Capital Trust

INVESTOR PRESENTATION Q4 FY20

Enriching Lives

Empowering Enterprises

35 YEARS
1985-2020

COMPANY OVERVIEW

PERFORMANCE MILESTONES

CapitalTrust

₹ 600Cr Co-Lending Partnership with a NBFC

- Capital Digital Loans Initiative
- Lending Partnership with IDFC Bank

- ₹ 65Cr PE investment
- ₹ 35Cr Promoter infusion through warrants
- Acquisition of Microfinance subsidiary
- Listing on NSE

Ventured into MSME funding

Started rural lending operations

- Incorporation
- Advisory to foreign banks
- Listing on BSE

| 1985 | 2008 | 2012 | 2016 | 2019 | 2020 |

Company Position as on 31.03.2020

Portfolio:	Clients:	Branches:	States:	Employees:	FY20 PBT:
₹ 471 Cr	155,584	241	10	1923	₹ 14 Cr

Shareholding:

- Public 15.68%
- FII 17.27%
- Promoter 66.17%

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COVID-19 UPDATE

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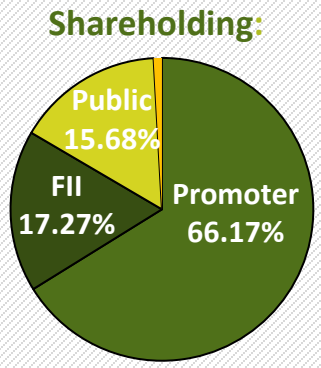
With the Government of India declaring a National Lockdown on 25 March 2020 to tackle the global pandemic, update on key company parameters is provided below:

Collections *

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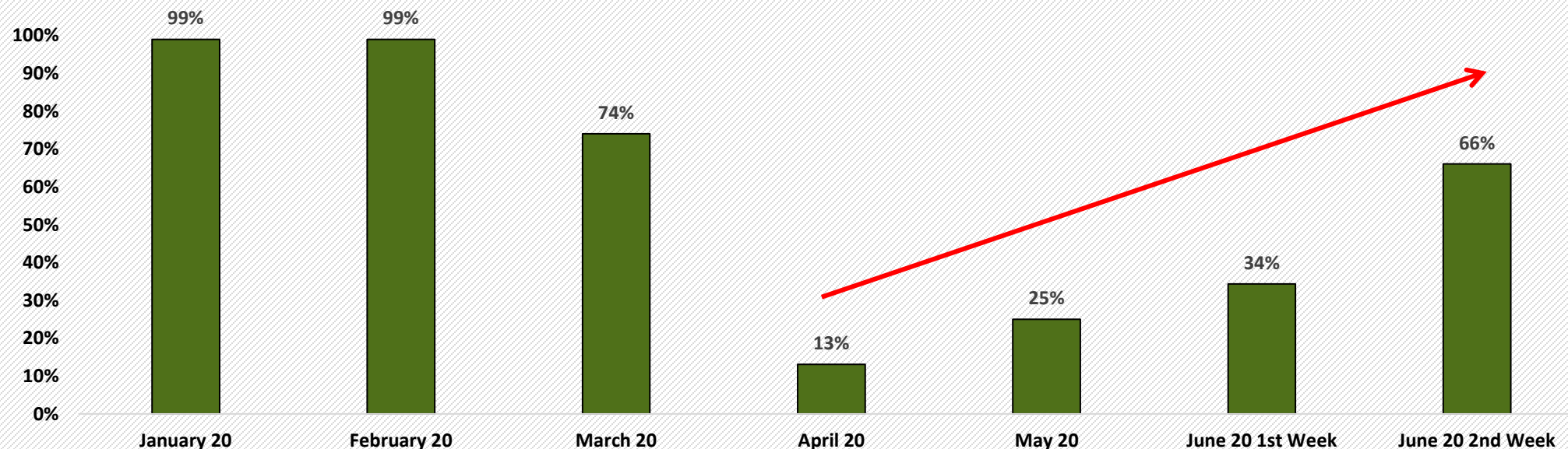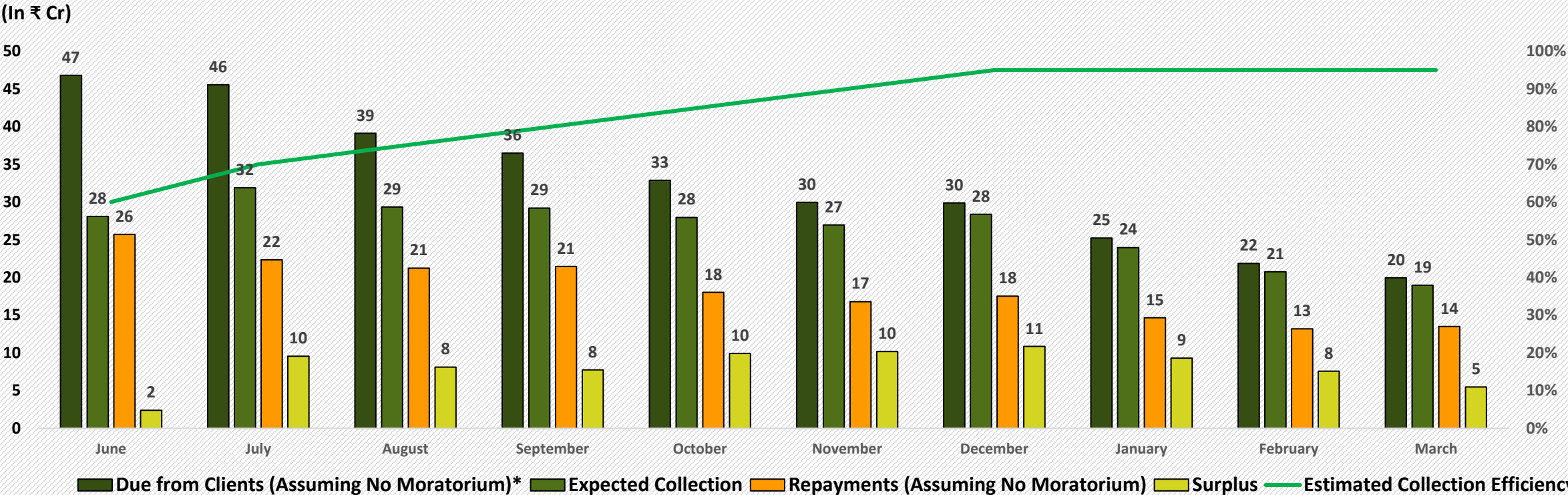- All 241 branches open

January 20	99%
February 20	99%
March 20	74%
April 20	13%
May 20	25%
June 20 1st Week	34%
June 20 2nd Week	66%

* Without factoring Moratorium given to clients

COVID-19 BUSINESS UPDATE

CapitalTrust

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

(In ₹ Cr)

Legend:
- Due from Clients (Assuming No Moratorium)*
- Expected Collection
- Repayments (Assuming No Moratorium)
- Surplus
- Estimated Collection Efficiency

Month	Due from Clients	Expected Collection	Repayments	Surplus
June	47	28	26	2
July	46	32	22	10
August	39	29	21	8
September	36	29	21	8
October	33	28	18	10
November	30	27	17	10
December	30	28	18	11
January	25	24	15	9
February	22	21	13	8
March	20	19	14	5

* Assuming no incremental disbursements

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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

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

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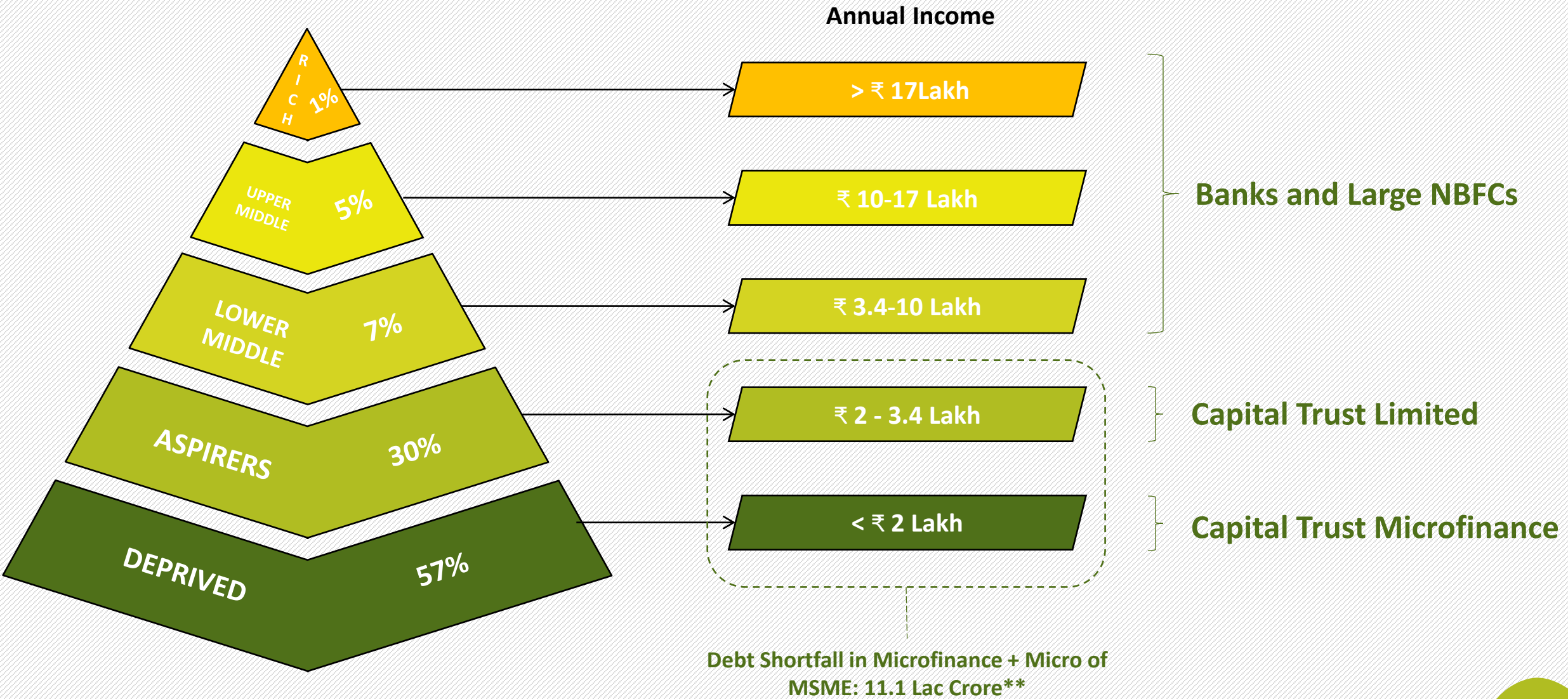- Implementation of Automated Analytical Credit, Disbursement, Branch and Staff Engines

Data Analytics and Business Intelligence
- Further strengthening of Alternative Data Analysis

TARGET SEGMENT

SERVING THE UNSERVED

Annual Income

Pyramid Segment	Annual Income	Served By
RICH — 1%	> ₹ 17Lakh	Banks and Large NBFCs
UPPER MIDDLE — 5%	₹ 10-17 Lakh	Banks and Large NBFCs
LOWER MIDDLE — 7%	₹ 3.4-10 Lakh	Banks and Large NBFCs
ASPIRERS — 30%	₹ 2 - 3.4 Lakh	Capital Trust Limited
DEPRIVED — 57%	< ₹ 2 Lakh	Capital Trust Microfinance

Debt Shortfall in Microfinance + Micro of MSME: 11.1 Lac Crore**

Formal Income 🚫

Income Proof 🚫

Filing Taxes 🚫

Debt

REJECTED
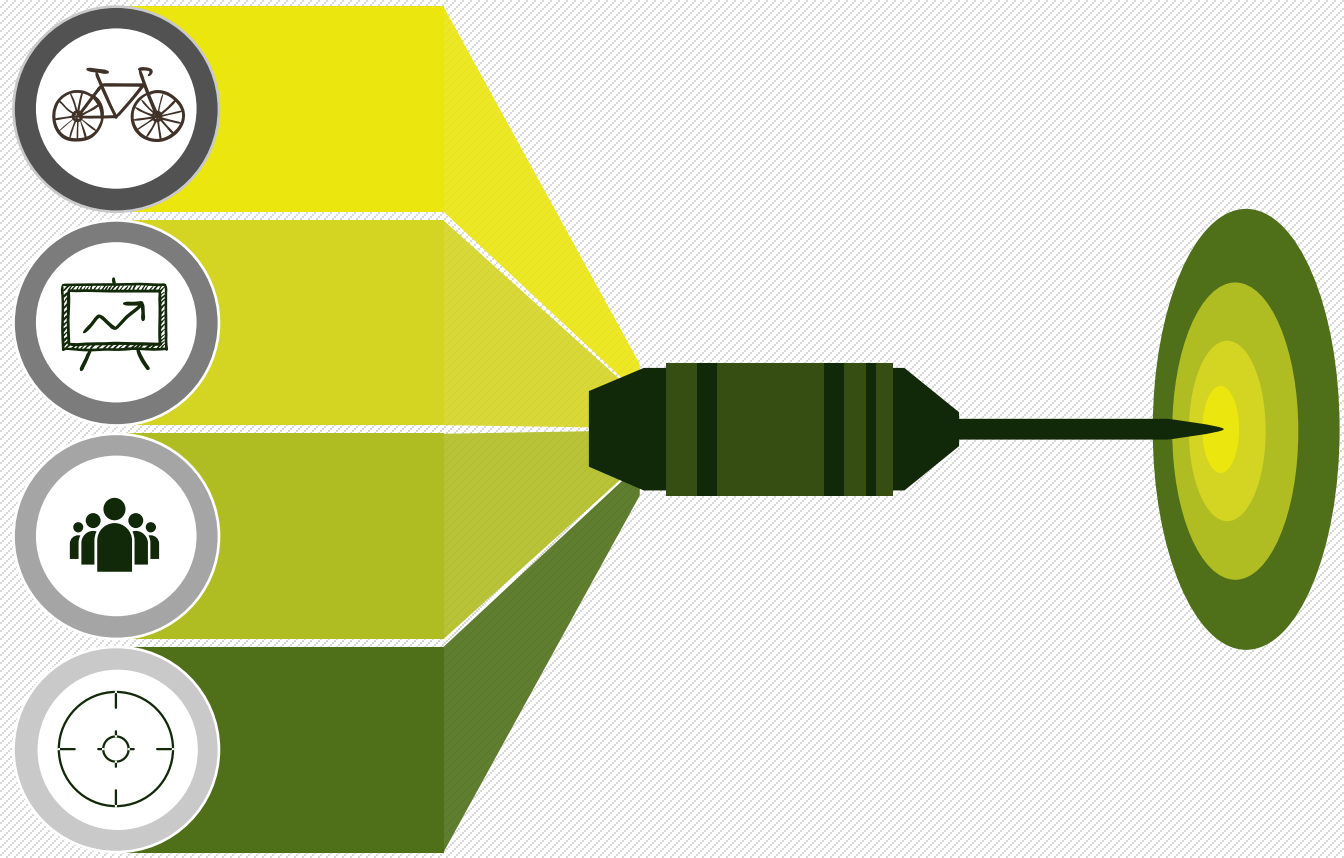
General Stores

Diary and Livestock Farmers

Handloom Units

Small Eateries

Textile Stores

Local Handicraft Producers

Sewing Stores

Hair Salons

Utensil Stores

UNIQUE SELLING PROPOSITION

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

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

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

Extensive Rural Branch Network
241 branches in 63 districts and 10 states encapsulating 'feet on street' model with perfect Tech-Touch balance
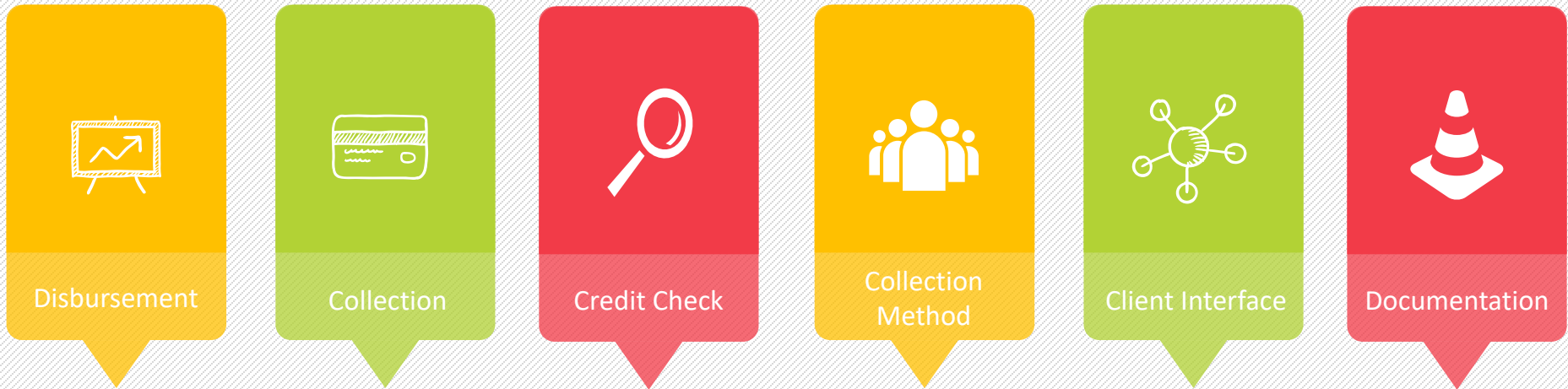
Technology
Automated systems and processes from on-boarding to disbursement with no exceptions. Auto-generation of branch cash books through collation of issued Digital Receipts. First rural NBFC with client facing application

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

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CAPITAL TRUST DIFFERENTIATORS

	Disbursement	Collection	Credit Check	Collection Method	Client Interface	Documentation
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
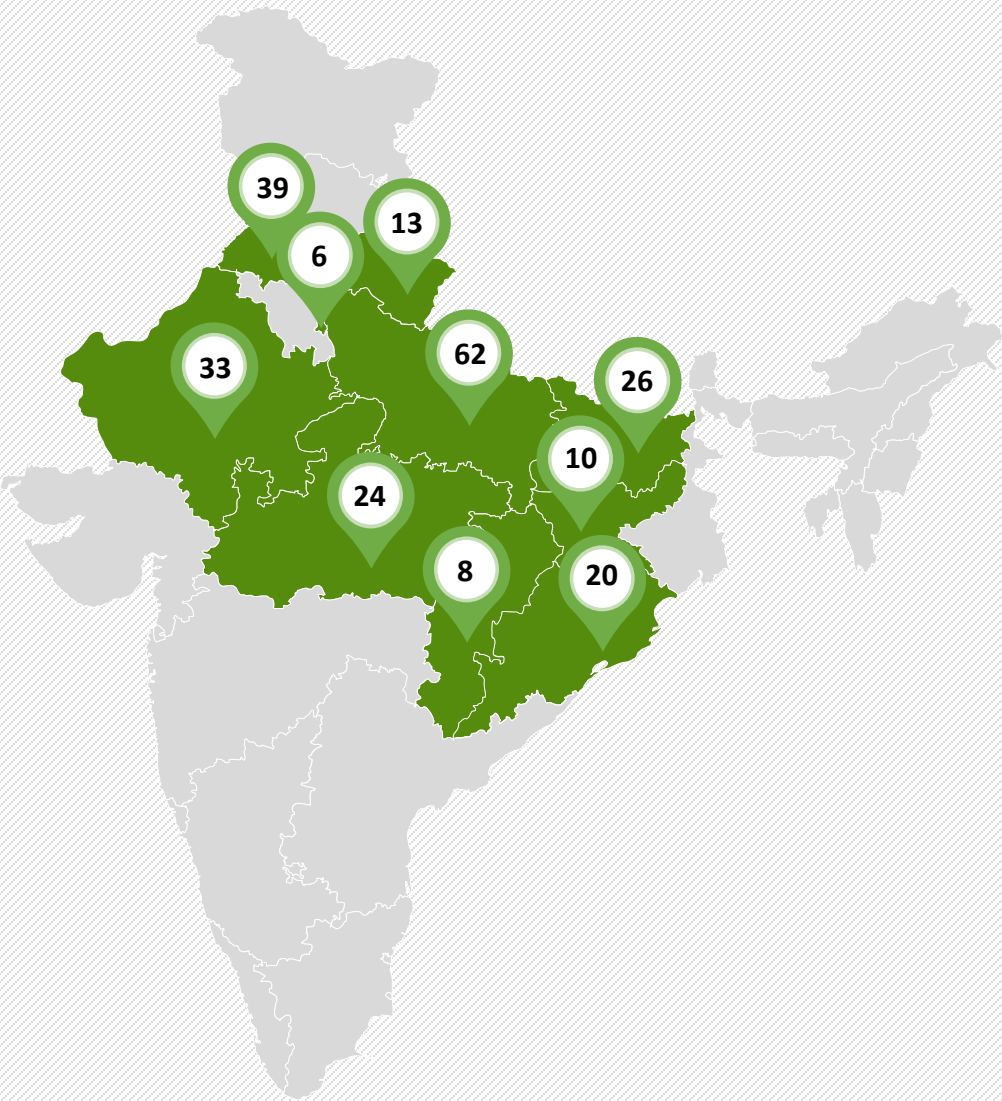
Branches: 241
Districts: 63
States: 10

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

Safety

Efficiency
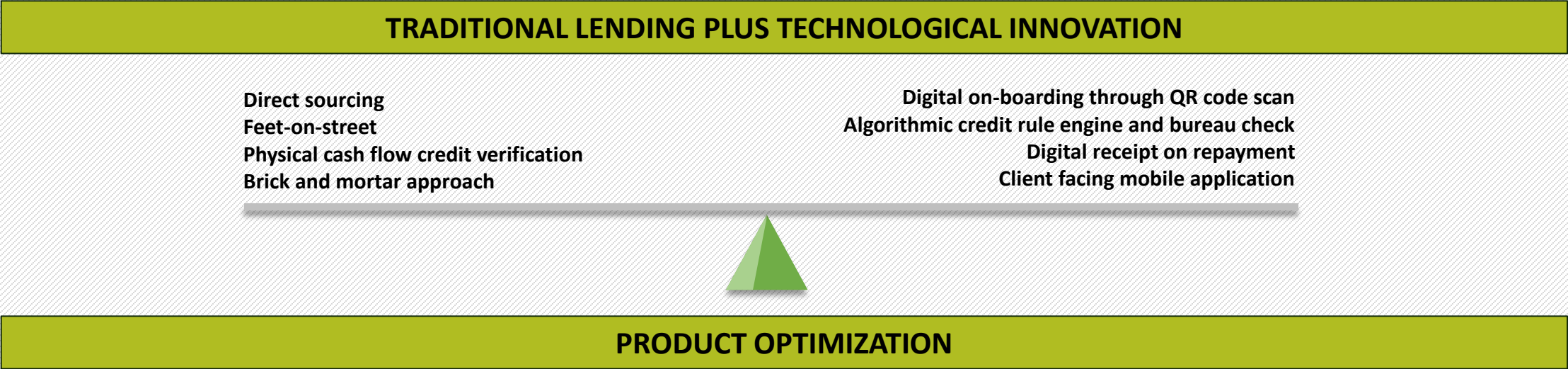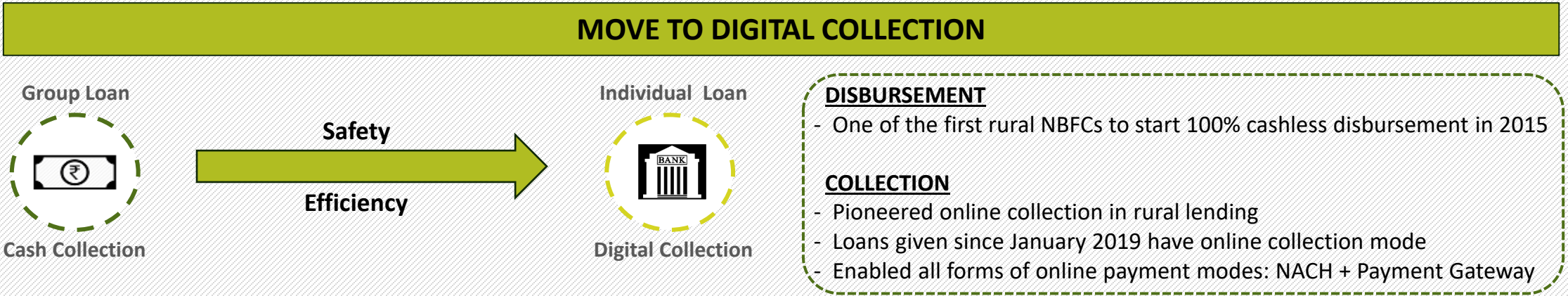
Cash Collection

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

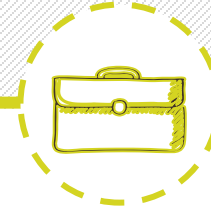1. Small ticket size   2. Short tenure   3. Optimal EMI amount   4. Short Turn-Around-Time

Capital Magic Loan

Unsecured Business Loan

Ticket Size: ₹30,000

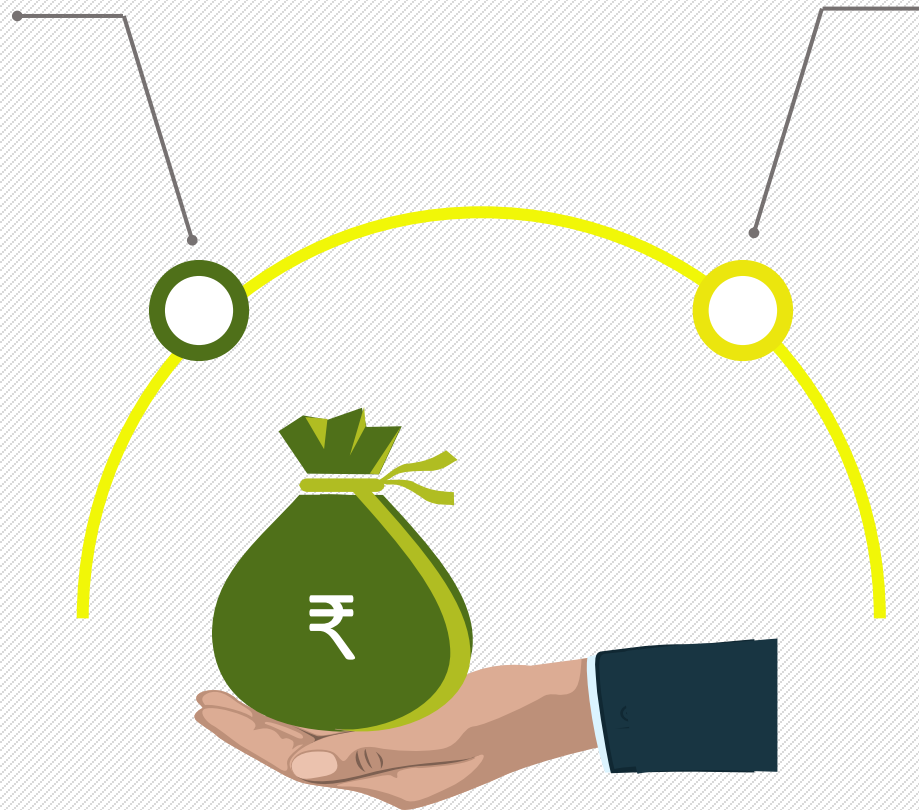Tenure: 12 months

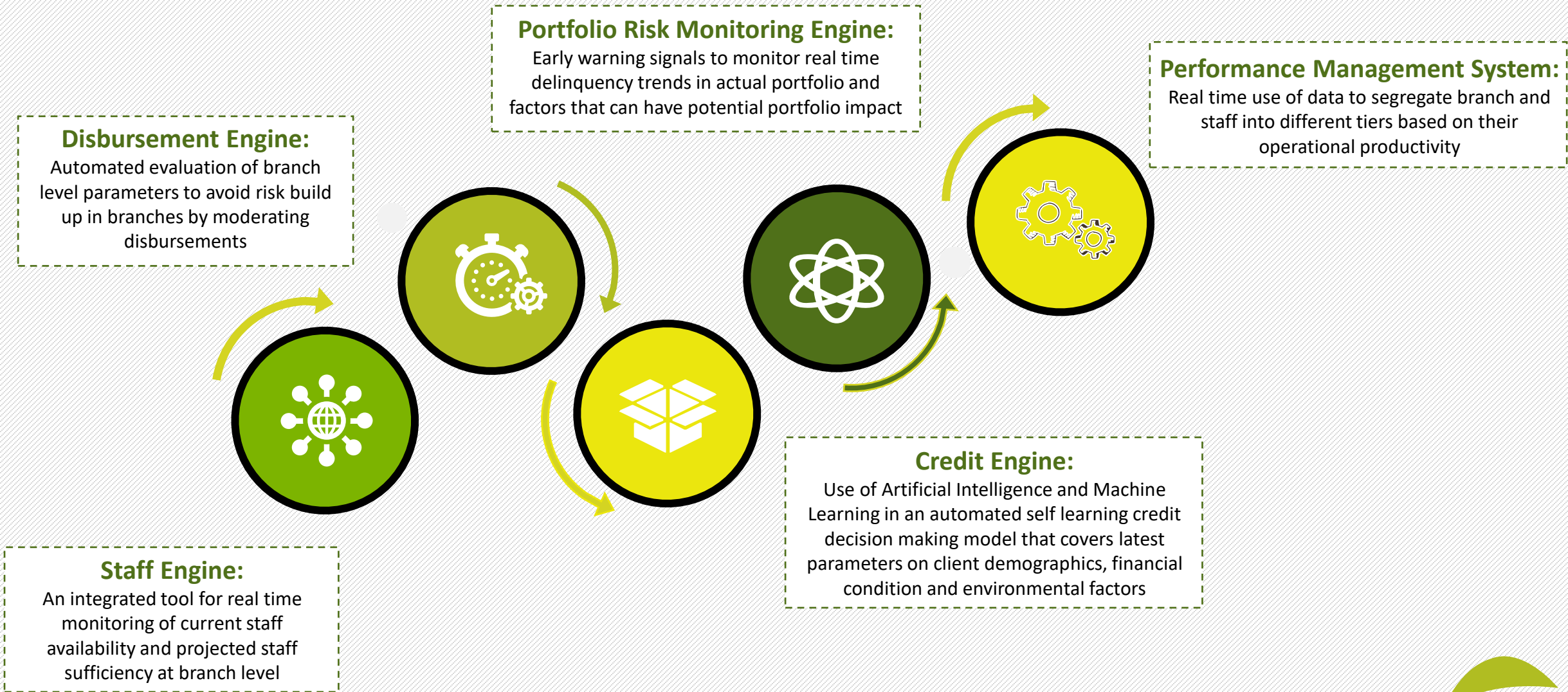Repayment: Monthly NACH

Micro Business Loan

Unsecured Business Loan
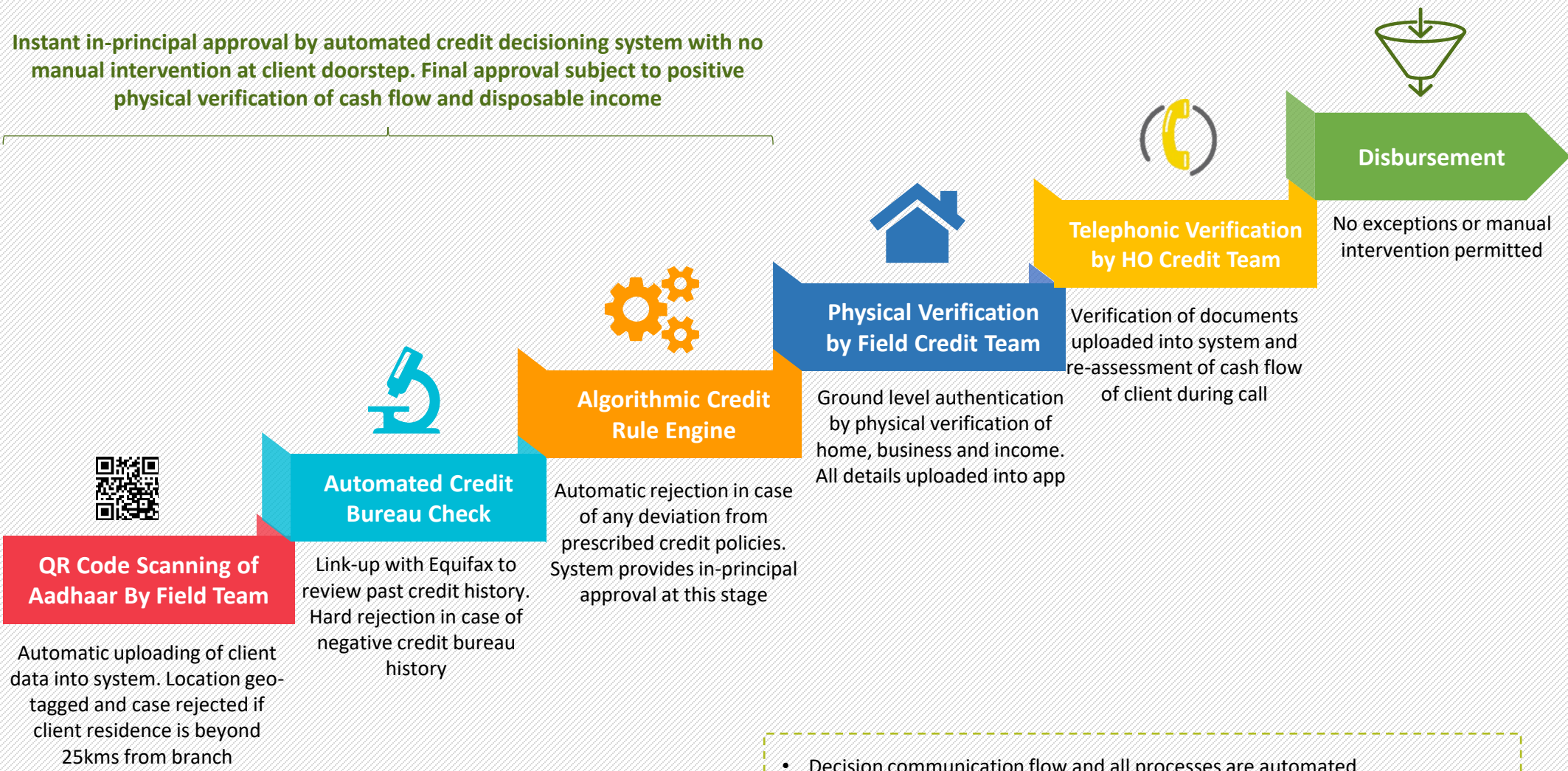
Ticket Size: ₹60,000

Tenure: 24 months

Repayment: Monthly NACH

DATA ANALYTICS & BUSINESS INTELLIGENCE

CapitalTrust

Portfolio Risk Monitoring Engine:
Early warning signals to monitor real time delinquency trends in actual portfolio and factors that can have potential portfolio impact

Performance Management System:
Real time use of data to segregate branch and staff into different tiers based on their operational productivity

Disbursement Engine:
Automated evaluation of branch level parameters to avoid risk build up in branches by moderating disbursements

Credit Engine:
Use of Artificial Intelligence and Machine Learning in an automated self learning credit decision making model that covers latest parameters on client demographics, financial condition and environmental factors

Staff Engine:
An integrated tool for real time monitoring of current staff availability and projected staff sufficiency at branch level

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SMART CREDIT

CapitalTrust

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

Disbursement

No exceptions or manual intervention permitted

Telephonic Verification by HO Credit Team

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

Physical Verification by Field Credit Team

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

Algorithmic Credit Rule Engine

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

Automated Credit Bureau Check

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

QR Code Scanning of Aadhaar By Field Team

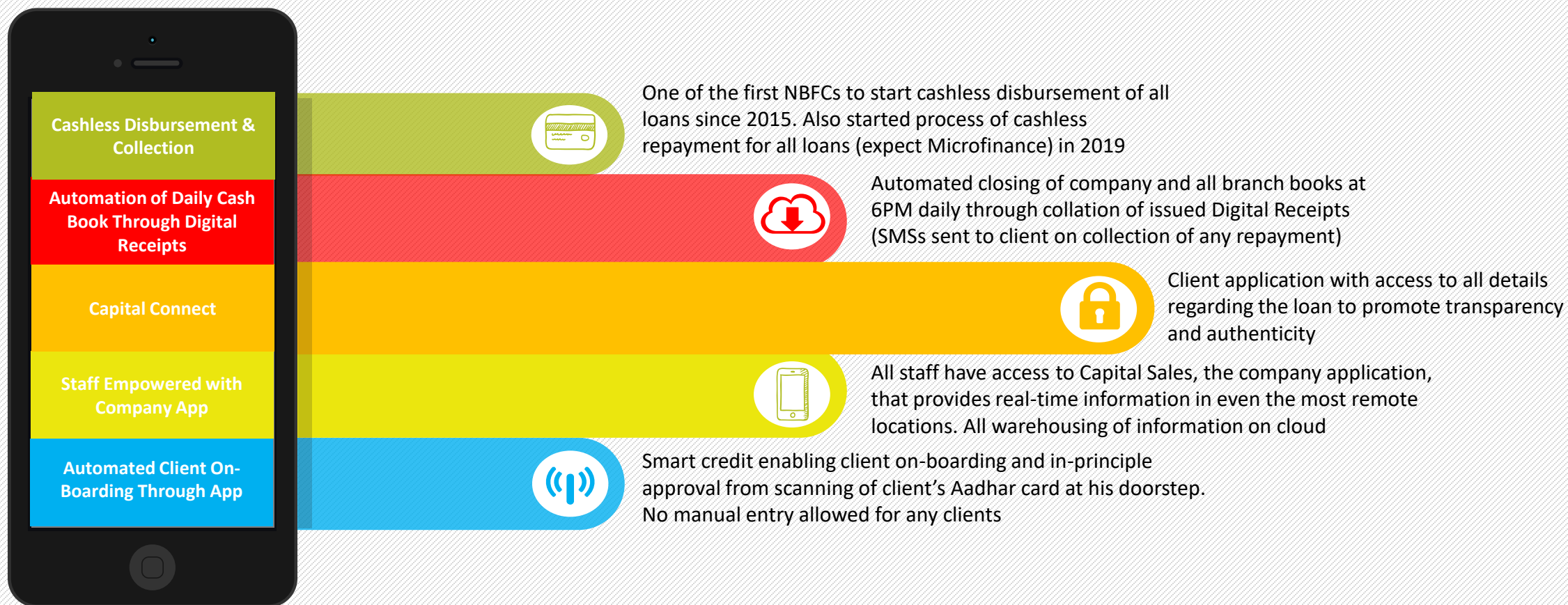Automatic uploading of client data into system. Location geo-tagged and case rejected if client residence is beyond 25kms from branch

- 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

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INFORMATION TECHNOLOGY PROWESS

CapitalTrust

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 (expect 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

CapitalTrust

(In ₹ Cr)

₹ 555 Cr — FY '17: Micro Rural* 340, Microfinance 90, Secured Enterprise 125

₹ 795 Cr — FY '18: Micro Rural* 619, Microfinance 56, Secured Enterprise 120

₹ 725 Cr — FY '19: Micro Rural* 581, Microfinance 55, Secured Enterprise 89
₹2Cr Capital Digital Initiative

₹ 471 Cr — FY '20: Micro Rural* 418, Microfinance 29, Secured Enterprise 24
₹134Cr Capital Digital Initiative

■ Micro Rural*   ■ Microfinance   ■ Secured Enterprise

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

STATEWISE PORTFOLIO

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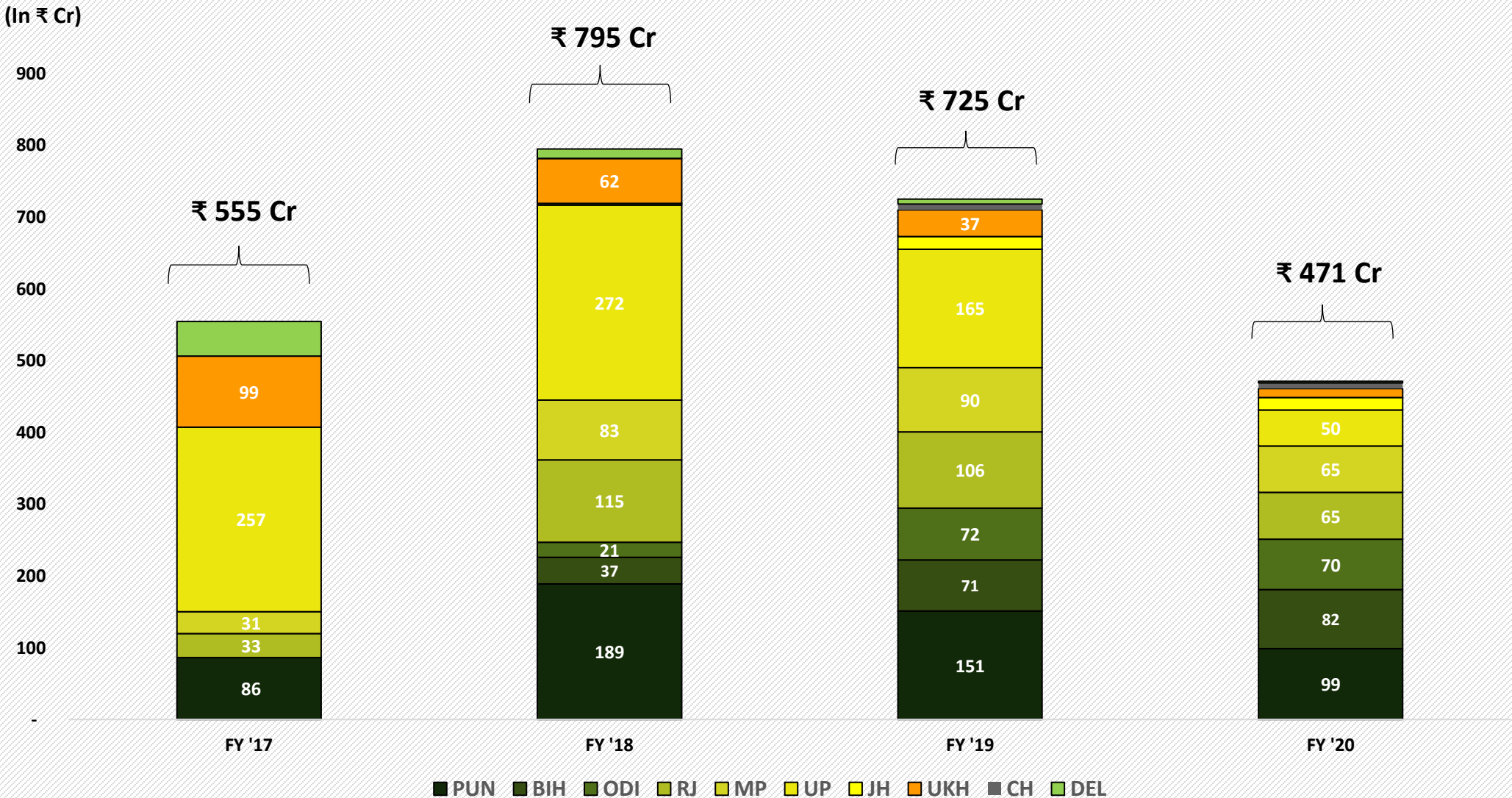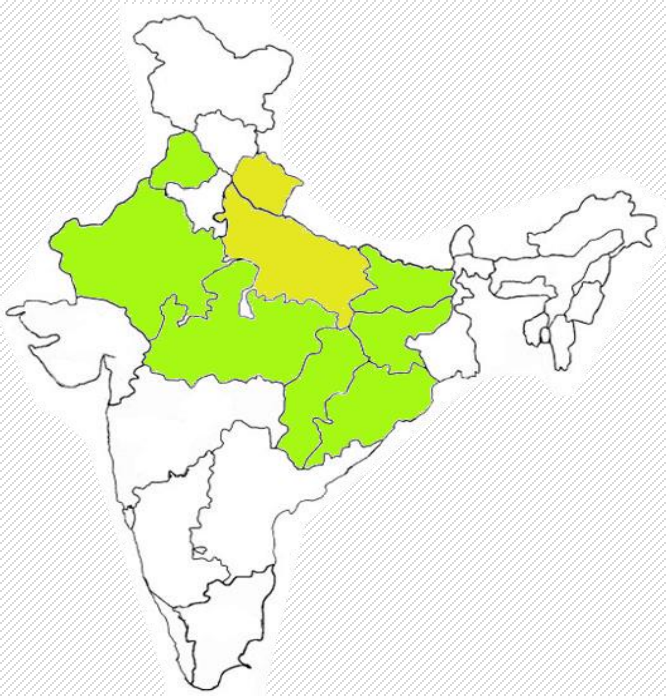
COMPANYWIDE			
As on 31.03.20	**AUM (₹ Cr.)**	**90+ DPD (₹ Cr.)**	**90+ DPD (%)**
Non-Demonetization Impacted States*	406.8	16.5	4.0%
Demonetization Impacted States**	64.6	19.0	29.4%
Total	**471.4**	**35.5**	**7.5%**

*Punjab, Rajasthan, Madhya Pradesh, Bihar, Odisha, Chhattisgarh, Jharkhand
** Uttar Pradesh, Uttarakhand, Delhi

FINANCIALS

Assets Under Management (in Cr):
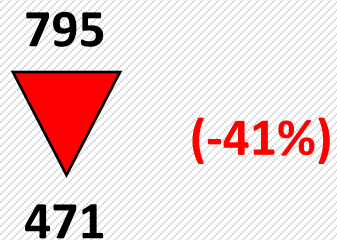
795

(-41%)

471

Capital Digital Initiative (in Cr.):

134

(6600%)

2

Net Worth (in Cr):

155

(2%)

151

Book Value Per Share (in Rs):

95

(2%)

93

Capital Adequacy (in %):

47

(53%)

31

Leverage (in x):

3.2

(-45%)

1.8

Borrowings (in Cr):

484

(-44%)

272

Cost Of Borrowings (in %)

14.0

(-5%)

13.2

Staff Strength (in #):

1923

(26%)

1528

31

Assets Under Management (in Cr):

509

▼ (-7%)

471

Capital Digital Initiative (in Cr.):

134

▲ (44%)

93

Net Worth (in Cr):

162

▼ (-4%)

155

Book Value Per Share (in Rs):

99

▼ (-9%)

95

Capital Adequacy (in %):

47

▲ (12%)

42

Leverage (in x):

2.0

▼ (-10%)

1.8

Borrowings (in Cr):

325

▼ (-16%)

272

Cost Of Borrowings (in %)

14.2

▼ (-7%)

13.2

Staff Strength (in #):

1923

▲ (7%)

1805
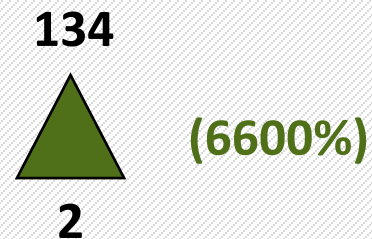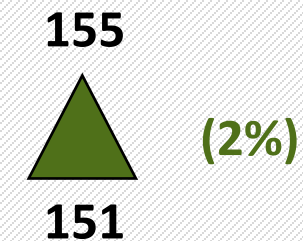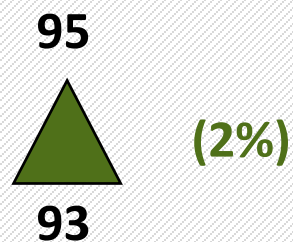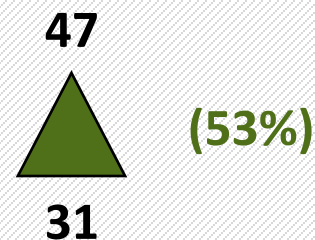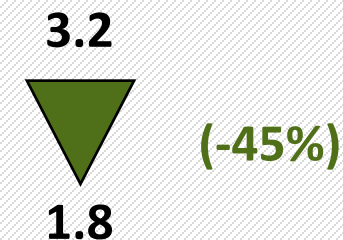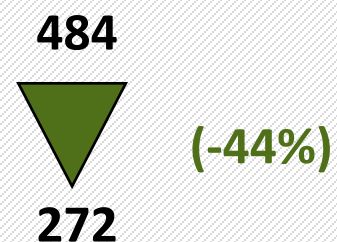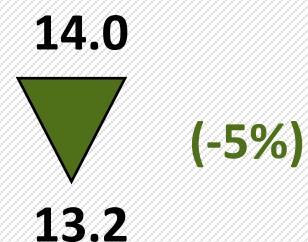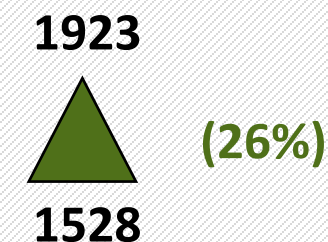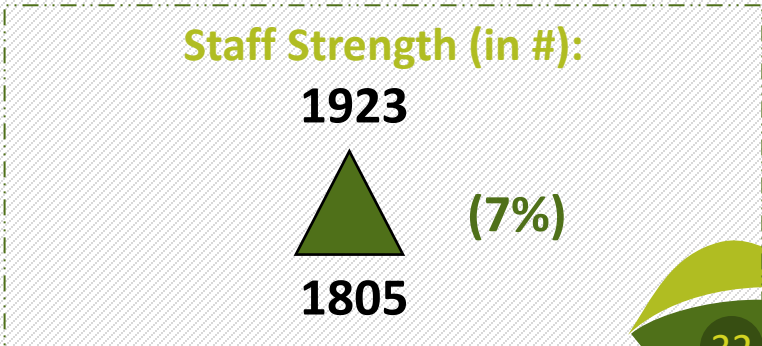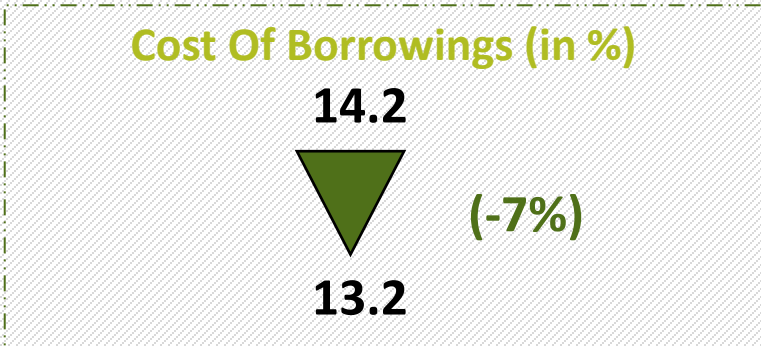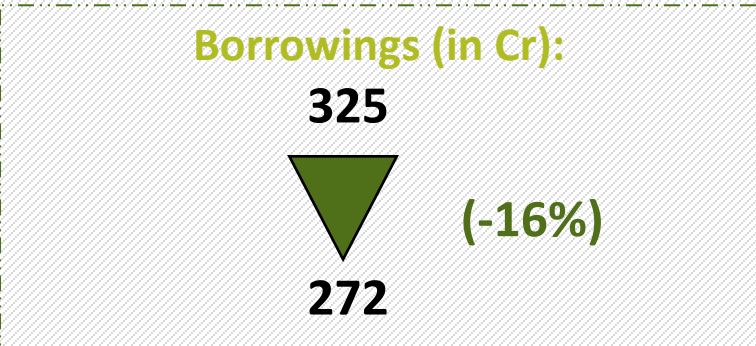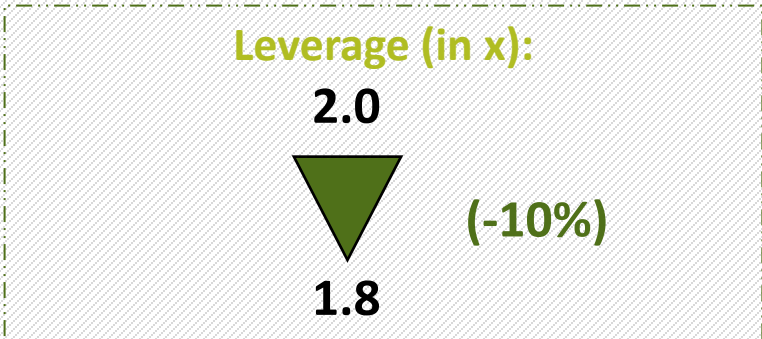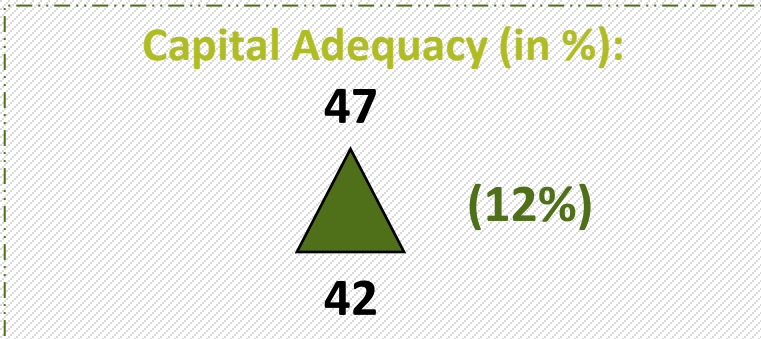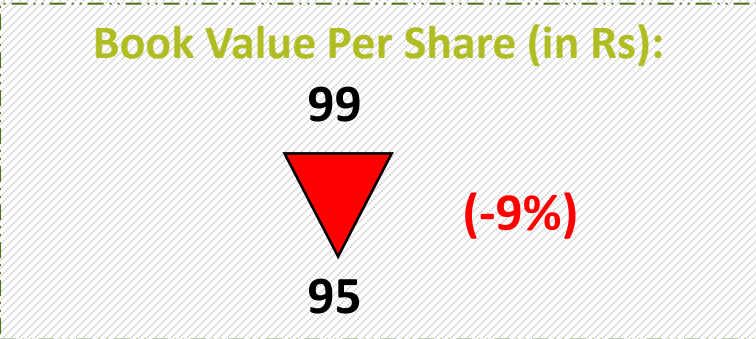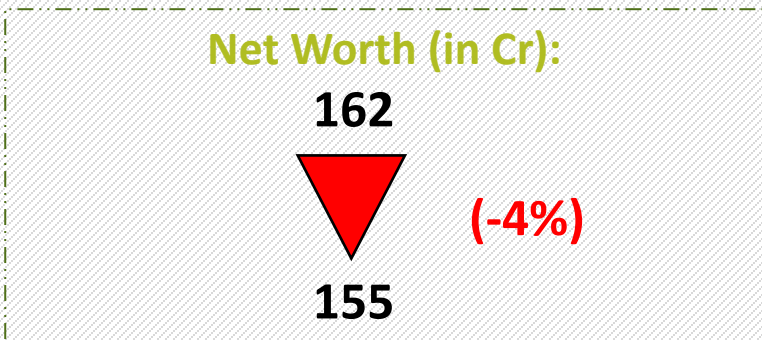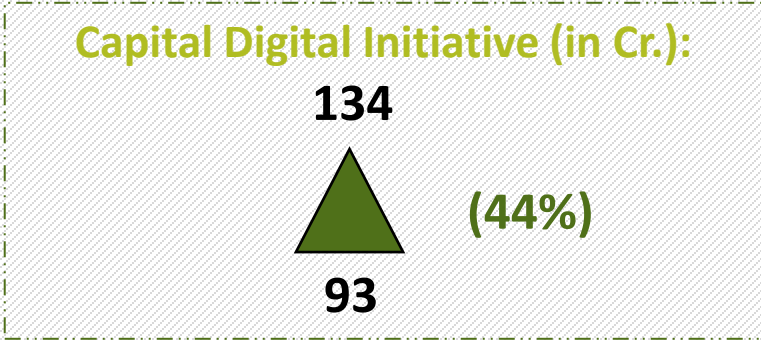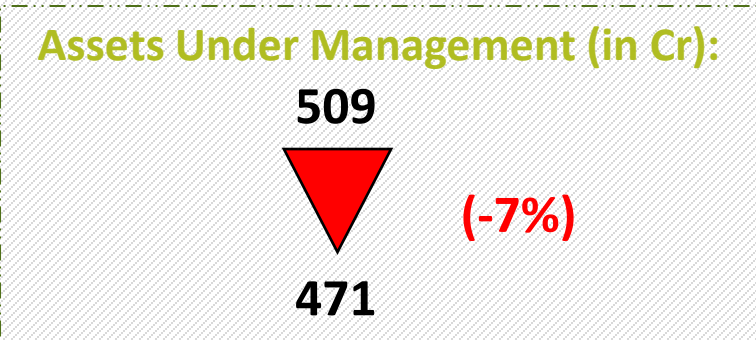
Line Item	FY19	FY20	(YoY)	Q3 FY20	Q4 FY20	(QoQ)
Total Income	193.2	155.1	-20%	41.5	31.5	-24%
Total Expense (excluding tax)	180.8	141.5	-22%	30.4	36.7	21%
Profit / (loss) before tax	12.4	13.6	10%	11.1	-5.2	-146%
Profit / (loss) after tax	8.6	4.3	-50%	8.2	-6.3	-177%
Net Worth	**151.1**	**154.5**	**2%**	**162.1**	**154.5**	**-5%**
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)	**725.4**	**471.4**	**-35%**	**508.5**	**471.4**	**-7%**
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)	**725.4**	**471.4**	**-35%**	**508.5**	**471.4**	**-7%**

KEY RATIOS

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

*Annualized
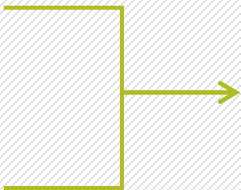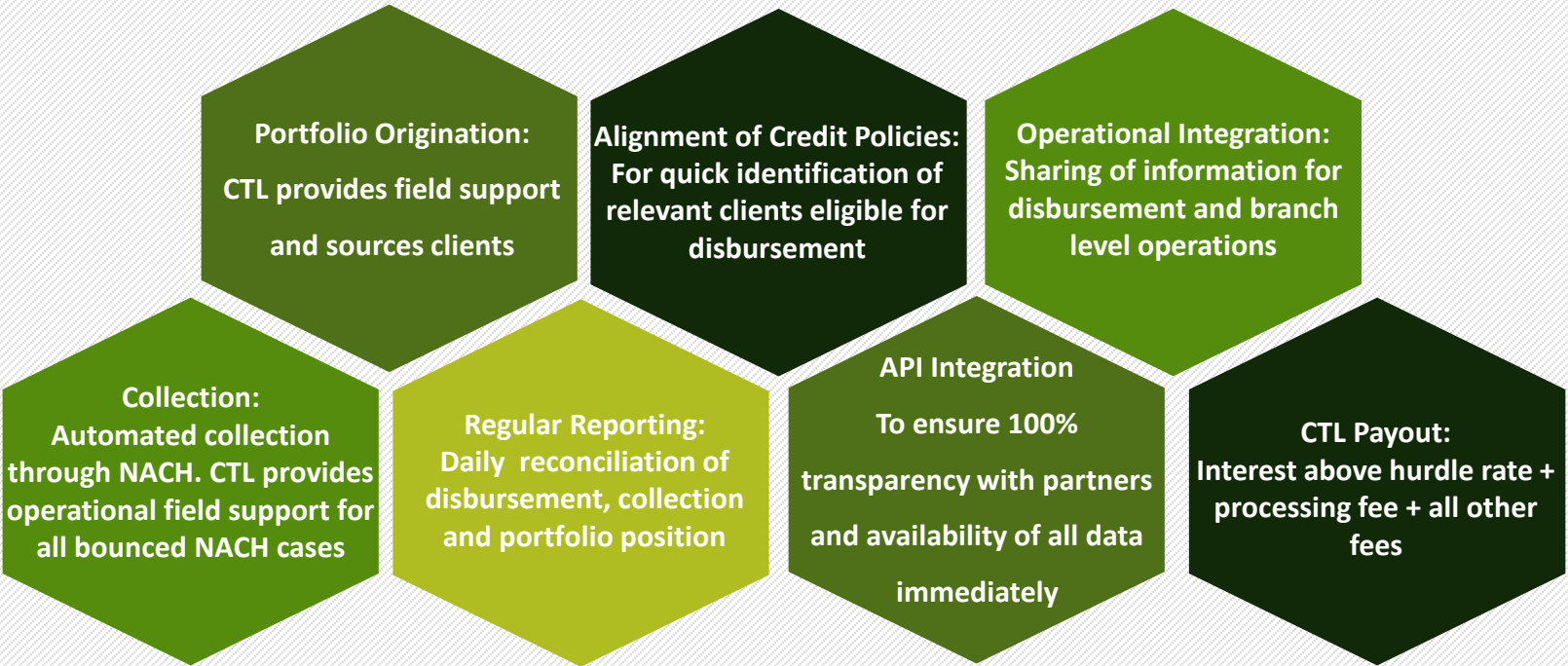
PARTNERS
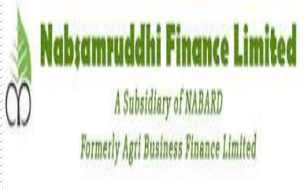
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