



CAPITAL TRUST LIMITED

**Q2 & H1 FY2022
INVESTOR
PRESENTATION**

November 2021

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 - 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 income generating micro loans to MSMEs and caters to over **1,09,000 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.

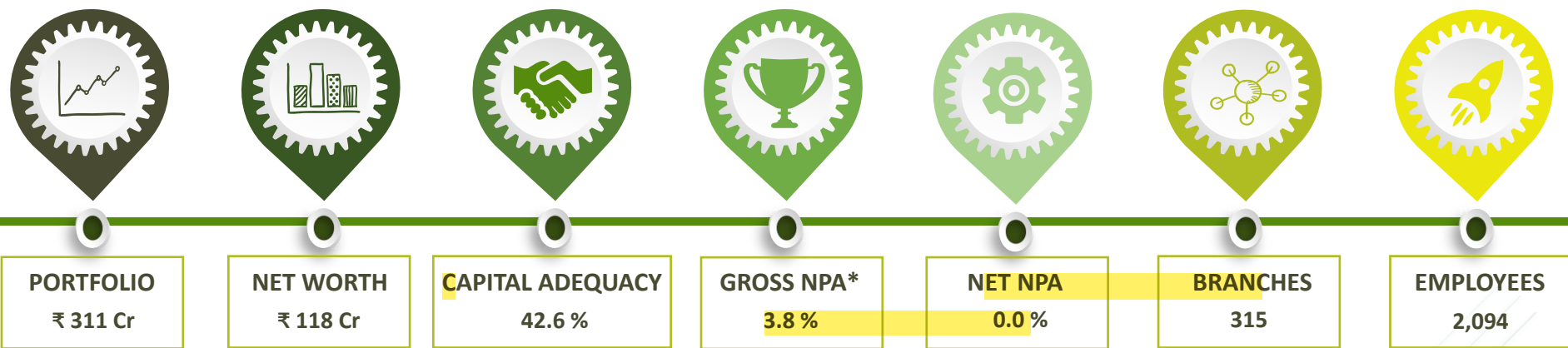
Our Mission

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.

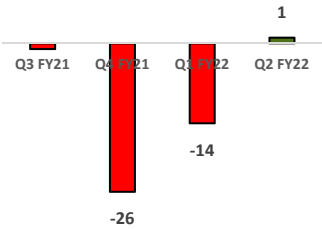
Capital Trust – Numbers at a Glance



*Stage 3 ECL Assets

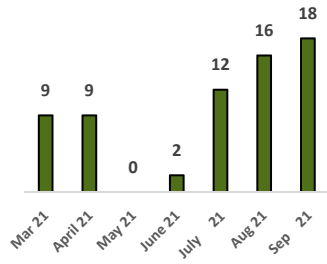
Q2 FY2022 Quarter At a Glance

Return To Profitability



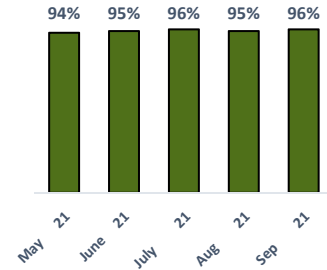
PAT in ₹ Cr

Disbursement Back To Pre-2nd Wave Levels



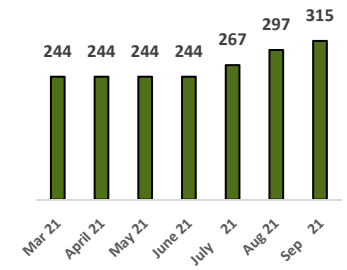
Disbursement in ₹ Cr

New Capital Digital Initiative's Continued Resilience



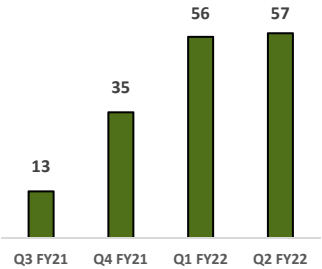
Collection Efficiency

Geographical Expansion With Opening Of 71 New Branches



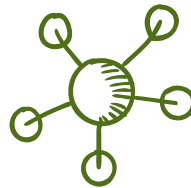
Number of branches

Cumulative Provision Balance Further Increased (₹57Cr Balance or 18% of AUM Already Provided For)



Provision Balance in ₹ Cr

Implementation of Revolutionary Automated Geo-Tagged Route Mapping System



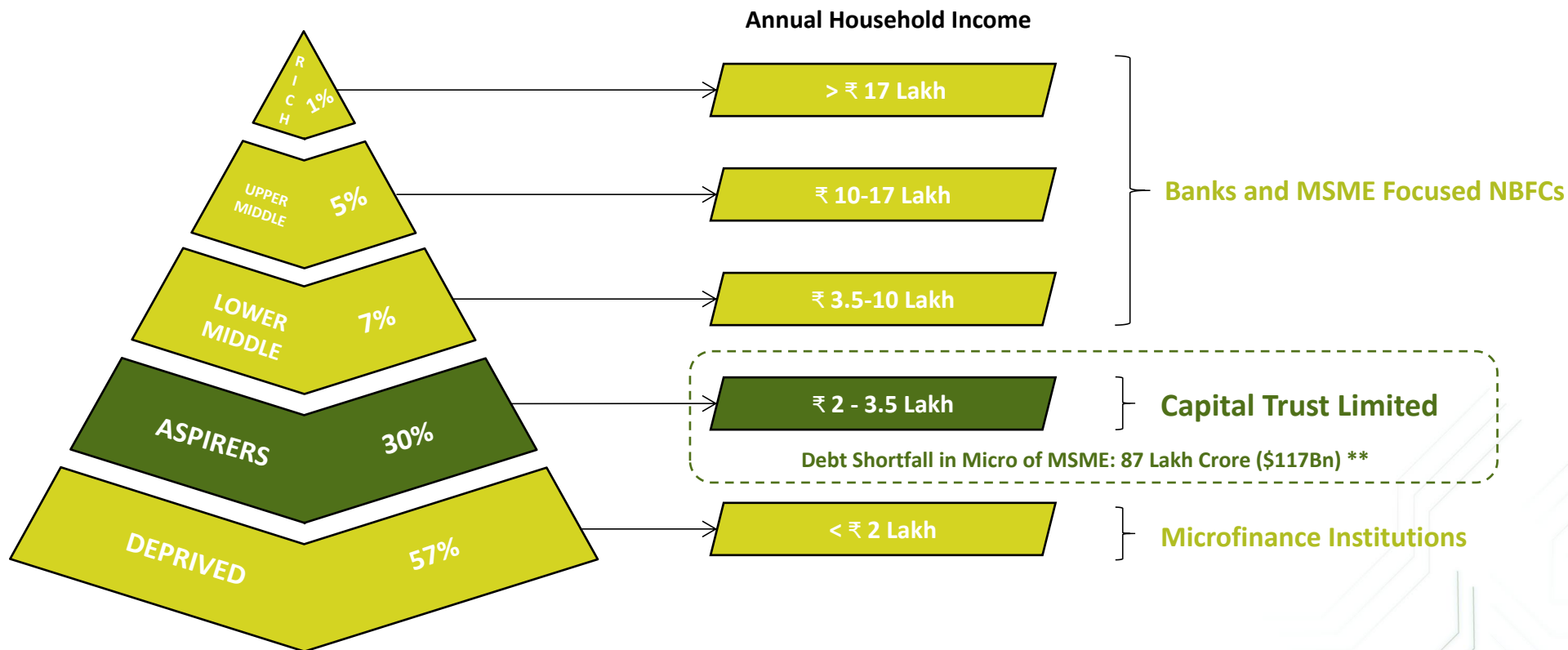
New PTC Transaction Partnerships



Limit Increases Of Long-Term Funding Partnerships



Capitalising on the Underserved Market Opportunity



*NCAER-CMCR Annual Income Data

**IFC Report on MSMEs (Nov 2018)

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



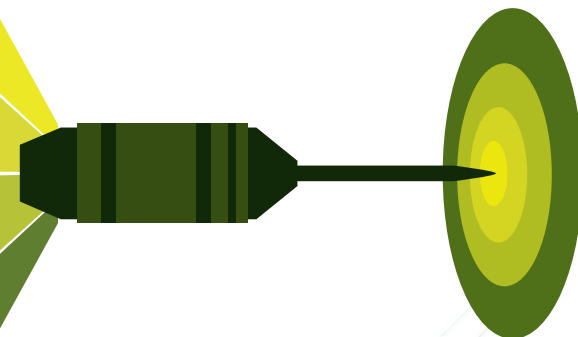
'Micro' of the MSME

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



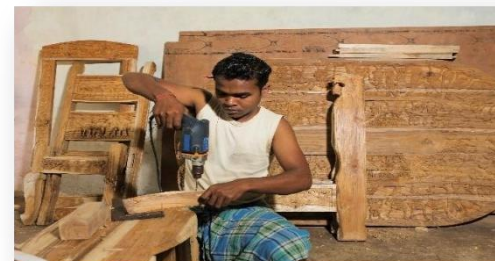
Grocery Vendors



Small Eateries



Textile Stores



Handicraft Manufacturers



Utility Stores

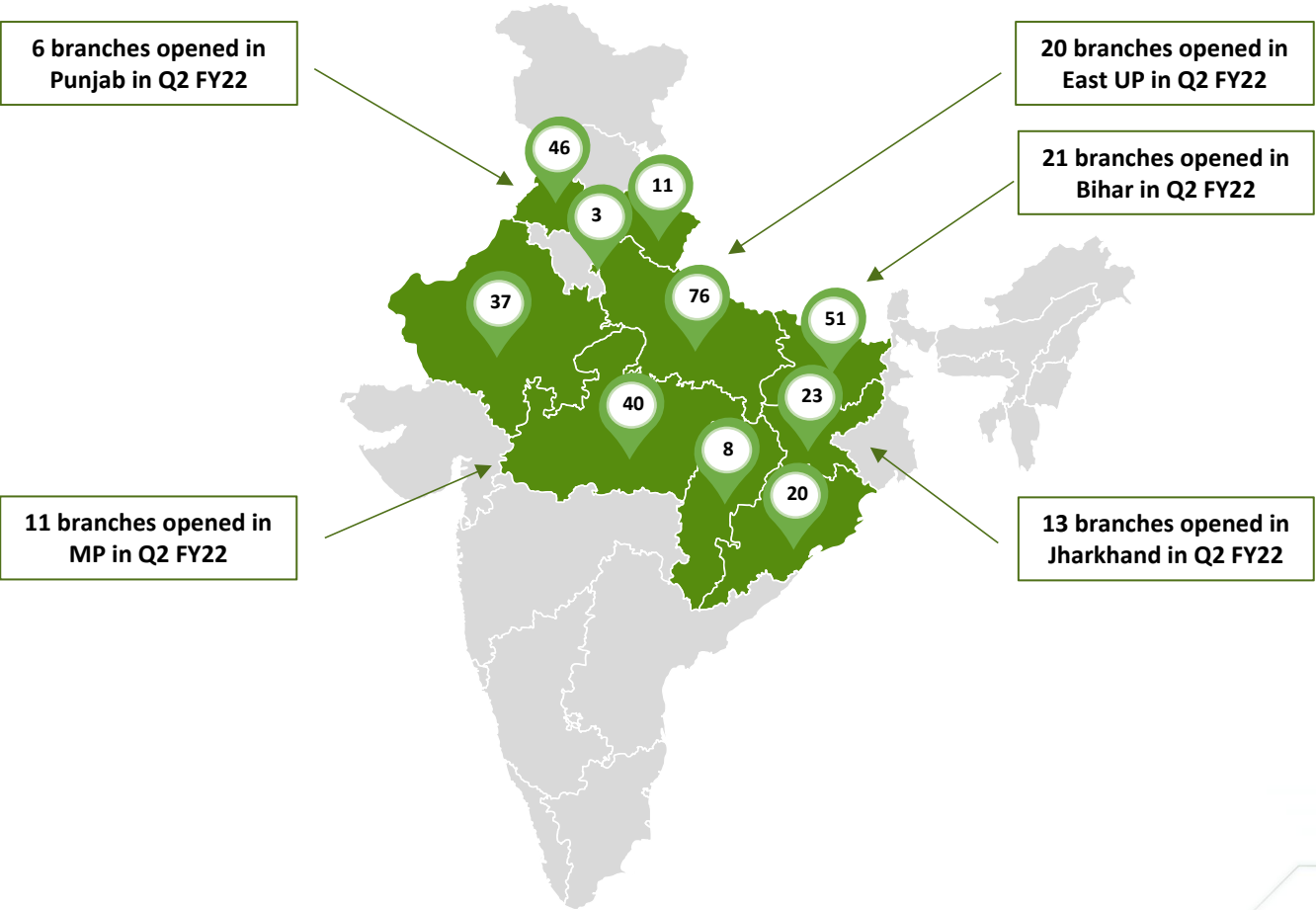


Salons



Flower Vendors

Increasing our Reach in Rural India



Capital Digital Initiative: Our Products

Addressing a wide spectrum of customers, across needs and affluence



| Product Name | Capital Magic Loan | Micro Business Loan |
|-----------------|--|--|
| Type of Loan | Unsecured Digital Business Loan | Unsecured Digital Business Loan |
| Ticket Size (₹) | 30,000 – 50,000 | 60,000 |
| Tenure | 12 months | 24 months |
| ROI | 36%+ | 32% |
| Repayment | Digital followed by physical cash collection | Digital followed by physical cash collection |

Why CTL?

- Branch banking
- Ease of getting loan time
- Unsecured loan connect app
- Multiutility business loan
- Human connect
- Quick turnaround
- Transparency with
- Paperless Process

Production Optimization

- Small Ticket Size
- Short Tenure Enabled
- Optimal EMI amount
- Collection Setup
- Short Turn-Around-Time
- High Yield
- Digital Collection
- Full Cash
- 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 proactively detect, manage and mitigate internal and external risks.


4. Strong Governance

- Being a publicly listed NBFC for the last 36 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

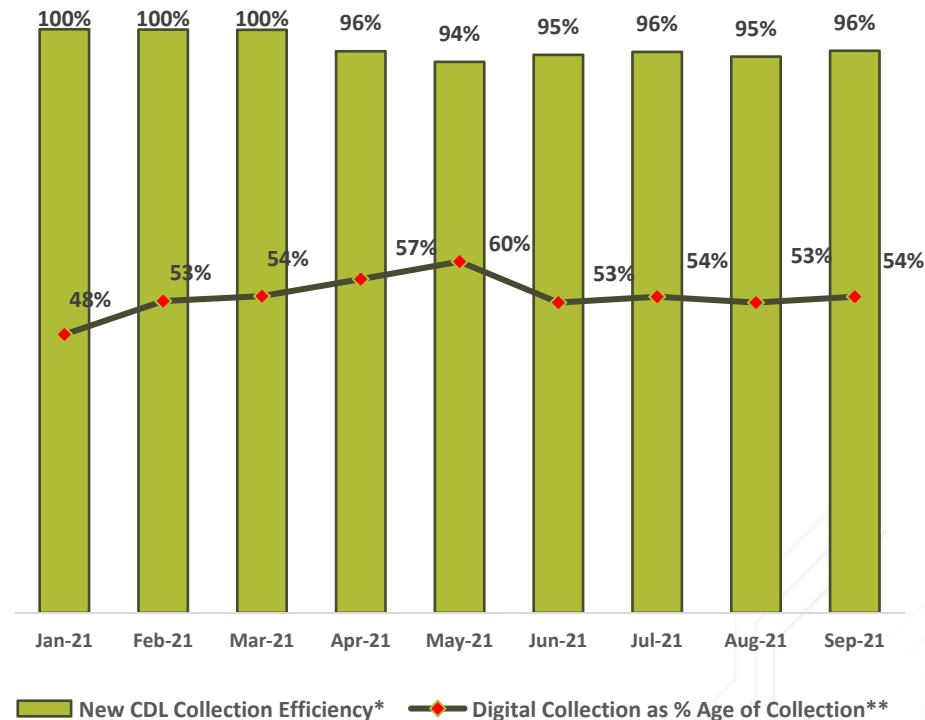
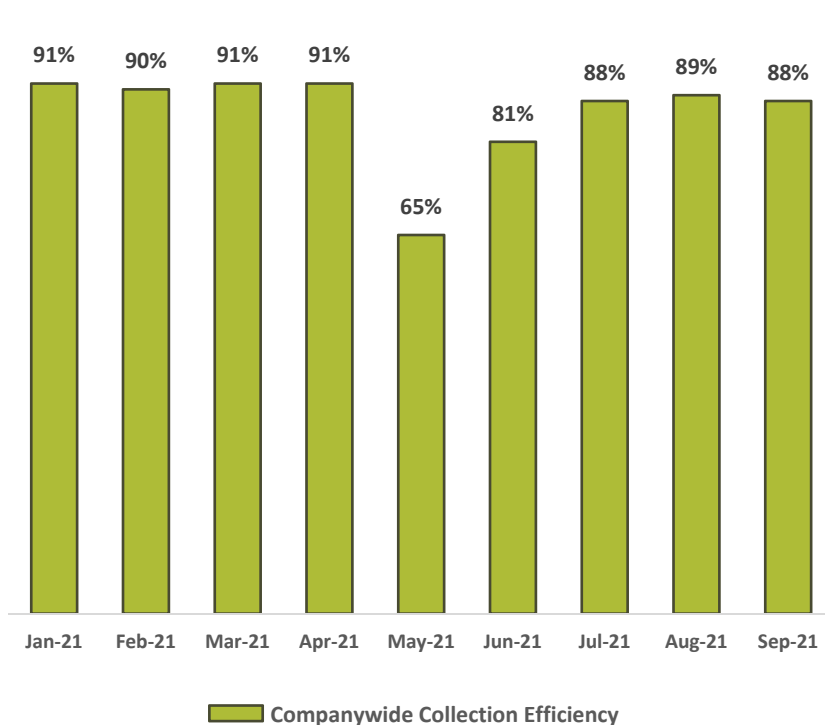


| | <u>TICKET SIZE</u> | <u>UNSECURED</u> | <u>SECURED</u> | <u>ANNUAL INCOME</u> |
|--------------|--------------------|---|---------------------------------|----------------------|
| MSME | > ₹ 10 Lakh | New Age Fintechs | Large SME Funding NBFCs / Banks | > ₹ 10 Lakh |
| | ₹ 1Lac - 10 Lakh | Geographical Specialized MSME NBFCs | Product Specialized MSME NBFCs | ₹ 3.5 - 10 Lakh |
| | ₹ 30,000 – 1Lac |  | | ₹ 2 - 3.5 Lakh |
| Microfinance | ₹ 20,000 – 60,000 | NBFC-MFIs | | < ₹ 2 Lakh |

Only player offering unsecured individual business loans in the ticket size of ₹ 30,000 - 1 Lac

2. Technology Driven Operational Efficiency

Enabling Improved Disbursements & Collections



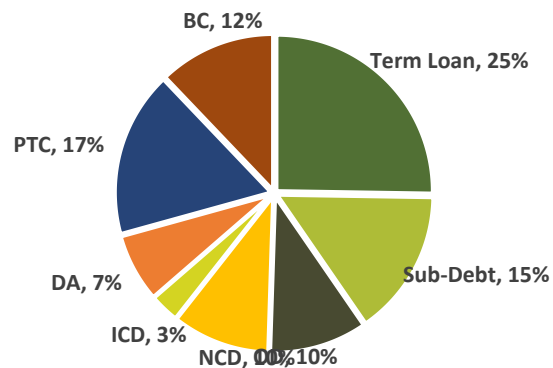
With our newly developed automated disbursement engine and algorithmic credit scorecard, our disbursements have increased consistently. Further, our turnaround time has improved to 48 hours as on Q2 FY2022.

*Capital Digital Loans disbursed post April 2020 (automated credit engine backed)

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

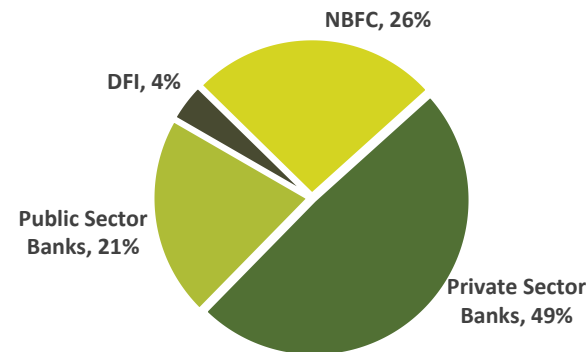
3. Prudent Risk Management

Conservative ALM Practices and Diversified Funding Book



Instruments

**DIVERSIFICATION
ACROSS...**



Funders

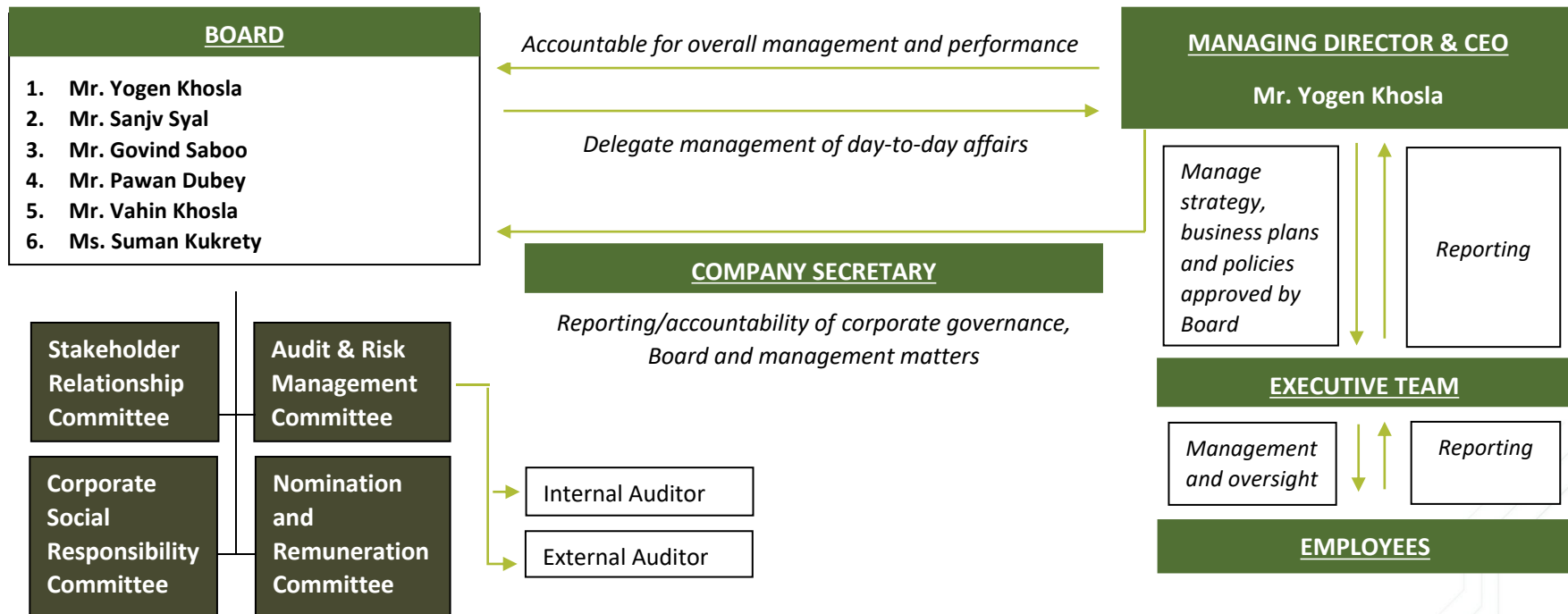
Asset Liability Position Update*

| | Q1FY22 (Actual) | Q2FY22 (Actual) | Q3FY22 (Expected) | Q4FY22 (Expected) |
|-------------------------------|-----------------|-----------------|-------------------|-------------------|
| Quarterly Collections (₹ Cr.) | 73.3 | 76.6 | 74.5 | 63.4 |
| Quarterly Repayments (₹ Cr.) | 53.8 | 58.4 | 57.3 | 44.3 |
| Quarterly Surplus (₹ Cr.) | 19.5 | 18.2 | 17.2 | 19.1 |
| Monthly Surplus (₹ Cr.) | 6.5 | 6.1 | 5.7 | 6.4 |

* 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



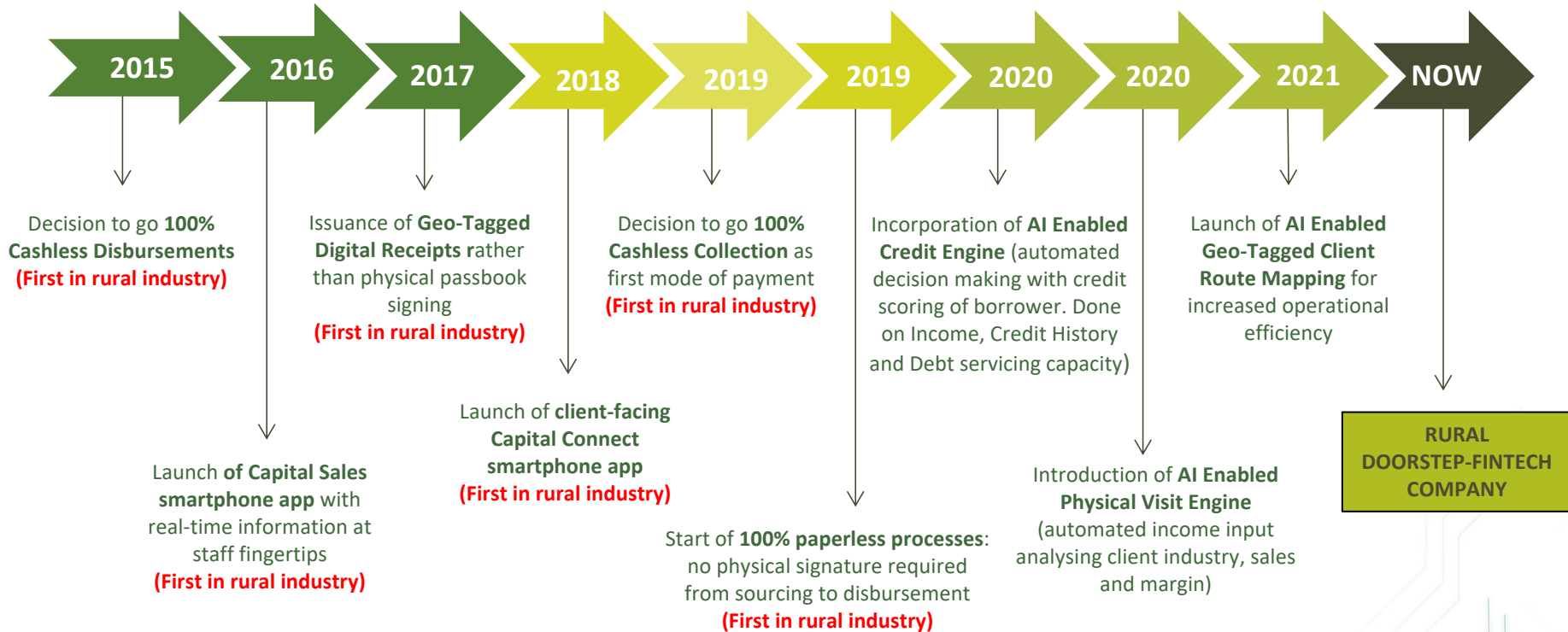
More Rural Internet Users (277 Mn) than Urban (227 Mn):
Indian internet is more rural and local than ever

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

A man in a red and white striped shirt is working on a large, green industrial textile machine. The machine has the word 'DELIK' visible on its side. The background shows a simple, possibly outdoor or semi-outdoor, setting with a striped cloth hanging on a wall. The left side of the image features a green overlay with a white circuit board pattern.

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

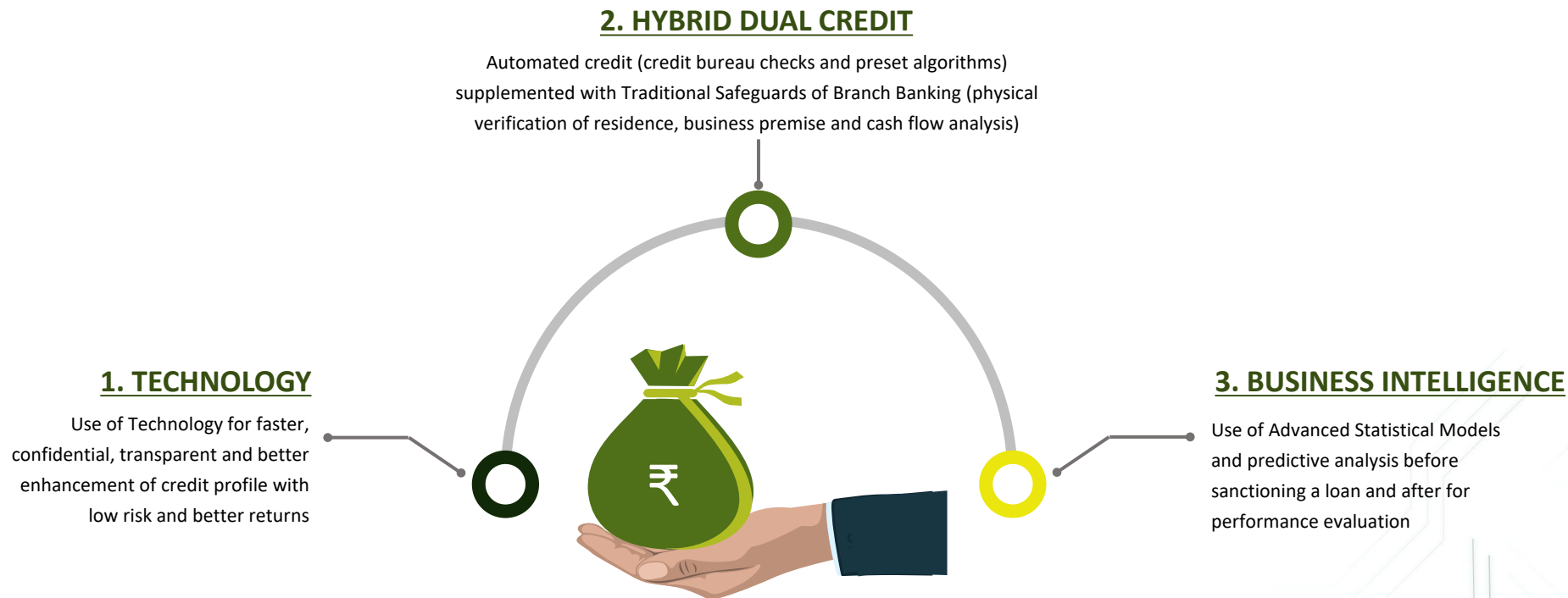
3. DIGITAL DISBURSEMENT

- E-Sign / Signing of Terms and Conditions
- E-NACH
- Penny-drop verification
- Disbursement into bank account

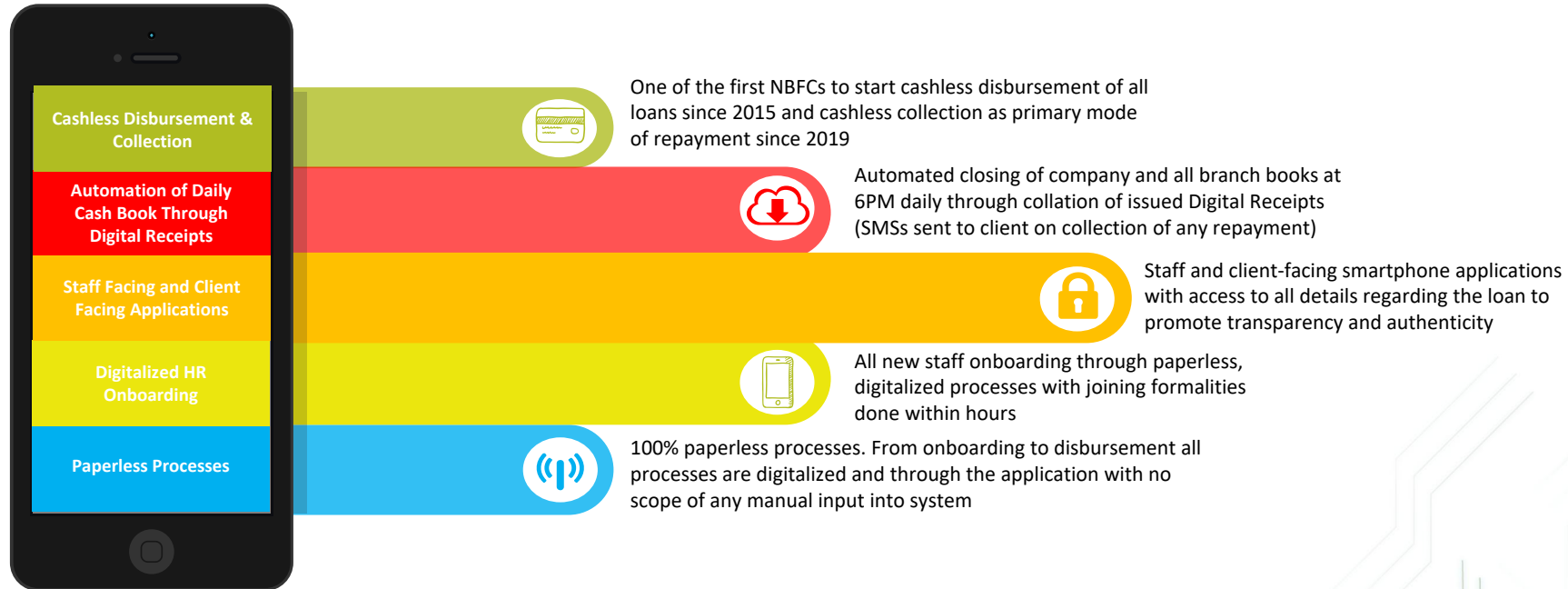
DIGITAL PROCESS

PHYSICAL PROCESS

3 Pillars of Capital Trust

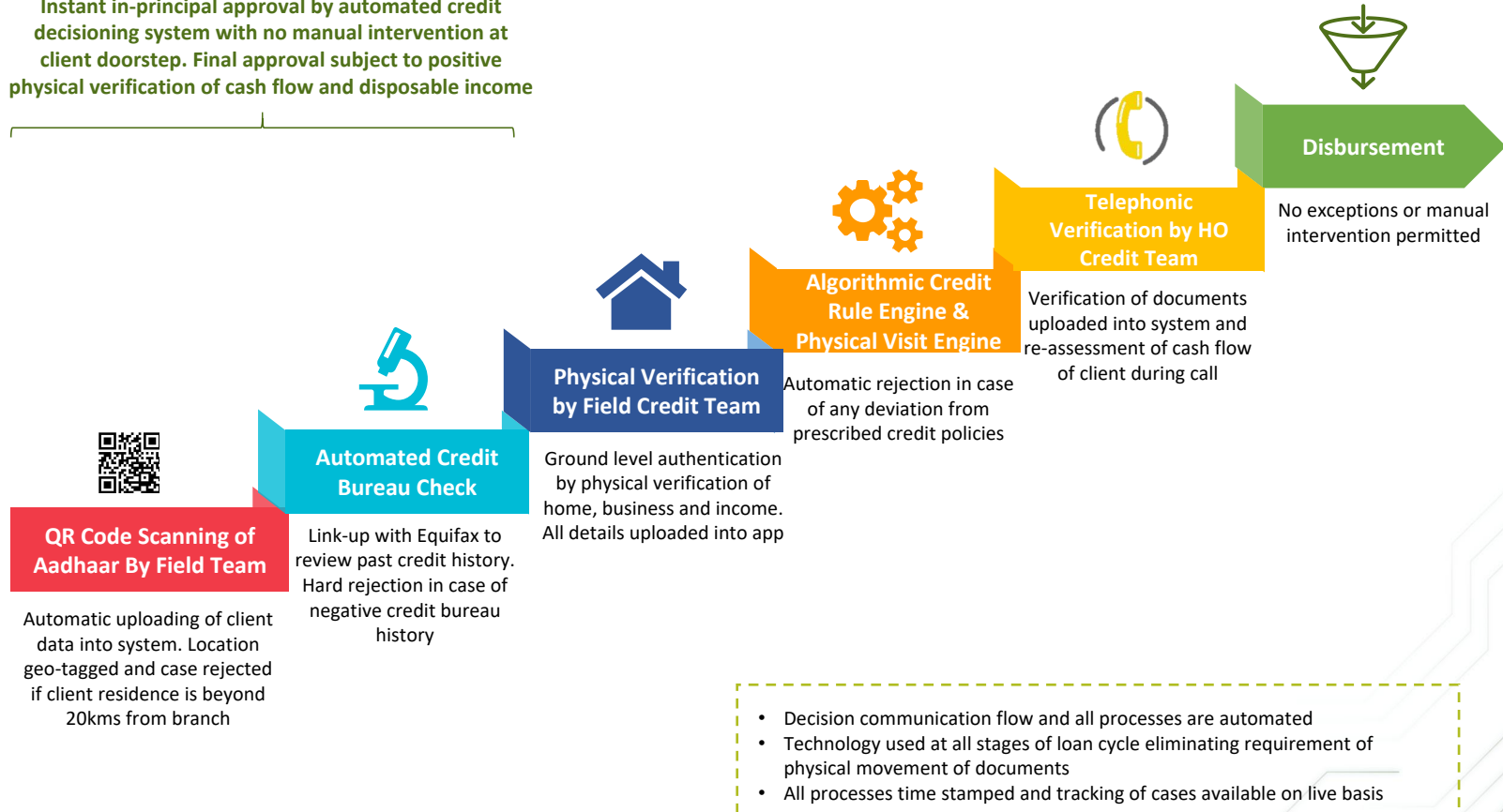


1. Technology

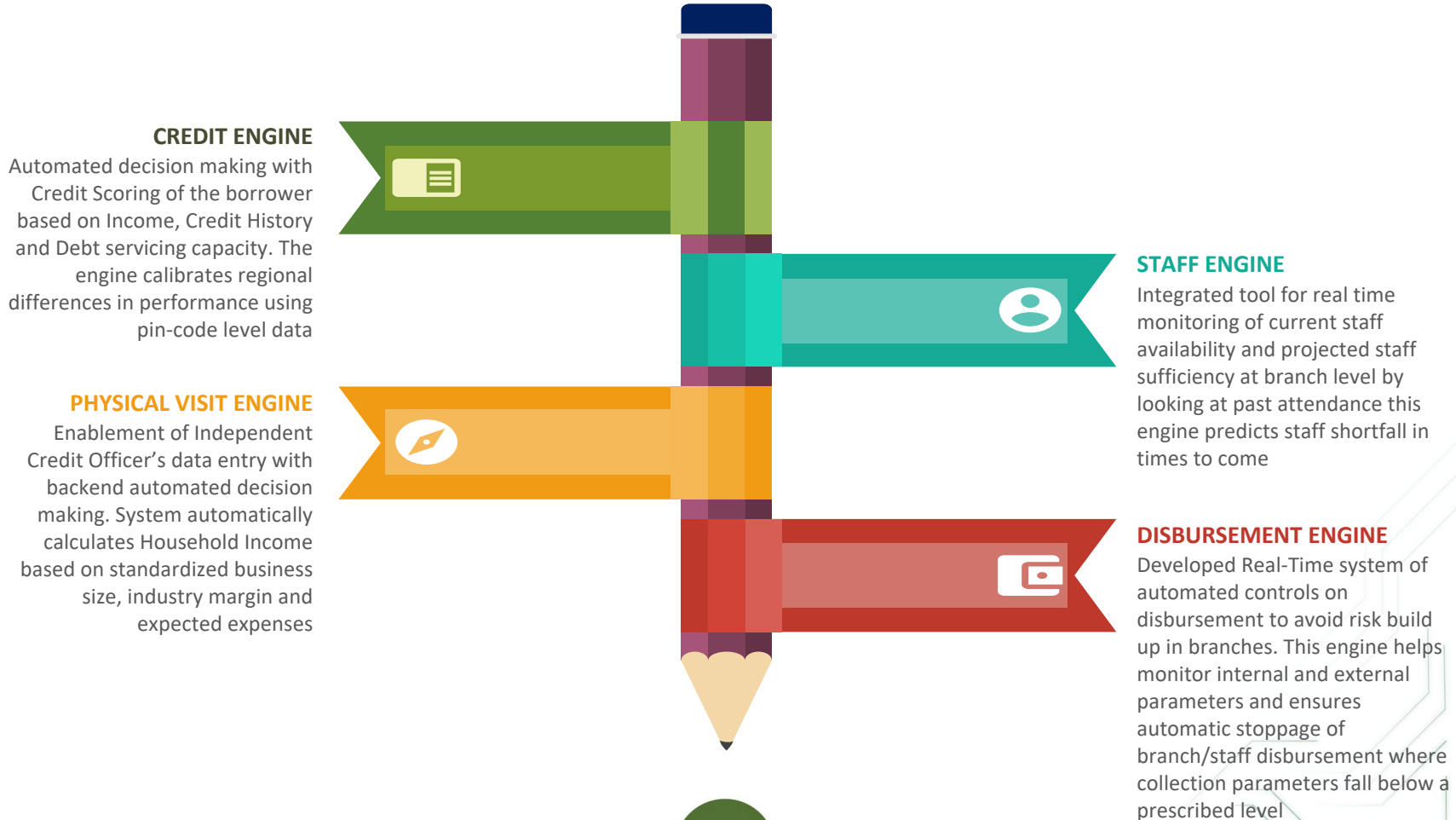


2. Hybrid Dual Credit

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



3. Business Intelligence

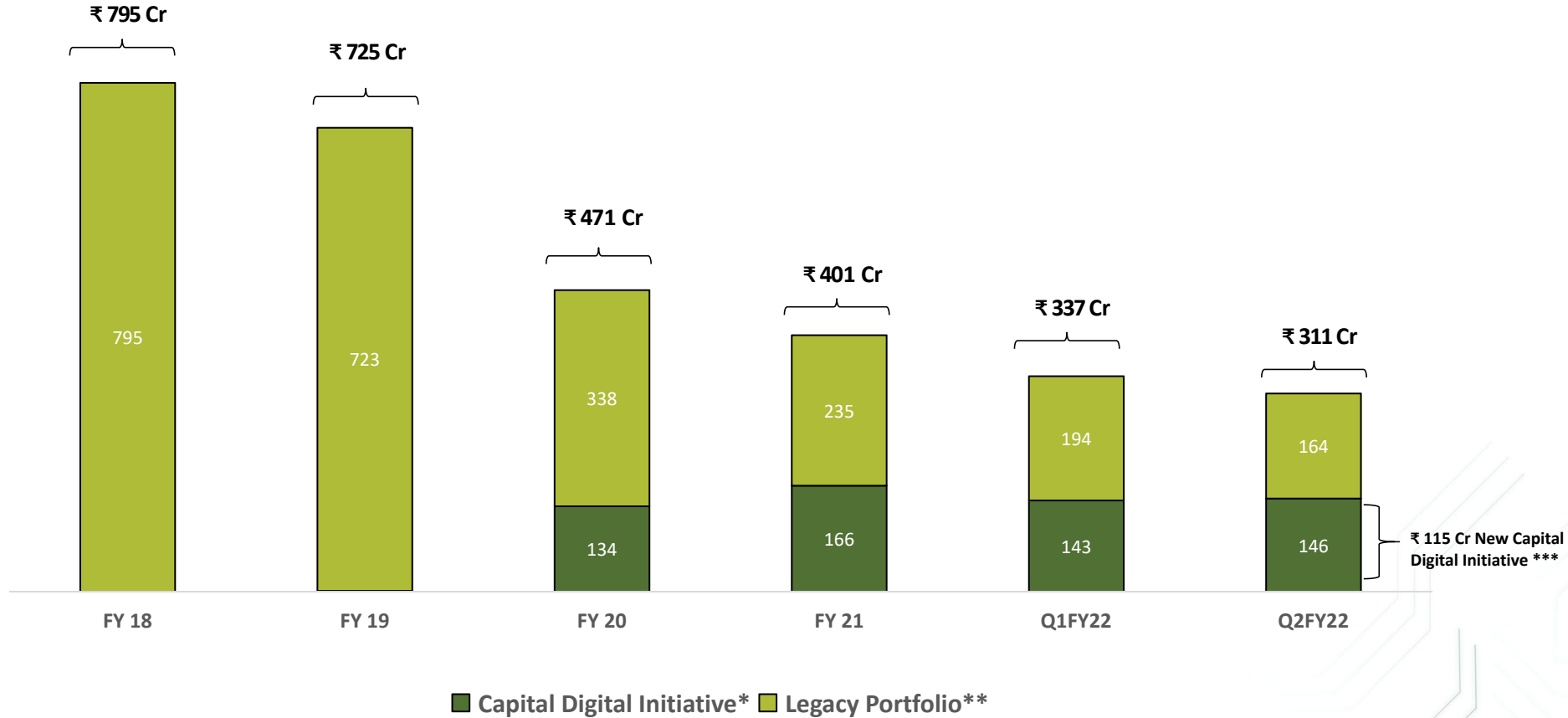




FINANCIALS



Product-Wise Portfolio

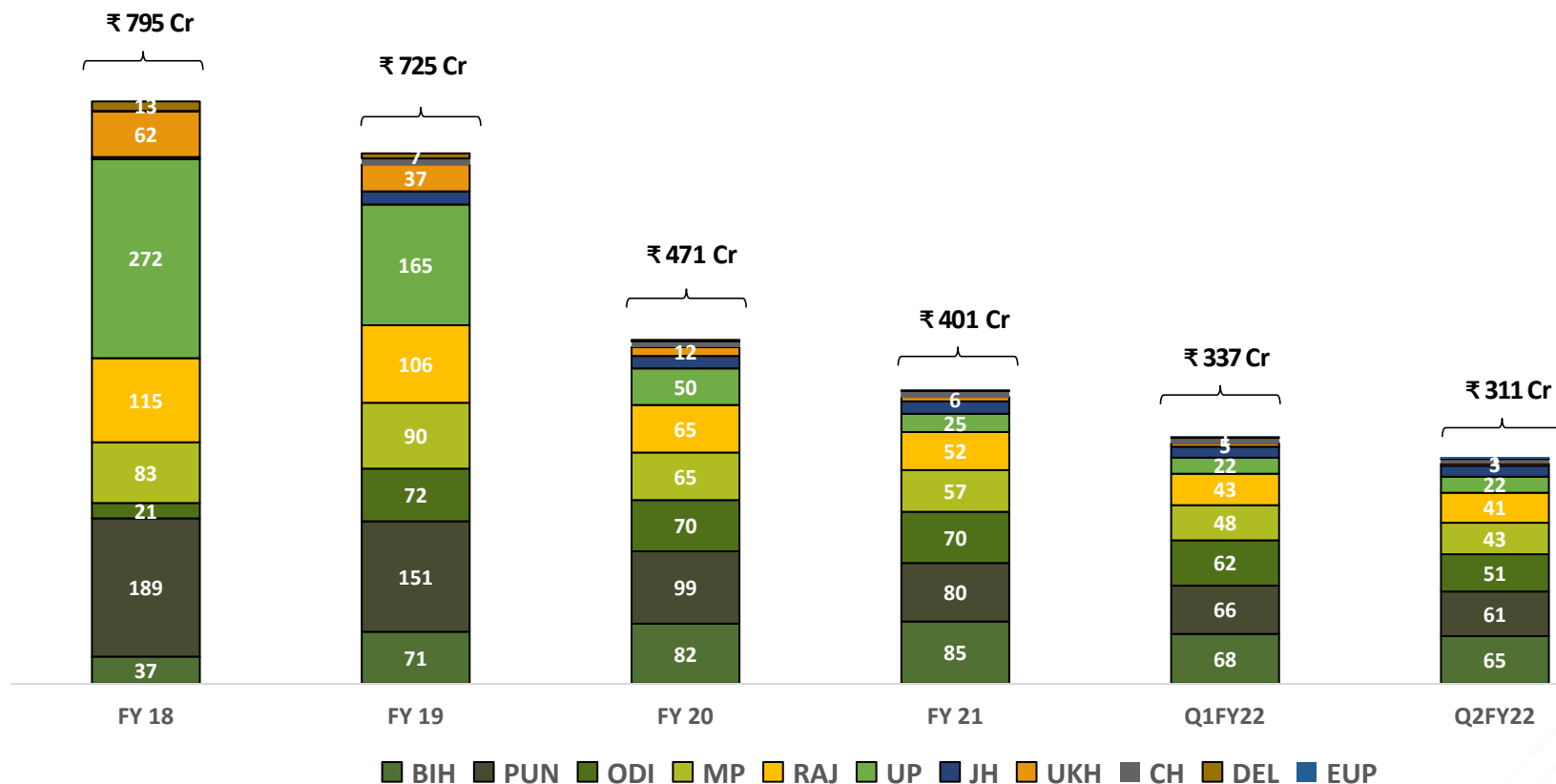


*Started 2019: Further split into Capital Magic, Micro Business Loan

**Stopped in 2019: Further split into Microfinance, Micro-Enterprise, Secured-Enterprise Loan

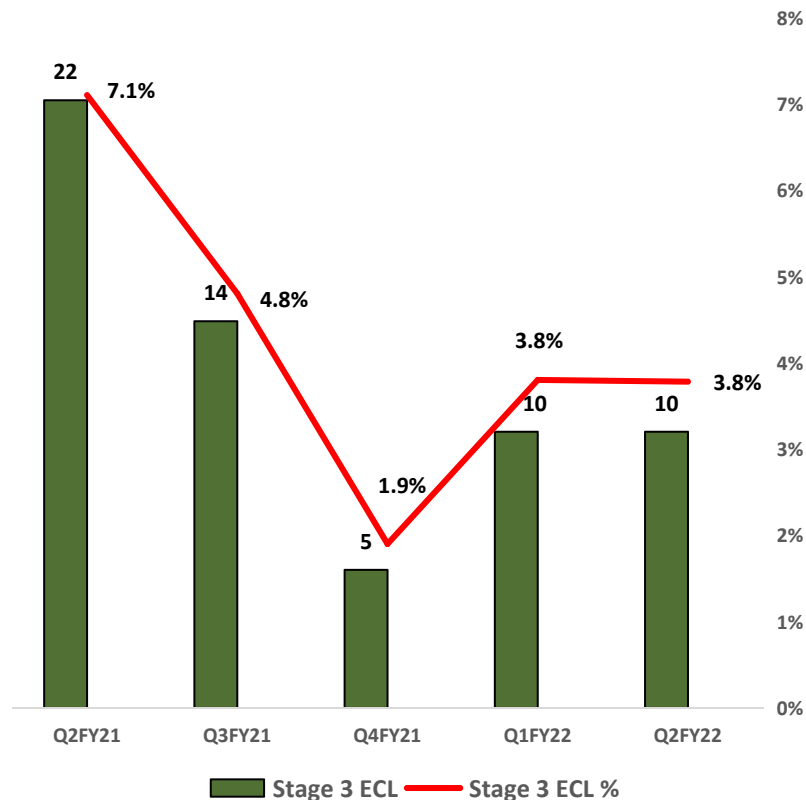
*** Capital Digital Loans disbursed post April 2020 (automated credit engine backed)

State-Wise Portfolio



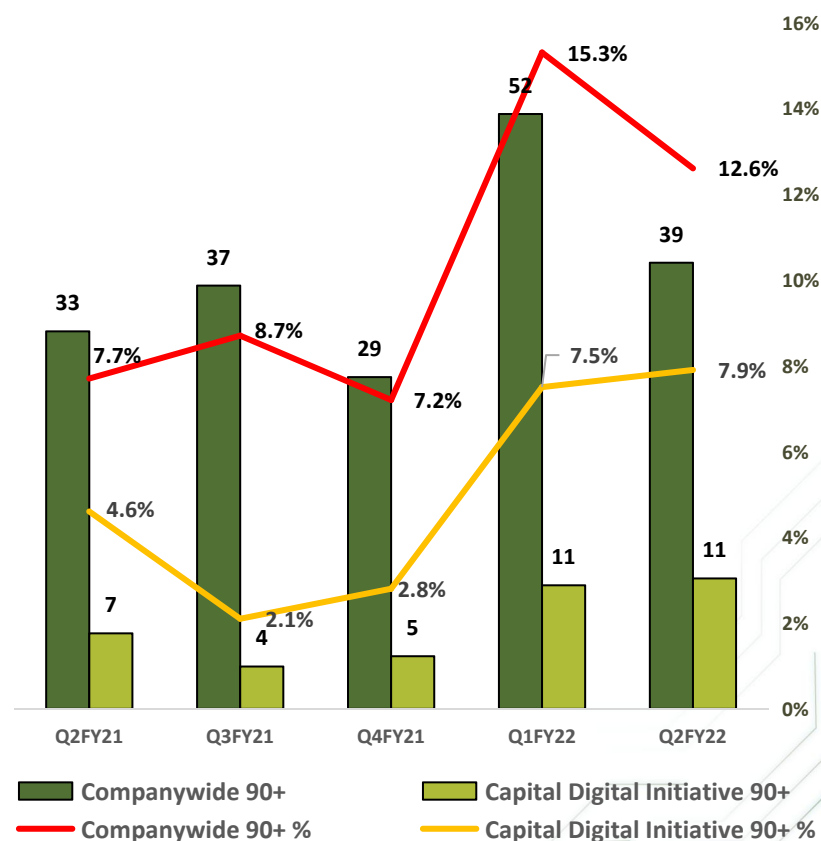
Portfolio Quality

Stage 3 ECL



90+

(₹ in Crores)

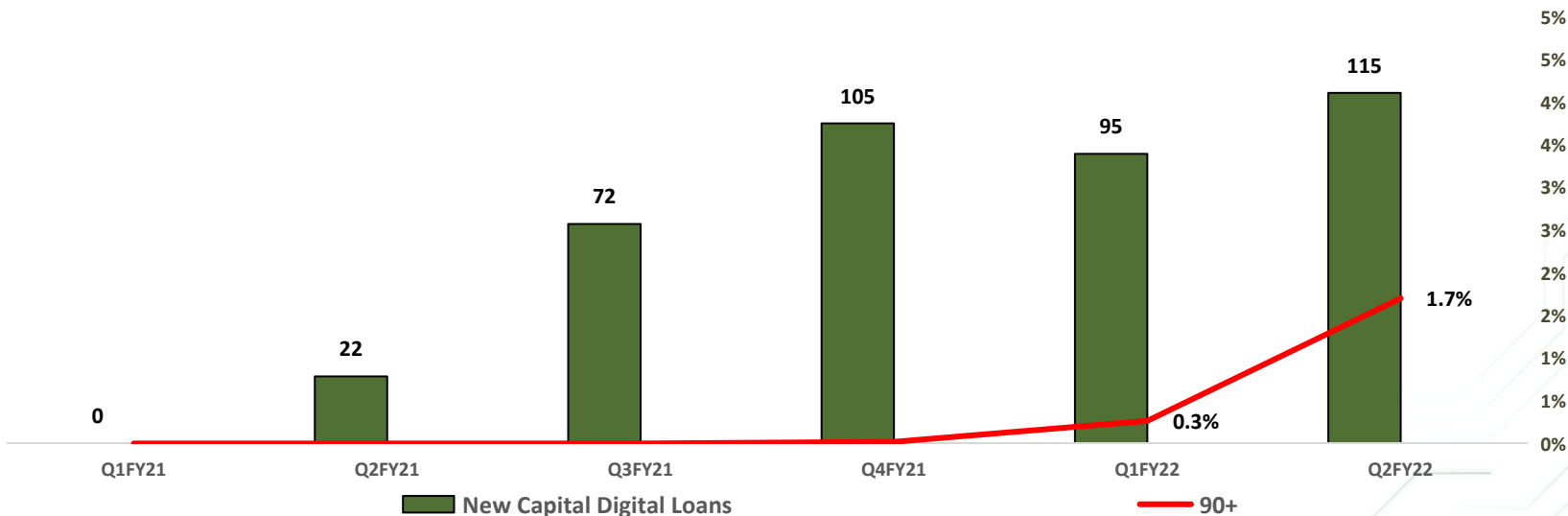


- Own book data of Stage 3 ECL; Own + Off book data of 90+
- Company has restructured ₹76.9 Cr portfolio in Q2 FY2022

Portfolio Quality – New Capital Digital Initiative Loans

Robust portfolio quality of loans disbursed post April 2020 (automated credit engine backed) (automated credit engine enabled)

(₹ in Crores)



Outstanding Provisions

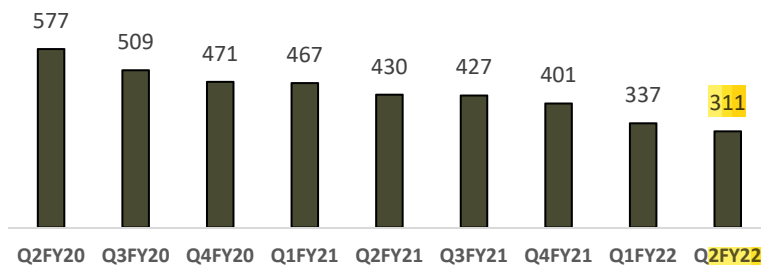
Cumulative Provisions of ₹ 57.1 Crores which accounts for 22.4% of the On-Balance Sheet Portfolio

(₹ in Crores)

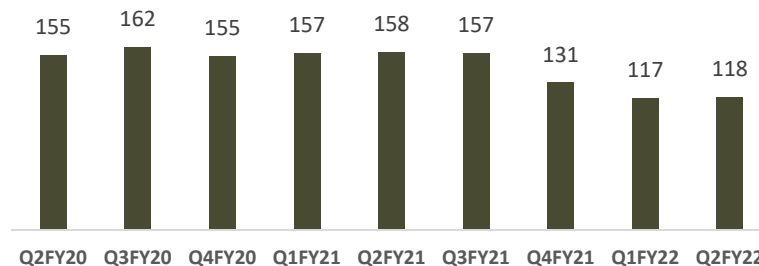
| Particulars | Q2 FY21 | Q3 FY21 | Q4 FY21 | As on 31.03.2021 | Q1 FY22 | Q2 FY22 |
|--|---------|---------|---------|---------------------|---------|---------|
| Standard Provisions (Stage 1 & 2) | 6.5 | 5.8 | 4.4 | 4.4 | 4.7 | 1.3 |
| COVID & Other Provisions (Including Stage 3) | 16.0 | 6.8 | 31.1 | 31.1 | 50.9 | 55.8 |
| Cumulative Provision Balance | 22.5 | 12.6 | 35.5 | 35.5 | 55.6 | 57.1 |
| | | | | | | |
| Impairment Charged to P&L | 1.7 | 4.2 | 23.5 | 35.3 | 20.1 | 1.5 |

Key Highlights & Ratios

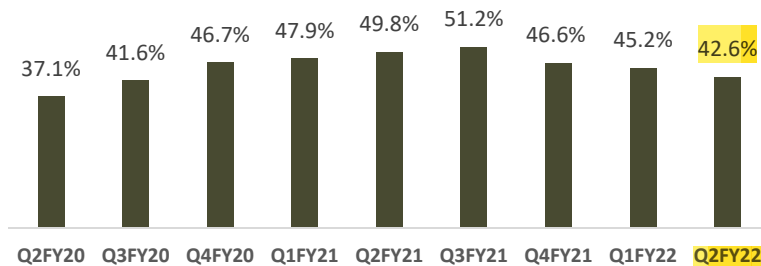
Asset Under Management (₹ in Crores)



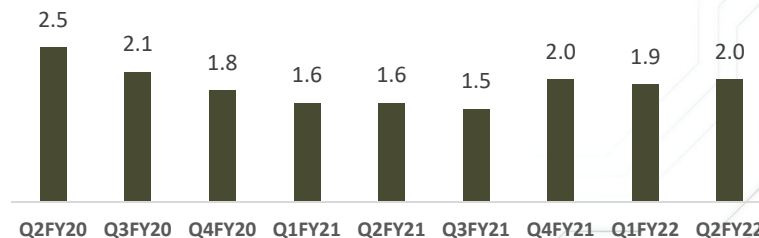
Net Worth (₹ in Crores)



Capital Adequacy Ratio (%)

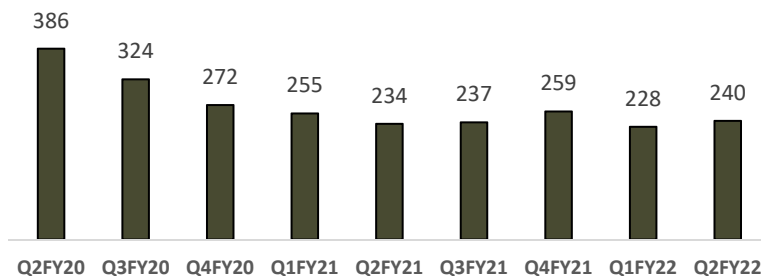


Leverage (in X)

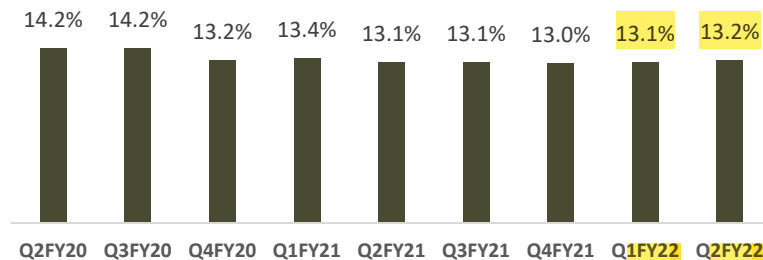


Key Highlights & Ratios

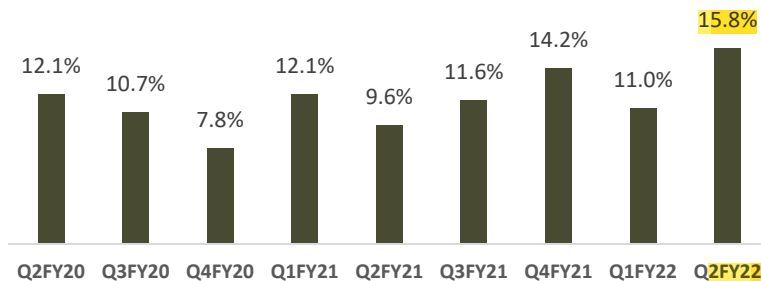
Borrowings (₹ in Crores)



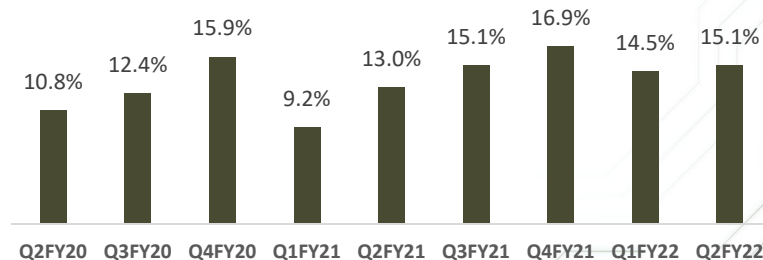
Cost of Borrowing (%)



Net Interest Margin (%) (Annualised)



Operating Cost to AUM Ratio (%) (Annualised)



Quarterly Consolidated P&L Update Q2 FY2022

(₹ in Crores)

| Particulars | Q2 FY22 | Q2 FY21 | YoY % | Q1 FY21 | QoQ % |
|--|--------------|--------------|-------------|--------------|--------------|
| Total Income | 26.3 | 27.0 | -3% | 22.8 | 15% |
| Total Expense (excluding tax) | 25.1 | 25.9 | -3% | 41.7 | -40% |
| Profit / Loss before tax | 1.2 | 1.1 | 9% | -19.0 | -106% |
| Profit / Loss after tax | 0.9 | 0.9 | 0% | -13.8 | -106% |
| Net Worth | 117.8 | 157.5 | -25% | 116.9 | 1% |
| | | | | | |
| Micro-Business Loan | 65.3 | 91.0 | -28% | 75.9 | -14% |
| Capital Magic Loan | 80.9 | 53.3 | 52% | 67.5 | 20% |
| Capital Digital Initiative | 146.2 | 144.2 | 1% | 143.4 | 2% |
| Micro-Enterprise Loan | 159.9 | 245.1 | -35% | 184.9 | -14% |
| Secured Enterprise Loan | 1.9 | 20.3 | -91% | 4.4 | -58% |
| Microfinance Loan | 2.8 | 19.8 | -86% | 4.7 | -41% |
| Legacy Portfolio | 164.6 | 285.2 | -42% | 194.0 | -15% |
| Total Assets Under Management (AUM) | 310.8 | 429.5 | -28% | 337.4 | -8% |
| | | | | | |
| On-Book Portfolio | 254.9 | 317.3 | -20% | 254.4 | 0% |
| Off-Book Portfolio | 55.9 | 112.2 | -50% | 83.0 | -33% |
| Total Assets Under Management (AUM) | 310.8 | 429.5 | -28% | 337.4 | -8% |

Quarterly Consolidated Balance Sheet Update Q2 FY2022



(₹ in Crores)

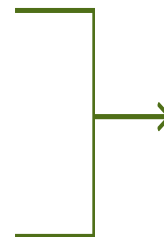
| Assets | Q2 FY22 | Q1 FY22 | Mar-21 | Liabilities And Equity | Q2 FY22 | Q1 FY22 | Mar-21 |
|--|--------------|--------------|--------------|--|--------------|--------------|--------------|
| Financial Assets | | | | Financial Liabilities | | | |
| Cash and Cash Equivalents | 21.2 | 27.2 | 38.5 | Trade Payables | 0.1 | 0.5 | 0.5 |
| Bank Balances other than cash & cash Equivalents | 51.9 | 41.1 | 40.9 | Debt Securities | 80.1 | 44.0 | 55.5 |
| Trade Receivables | 2.7 | 1.3 | 1.7 | Borrowings other than Debt Securities | 114.0 | 137.3 | 156.6 |
| | | | | Deposits | 0 | 0 | 0 |
| Loan Portfolio | 195.8 | 196.3 | 242.6 | Subordinate Liabilities | 44.8 | 44.8 | 44.8 |
| Investments | 42.2 | 41.5 | 41.0 | Lease Liabilities | 0.2 | 0.2 | 0.2 |
| Other Financial Assets | 16.2 | 5.8 | 5.3 | Other Financial Liabilities | 10.4 | 6.1 | 9.8 |
| Total Financial Assets | 330.0 | 313.3 | 370 | Total Financial Liabilities | 249.6 | 233.0 | 267.5 |
| | | | | | | | |
| | | | | Non-Financial Liabilities | | | |
| | | | | Current Tax Liabilities (Net) | 0.2 | 0.1 | 1.2 |
| Non-Financial Assets | | | | Provisions | 1.5 | 1.5 | 1.4 |
| Current Tax Assets (Net) | 4.2 | 3.5 | 2.9 | Other Non-Financial Liabilities | 4.2 | 4.9 | 7.5 |
| Deferred Tax Assets (Net) | 35.5 | 35.6 | 30.3 | Total Non-Financial Liabilities | 6.0 | 6.5 | 8.9 |
| Property, Plant and Equipment | 1.7 | 1.8 | 1.9 | | | | |
| Right to use Asset | 0.2 | 0.2 | 0.2 | Equity | | | |
| Intangible Assets | 0.2 | 0.1 | 0.2 | Equity Share Capital | 16.2 | 16.2 | 16.2 |
| Other Non-Financial Assets | 1.6 | 1.8 | 1.6 | Other Equity | 101.6 | 100.7 | 114.5 |
| Total Non-Financial Assets | 43.4 | 43.1 | 37.1 | Total Shareholders Fund | 117.8 | 116.9 | 130.7 |
| | | | | | | | |
| Total Assets | 373.4 | 356.4 | 407.1 | Total Liabilities and Equity | 373.4 | 356.4 | 407.1 |



KEY PARTNERSHIPS



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, Debt & Direct Assignment Partnerships

Equity:
1



Public Sector Banks:
5



Private Sector Banks:
2



DFI / NBFCs:
10



CAPITAL IMPACT



 Capital Trust



Capital Plus

Working with a **Double-Bottom Line** mission, company does a lot of good on ground level





THANK YOU



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