfolio: 9 Crores

BRANCH NETWORK

HUB-AND-SPOKE MODEL

ALIGARH DISTRICT



DISTRICT LEVEL BRANCH

BLOCK LEVEL BRANCH

DISTRICT OFFICES

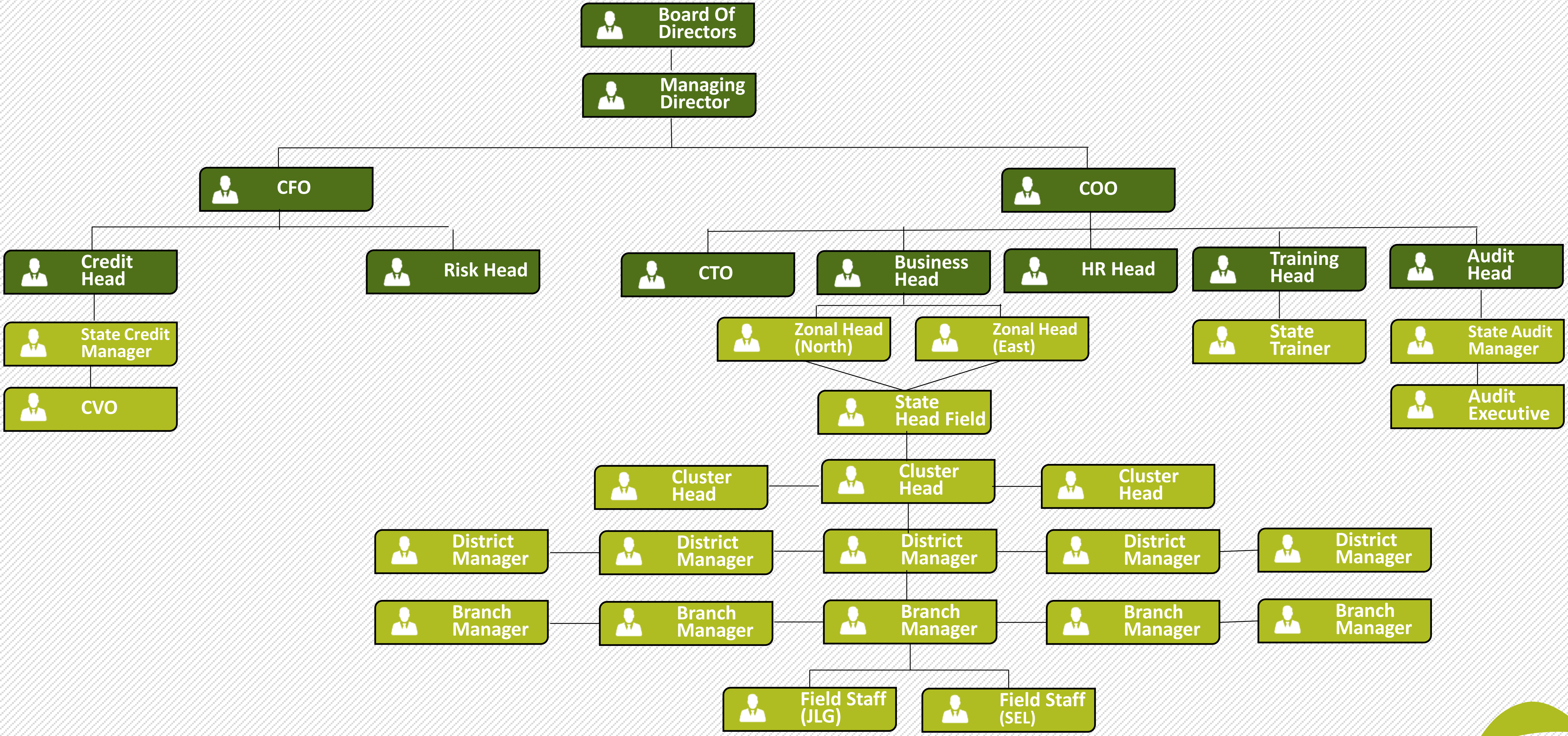
Aligarh

Bijnor

Khanpur

Sehore

ORGANIZATIONAL STRUCTURE



OPERATIONAL AND IT PROWESS

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Cashless Disbursement for all products since April 2015

Staff empowered with smartphones with access to customized mobile application

Client on-boarding and in-principle approval from scanning of client's Aadhar card

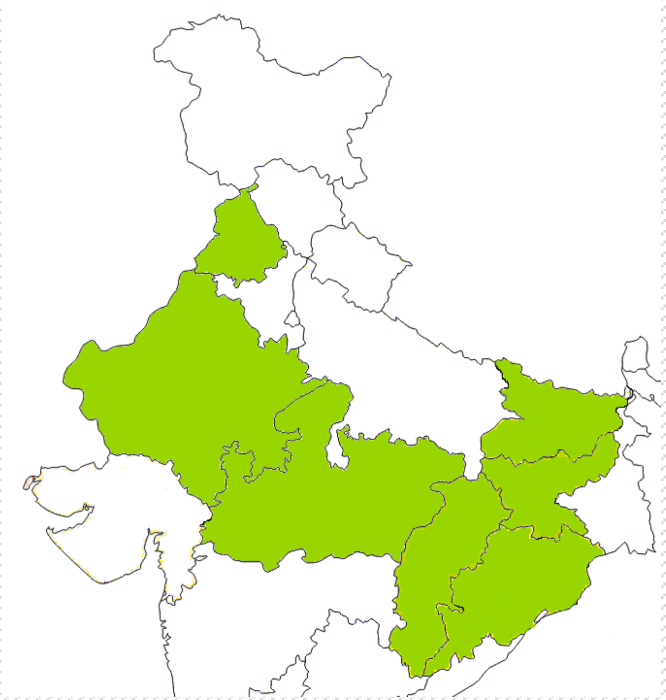
Information available to staff for collections on real-time basis at remotest location in country

Paperless Audit and closing of EOD cashbook branch-wise at 6PM

One of the most technologically advanced NBFCs in this sector

PORTFOLIO UPDATE

NON-AFFECTED STATES (OVERVIEW)



States	Punjab, Rajasthan, Madhya Pradesh, Bihar, Odisha, Jharkhand, Chhattisgarh
AUM	Rs. 477 Crores
90+ %	0.63%
Branches	156
Clients	1.14 Lacs
Staff	1199

NEW LOANS DISBURSED FY17 ONWARDS

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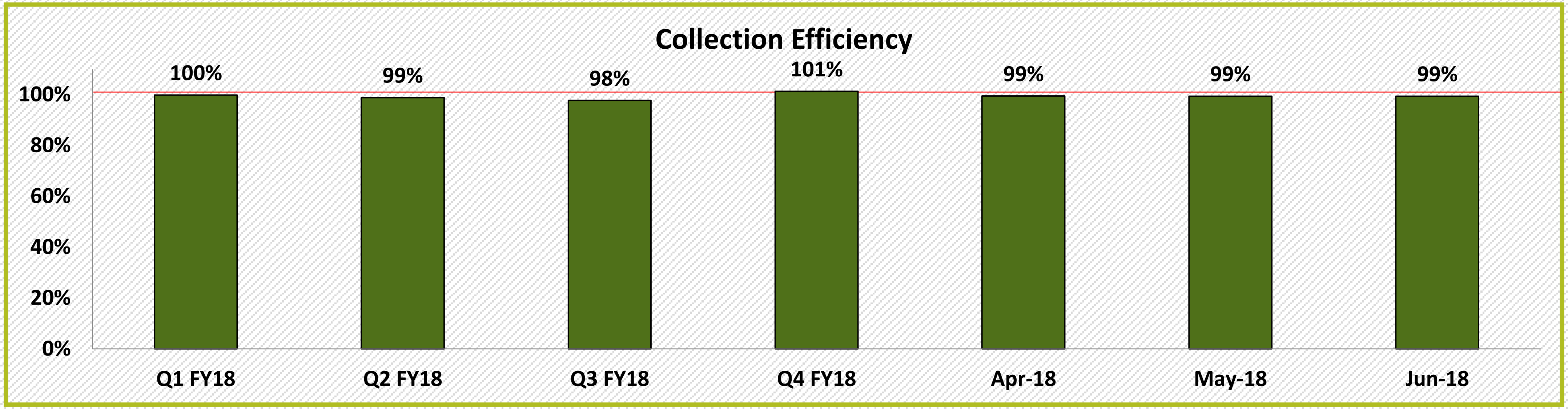
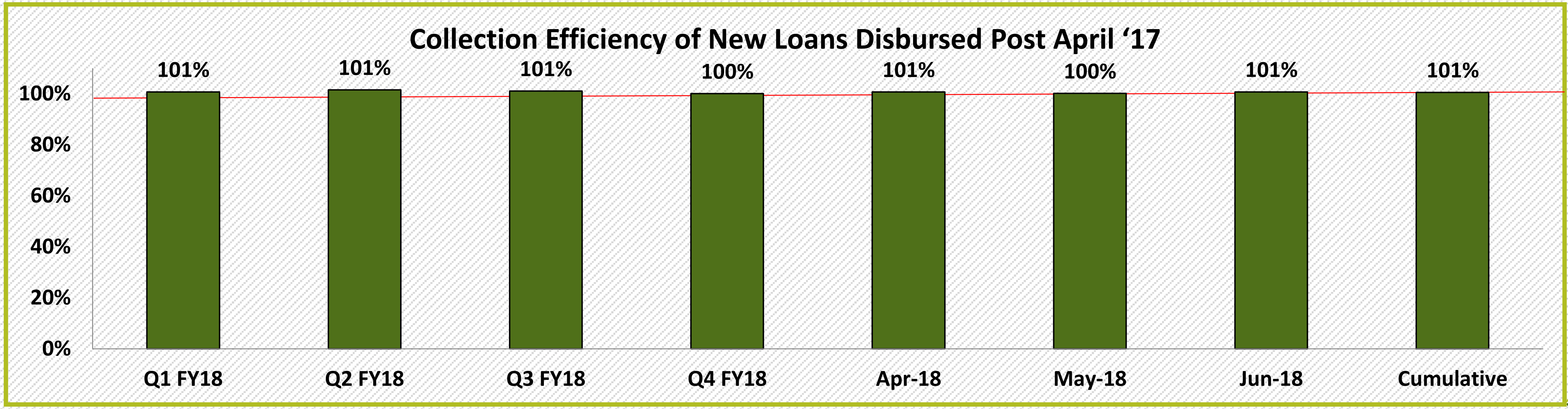
	Non Affected States	Affected States (UP / UKH/ DEL)	Company-Wide
Disbursement	432.79	188.23	621.01
AUM (Cr.)	359.68	157.34	517.01
90+ AUM(Cr.)	0.06	1.44	1.50
90+%	0.02%	0.92%	0.29%

COMPANY-WIDE (PORTFOLIO QUALITY)

	Non Affected States	Affected States (UP / UKH/ DEL)	Company-Wide
AUM (Cr.)	476.93	318.98	795.91
90+ AUM(Cr.)	3.03	84.00	87.03
90+%	0.63%	26.33%	10.93%

NON-AFFECTED STATES (CUMULATIVE COLLECTION UPDATE)





COMPANY-WIDE (CUMULATIVE COLLECTION UPDATE)

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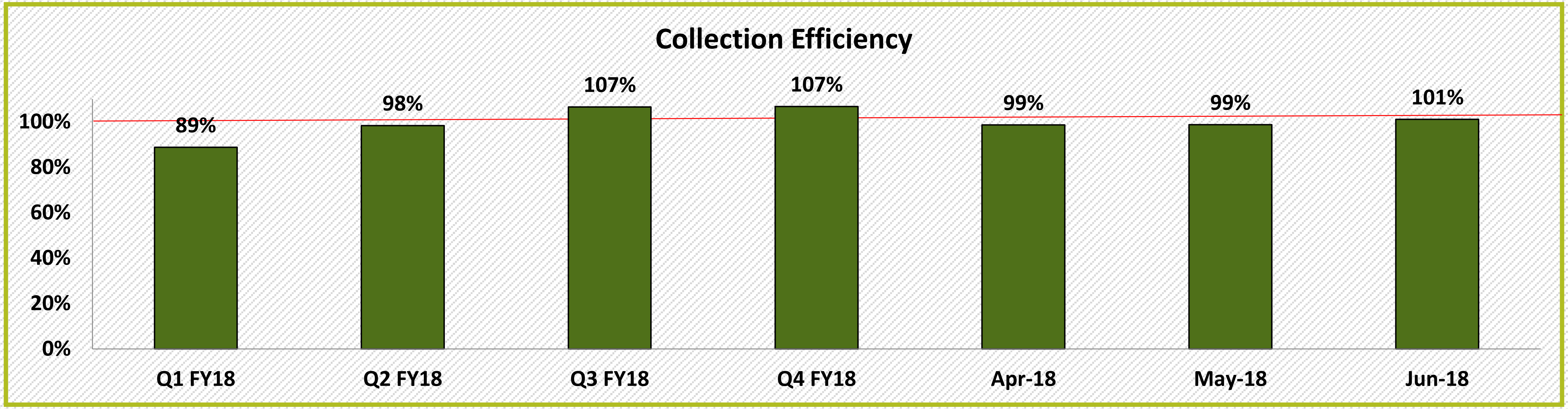
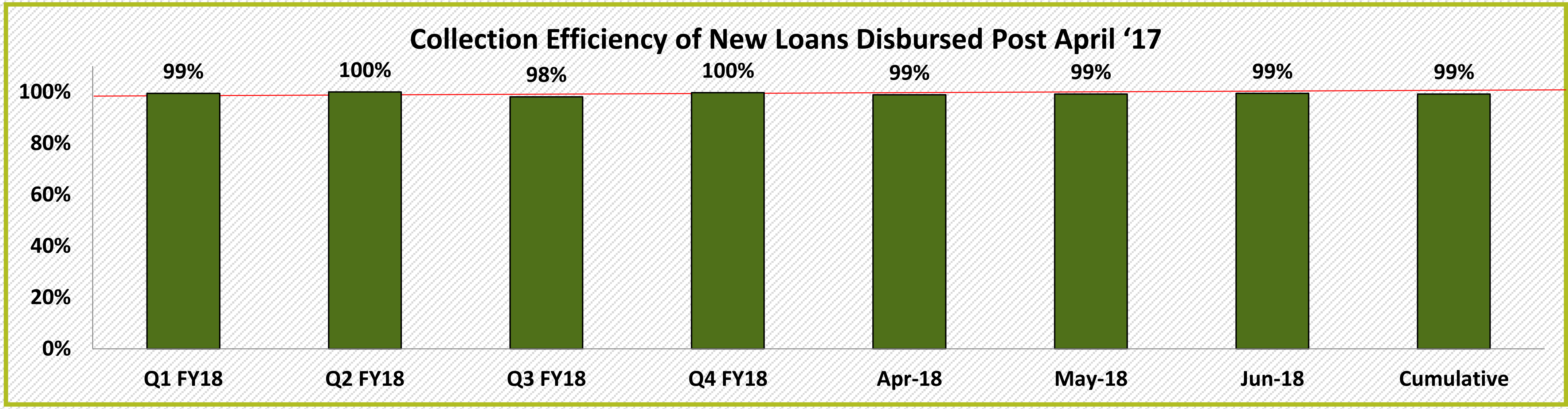
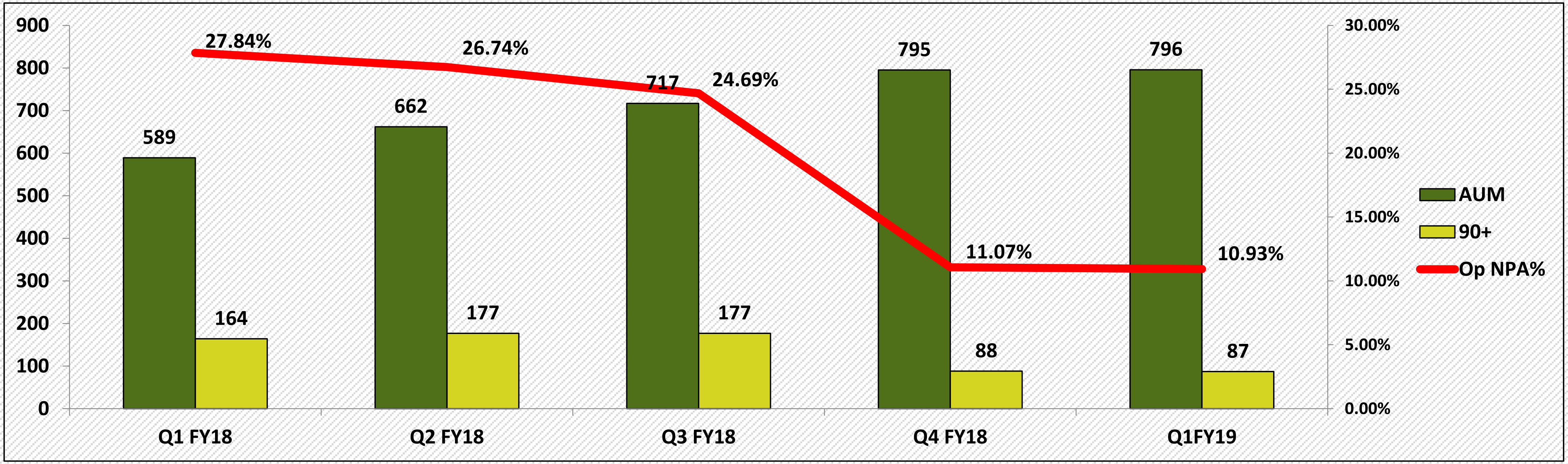




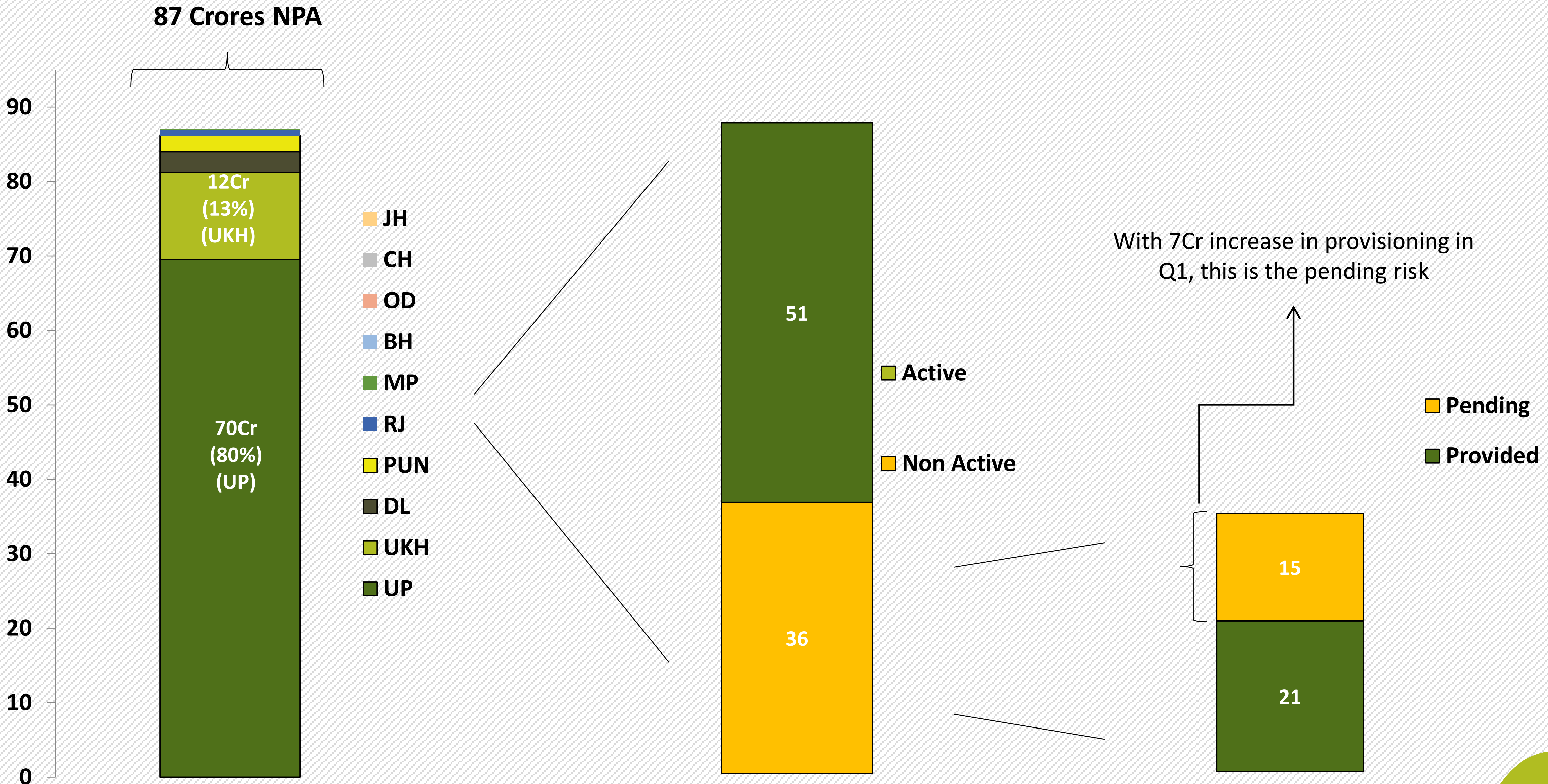
90+ NPA MOVEMENT



Reduction:

Owing to the lag of installments between November ‘16 – March ‘17, the company is dealing with **“Active 90+ cases.”** These are cases that are giving us **timely installments but are still potentially reflecting as NPAs** on our books because of the company’s decision to **not provide any top up loan / do any form of restructuring.** What was a 36month loan is now behaving as a 40-42 month loan. When **the tenure of an active client gets over**, **every additional installment received shifts the client one bucket to the left.**

OUTSTANDING RISK



LINGERING NPAs

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Collection Efficiency: 101.1%
Collection Efficiency of Loans Disbursed Post FY17: 99.2%
NPA% of disbursements post FY17: 0.29%

Why does the company still have high NPA?

Lag of installments (between Nov’16 and Mar’17)

- Foreclose loan
- Pay pending installments in one go
- **Ensure client remains active and NPA reduction would take place once tenure gets over**

Active NPAs

- 51 of the 87 Crore NPA is active and paying installments on time

Internal Accruals to Write-off Risky Portfolio

- Not raised money through equity post demonetization. Managing through internal accruals

FINANCIALS

YEAR-OVER-YEAR GROWTH (Q1FY19 vs Q1FY18)

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Assets Under Management (in Cr):
796
▲ (35%)
589

Profit After Tax (in Cr.):
6.7
▲ (159%)
-11.4

Net Worth (in Cr):
226
▲ (8%)
209

Book Value (in Rs):
138
▲ (8%)
128

Earnings Per Share (in Rs):
16.4
▲ (159%)
-27.8

Total Borrowings (in Cr):
511
▲ (31%)
390

Cost of Borrowings (in %):
13.7
▼ (3%)
13.3

Number of Branches (in #):
242
▲ (49%)
163

Staff Strength (in #):
2098
▲ (32%)
1589

QUARTER-OVER-QUARTER GROWTH (Q1FY19 vs Q4FY18)

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Assets Under Management (in Cr):
796
(0%)
795

Profit After Tax (in Cr.):
6.7
(1217%)
-0.6

Net Worth (in Cr):
226
(3%)
219

Book Value (in Rs):
138
(3%)
134

Earnings Per Share (in Rs):
16.4
(665%)
-2.9

Total Borrowings (in Cr):
538
(5%)
511

Cost of Borrowings (in %):
13.3
(0%)
13.3

Number of Branches (in #):
242
(2%)
237

Staff Strength (in #):
2098
(4%)
2018

KEY FINANCIALS AND RATIOS

Line Item / Ratio	Q1FY18	Q1FY19	(YoY)	Q4FY18	Q1FY19	(QoQ)
Total Income	37.0	51.3	39%	56.0	51.3	-8%
Total Expense (excluding tax)	54.1	41.6	-23%	54.2	41.6	-23%
Profit / (loss) after tax	-11.4	6.7	-159%	-1.2	6.7	-674%
Net Worth	209.0	225.5	8%	218.8	225.5	3%
Micro-Enterprise Loan	381.2	625.7	63%	619.0	625.7	1%
Secured Enterprise Loan	125.2	111.8	-7%	119.9	111.8	-7%
Microfinance Loan	82.6	58.4	-29%	56.3	58.4	4%
Total Assets Under Management (AUM)	589.0	795.9	35%	795.2	795.9	0%
Net Interest Margin	13.3%	14.2%	7%	13.2%	14.2%	8%
Operating Cost to AUM Ratio	7.2%	9.0%	26%	9.5%	9.0%	-5%
Earnings Per Share (Diluted) (Rs.)	-27.8	16.4	159%	-0.7	16.4	2380%
Book Value Per Share (Rs.)	127.8	137.8	8%	133.7	137.8	3%
Return on Assets	-8.4%	3.8%	145%	-0.7%	3.8%	661%
Return on Equity	-21.2%	12.1%	157%	-2.1%	12.1%	665%
Gross 90+ Operational NPA (%)	9.6%	10.9%	13%	11.1%	10.9%	-2%
Provision Coverage	64.8%	24.2%	-63%	15.7%	24.2%	54%
Cost of Borrowing	13.7%	13.3%	-3%	13.3%	13.3%	0%
Capital Adequacy Ratio	39.0%	36.2%	-7%	34.8%	36.2%	4%

PARTNERS

PARTNERS

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LIGHTHOUSE

Baring Private Equity Asia

State Bank of India

Andhra Bank

SIDBI
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

बैंक ऑफ महाराष्ट्र
Bank of Maharashtra
ONE FAMILY ONE BANK
A Govt. of India Enterprise

Bank of India

IDBI BANK

UCO BANK

Union Bank of India

DCB BANK

KVB Karur Vysya Bank
Smart way to bank

YES BANK

AU SMALL FINANCE BANK

SHRIRAM City
MONEY WHEN YOU NEED IT MOST

Nabsamruddhi Finance Limited
A Subsidiary of NABARD
Formerly Agri Business Finance Limited

NABKISAN FINANCE LIMITED
A Subsidiary of NABARD
(Formerly Agri Development Finance (Tamilnadu) Limited)

nabfins

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PAPPACHAN muthoot

EXCELLENCE THROUGH ENDEAVOURS
MAS
FINANCIAL SERVICES LTD.
The Power of Distribution

OIKO CREDIT
investing in people

HINDUJA LEYLAND FINANCE

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THANK YOU

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