



**CAPRI GLOBAL
CAPITAL LIMITED** 

Unlocking potentials, Empowering people

**INVESTING IN VALUES.
NURTURING LIVES.**

Q1FY20 Earnings Presentation

02 August 2019

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Capri Global Capital: An Introduction

- A diversified Non-Banking Financial Company (NBFC) with presence across high growth segments like **MSME, Construction Finance, Affordable Housing and Indirect Retail Lending** segments
- Promoted by first generation entrepreneur, Mr. Rajesh Sharma, Capri Global Capital Limited (CGCL) is **listed on BSE and NSE**
- **Strong focus on MSMEs – the key growth drivers of the economy**; have **financed over 11,200+ businesses** across several states in India ranging from restaurants to small manufacturing units to traders to private schools
- **Affordable Housing Finance** business, aligned with the Government’s Flagship scheme under the ‘Housing For All by 2022’ - mission ‘Pradhan Mantri Awas Yojna (PMAY)’, has already **empowered over 8,700+ families** to realise the dream of owning their own home
- Committed workforce of over **1,800** employees with a branch presence at **88 locations in 8 states** majorly across North and West India
- **Strong governance and risk-control framework** with scrutiny at multiple levels
 - ❑ Statutory Auditor : **Deloitte Haskins & Sells LLP**
 - ❑ Internal Auditor : **Grant Thornton**

Resilient Business Model

Sectoral Headwinds

Liquidity Squeeze



Asset Quality Concerns in MSME



Tech Disruption in the NBFC Space



Circumventing the Interest Subvention and Construction Finance Stress

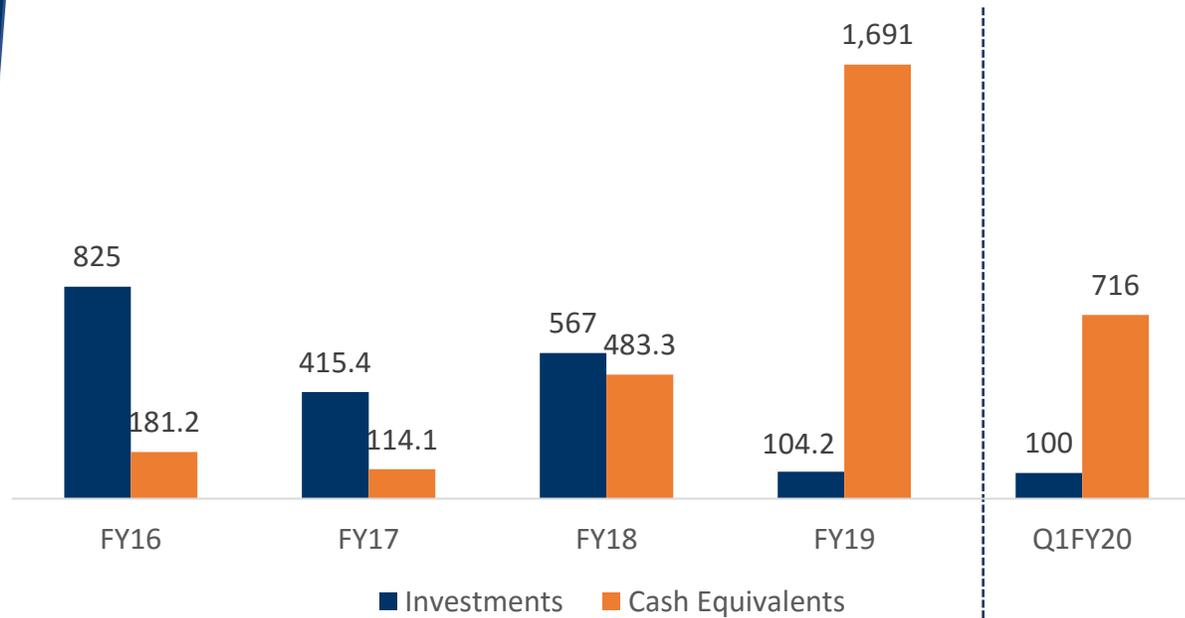


CGCL's Business Strategy

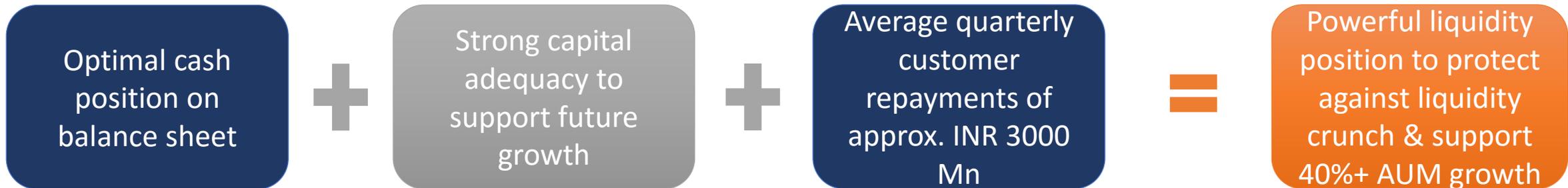
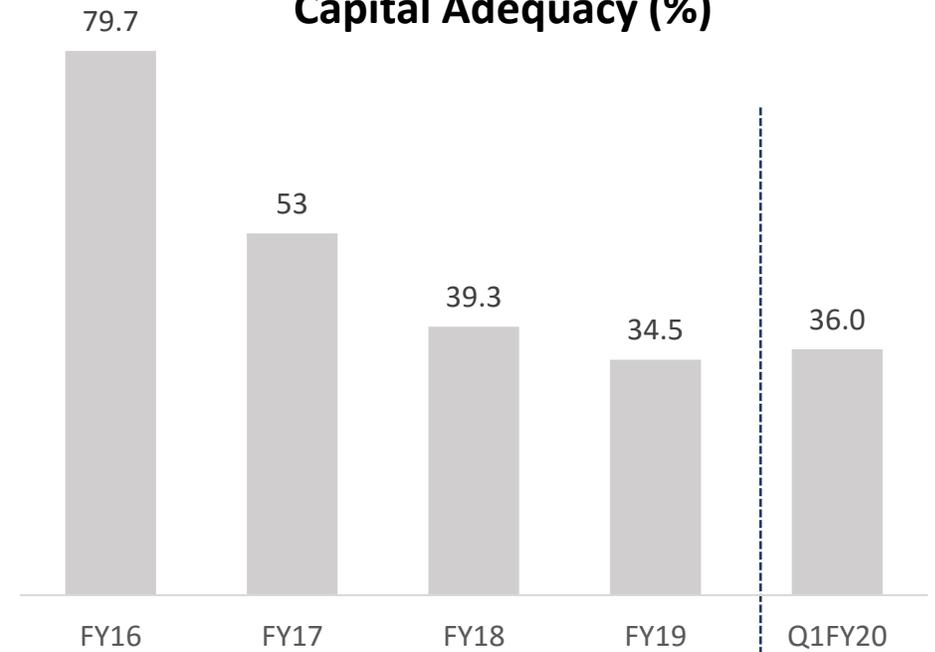
- Availability of undrawn liquidity worth ~INR 500 Cr
 - Exploring securitisation with various bankers
 - Nil exposure to short term CP's and money market
 - Optimal level of ALM across all the buckets
- Retail focussed model across all segments aiding in maintaining industry low GNPA at 2.01%
 - Secured lending; MSME LTV stands at ~50%
 - Strategically trained sales, credit & collection personnel
- Majority of our customers are first time to financial ecosystem lacking credit history
 - Intuitive loan sanction model due to personalised sales touch base with the customers
- Currently 150 projects live; none under interest subvention scheme
 - Minimal unsold inventory aiding in generating cash flows for its developers; only 1 NPA account with Nil NNPA
 - Conservative project appraisal being maintained; sole lender in each project

Well Capitalized Business Model

Current Assets (INR Mn)



Capital Adequacy (%)



Capital Adequacy Standalone Numbers ; FY18,FY19 & Q1FY20 nos. as per IND-AS

NPA Analysis: Prudent Lending Practises

CGCL (Standalone) (INR MN)	FY16	FY17	FY18	FY19
NPA Recognition Norms	150 DPD	120 DPD	90 DPD	90 DPD
GNPA	97	178	439	560
NNPA	83	152	374	202
Provisions	14	26	64	358
Total Assets	13,039	19,646	28,239	33,106
Gross NPA%	0.88%	0.98%	1.68%	1.69%
Net NPA%	0.75%	0.84%	1.44%	0.62%
Coverage Ratio	36%	81%	53%	64%
Gross NPAs (Adjusted to 90 DPD)	2.55%	1.99%	1.68%	1.69%

GNPA Product Segment wise – Q1FY20

Product Segment	GNPA %	NNPA %
MSME	3.62%	2.19%
Construction Finance	0.14%	Nil
Housing Finance	0.82%	0.44%
Indirect Lending	Nil	Nil
Total (Consolidated)	2.01%	0.99%

Improved asset quality levels as Gross NPAs at 90 DPD declined to 1.47 % as on March 31st, 2019 from 2.55% as on March 31st, 2016 on a consolidated basis



Q1FY20 : Performance and Analysis

Capri Global Capital: Banking The Unbanked

Q1FY20 At A Glance

Total AUM*
INR 40.9 billion

MSME AUM
INR 20.2 billion

CF + IRL AUM
INR 12.0 billion

HL AUM
INR 8.7 billion

Total Disbursements
INR 2.97 billion

PAT
INR 377 million

Net Worth
INR 14.21 billion

20,000+
Live Accounts

1,800+
Employees

8
States

88
Branches



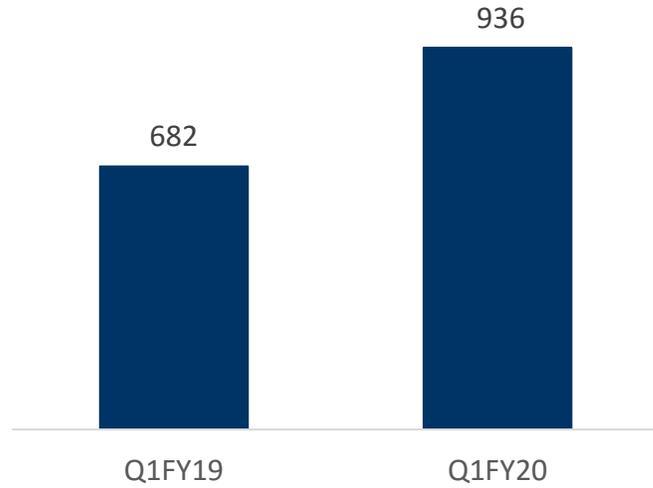
As on 30th June '19

*Total AUM includes Housing Finance AUM

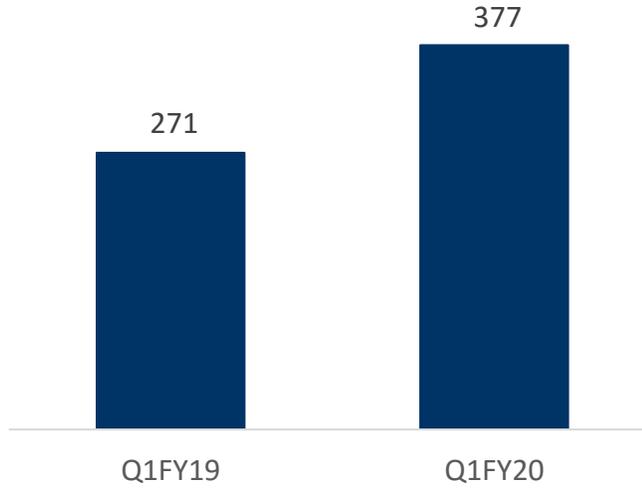
Q1FY20: At a Glance..

Consolidated numbers

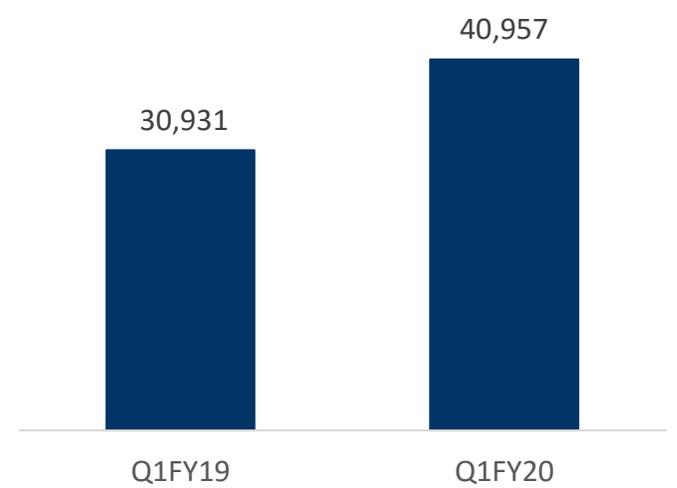
NII (INR MN)



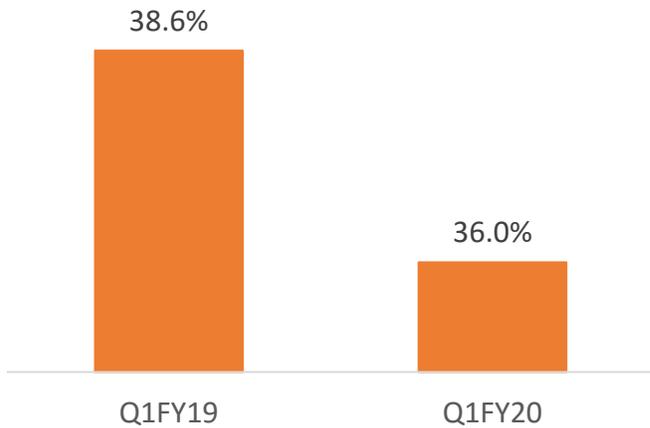
PAT (INR MN)



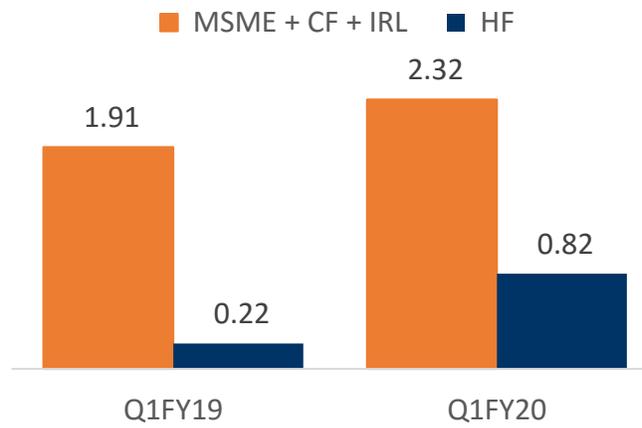
AUM (INR MN)



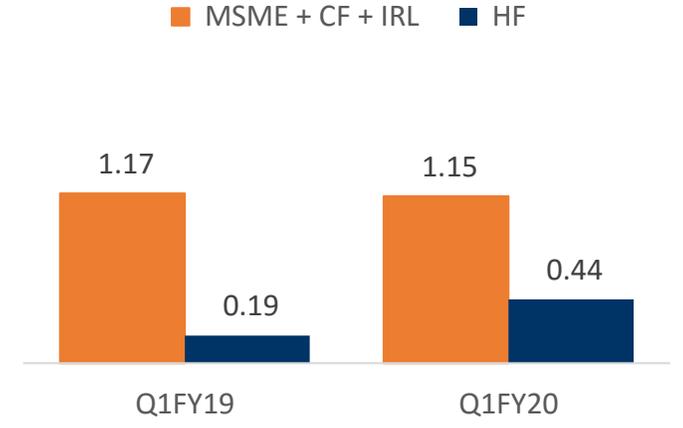
Capital Adequacy Ratio* (%)



Gross NPA (%)



Net NPA (%)

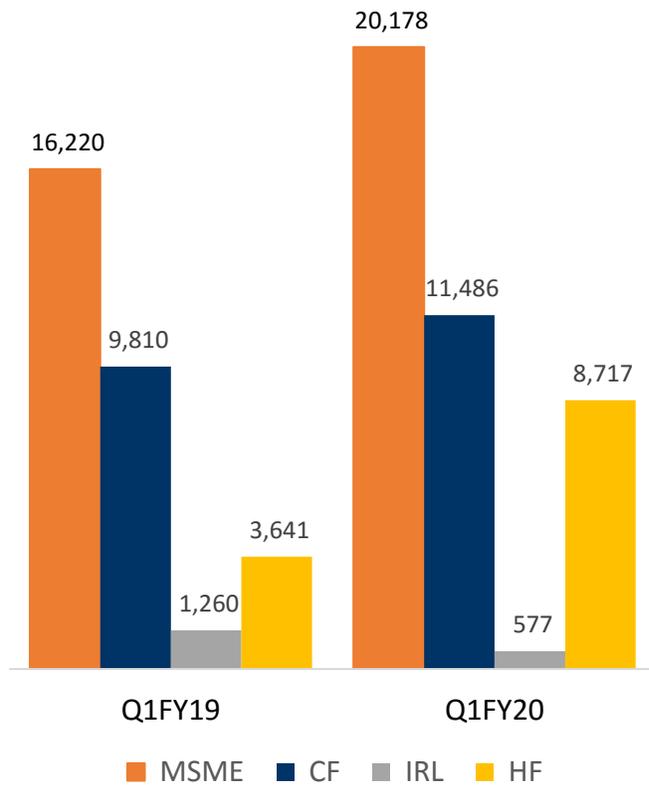


Capital adequacy on standalone basis

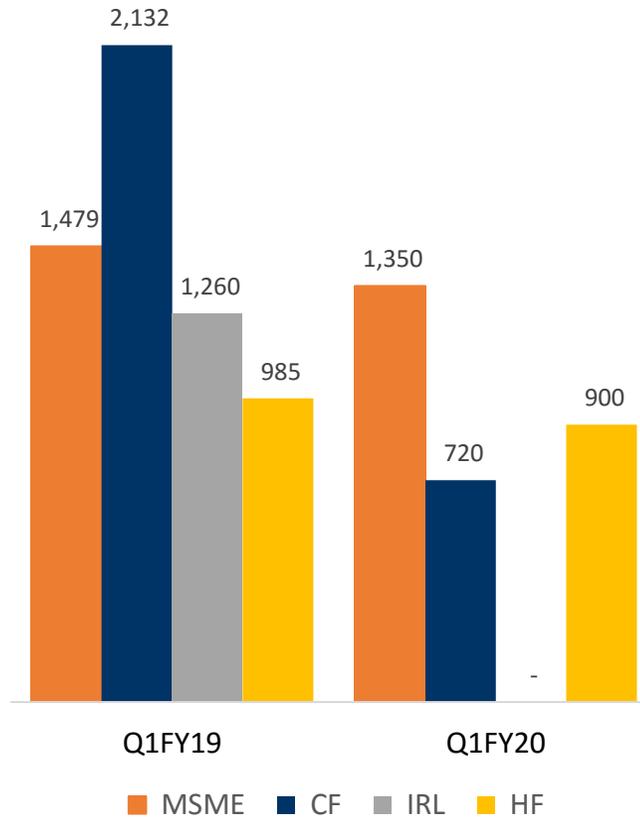
Q1FY20: Key Highlights

Consolidated numbers

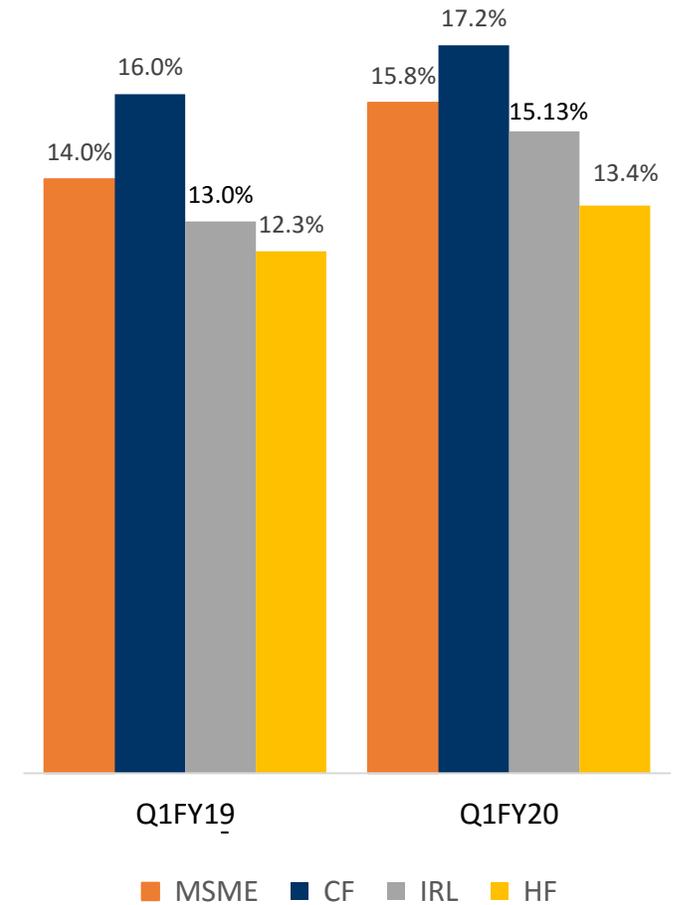
AUM - Segmental Breakup (INR Mn)



Disbursements - Segmental Breakup (INR Mn)



Portfolio Yield (%)



Q1FY20: Performance Summary

All amounts in INR Mn except stated

Particulars	Q1FY20	Q1FY19	Y-o-Y (%)
Net Interest Income (NII)	936.0	681.5	37.3%
Interest Expense	700.1	392.9	78.2%
Net Interest Margin (NIM)%	9.13%	9.15%	(0.02%)
PAT	377.3	270.4	40%
Annualized RoE (%)	10.77%	8.47%	2.30%
Annualized Return on Average Assets (%)	3.57%	3.24%	0.33%

Stable Asset Quality: Stage Analysis As per IND-AS

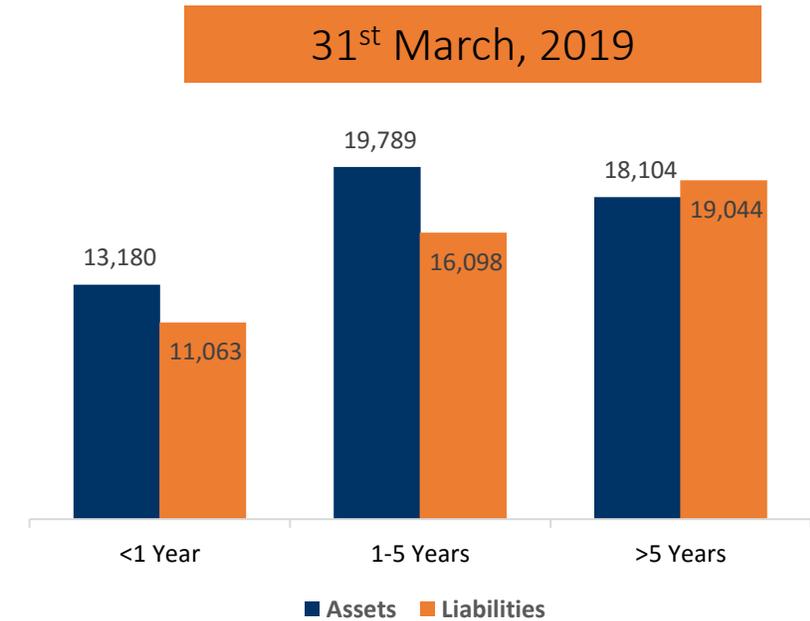
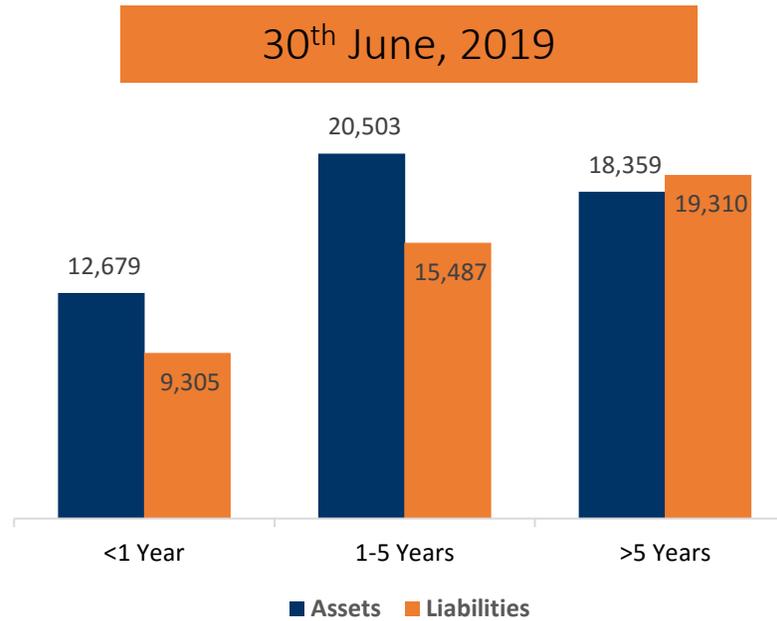
All amounts in INR Mn except stated

ECL Analysis as per INDAS	Q1FY20	Q1FY19	Q4FY19
Stage 1 & 2 - Gross	40,144.4	30,663.6	40,432.8
Stage 1 & 2 – ECL Provisions	204.6	150.6	214.8
Stage 1 & 2 – Net	39,939.8	30,513	40,218
Stage 1 & 2 – ECL Provisions %	0.5%	0.5%	0.5%
Stage 3 - Gross	822.2	529.2	604.8
Stage 3 – ECL Provisions	215	60.2	173.1
Stage 3 – Net	60.72	469.1	431.7
Stage 3 % - Gross	2.0%	1.73%	1.5%
Stage 3 % - Net	1.5%	1.5%	1.1%
Stage 3 – Coverage Ratio	51.0%	39.8%	64.1%

Asset-Liability Split: Consistent Mix

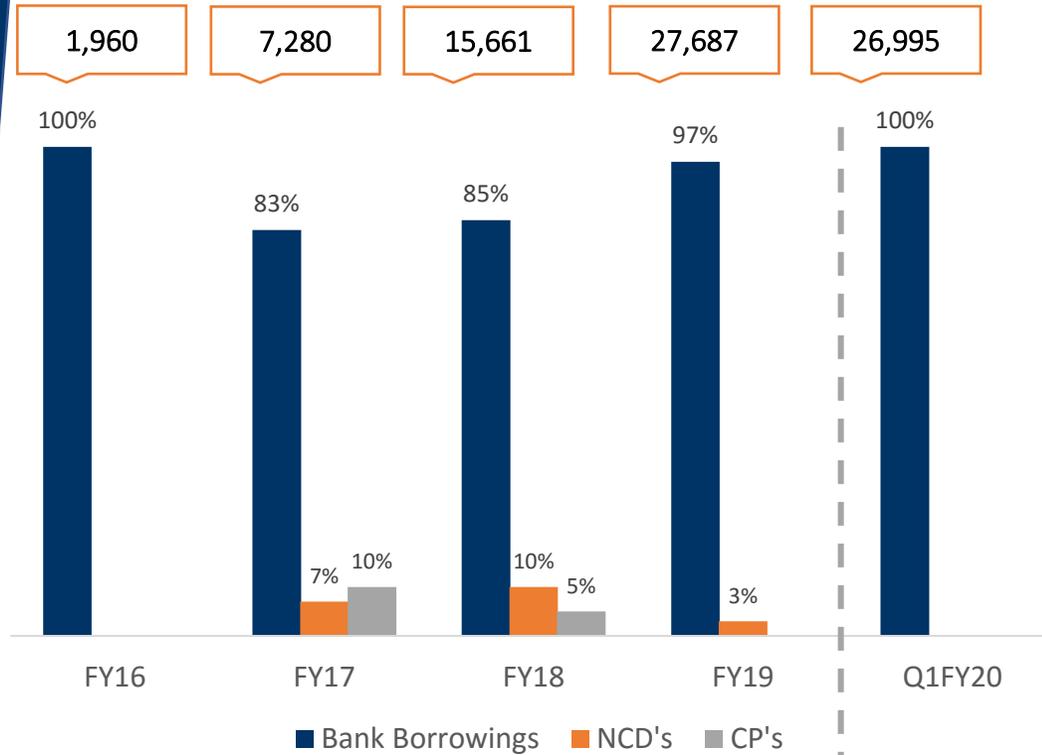
All amounts in INR Mn

- ❖ Have consistently remained cautious about short-term asset & liability mismatches by ensuring optimally matched Balance Sheets
- ❖ Negligible probability of any defaults on future repayments
- ❖ Well-protected against any liquidity crunch in case of possible regulatory tightening



Liability Mix: The Low Cost Benefit

Total Borrowings (INR Mn) & Borrowing Mix

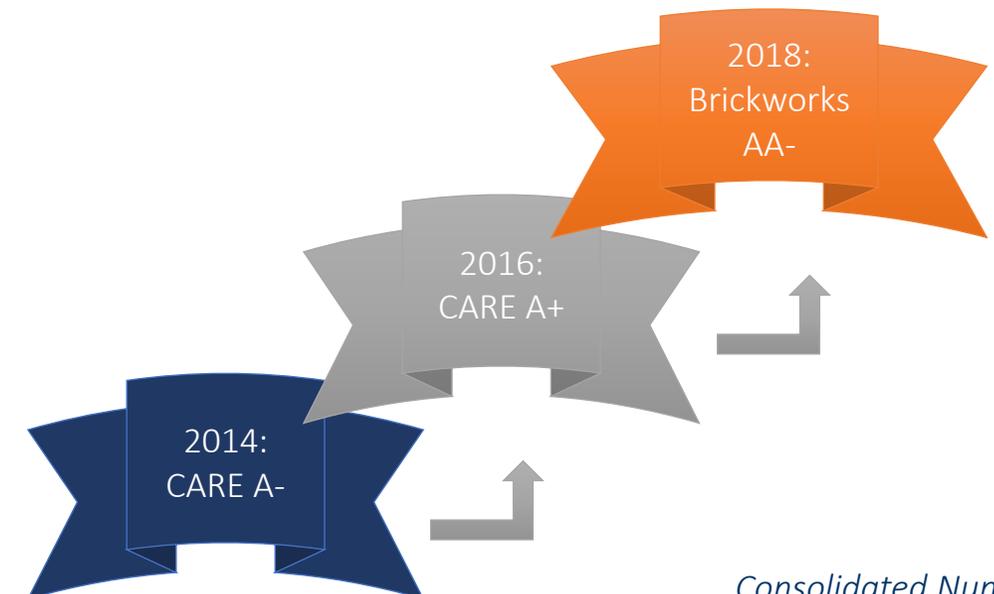


Market borrowings like CPs & NCDs contribute to <3% of CGCL's total borrowing mix in recent years, and hence risk of bond defaults/liquidity crunch are negligible.

Higher Share of Bank Borrowing >> Lower Overall Cost of Borrowing

- Nil exposure to short-term money market signifies no probability of default
- CGCL's prudence in higher borrowing share from banks has resulted in positive ALM across short and medium term buckets

Credit ratings



Small Loans: Niche Capabilities

MSME	Construction Finance	Housing Finance	Indirect Lending
~ 50 % of AUM	~ 28 % of AUM	~ 21 % of AUM	~ 1 % of AUM
<ul style="list-style-type: none">• Focus on Tier II & III cities; Customer outreach: 11,200+• Loan-to-Value: ~50%• Ticket size: INR 1.5 Mn with Avg loan tenure of 4-5 years• Key markets: NCR, Gujarat & Maharashtra• Portfolio Yield: 15.8 %• GNPA: 3.62 %	<ul style="list-style-type: none">• Project outreach: 150• Key markets: Mumbai, Pune, Ahmedabad, Surat, Bangalore, and Hyderabad• Ticket size: INR 77.9 Mn with Avg tenure of 4-5 years• Portfolio Yield: 17.2 %• GNPA: 0.14 %	<ul style="list-style-type: none">• Affordable housing customers in Tier II & III cities• Customer outreach: 8,700+• Key markets: Maharashtra, Gujarat & NCR• Loan to Value : ~61%• Average Ticket Size: 1.1 Mn with loan tenure of 7-8 years• Portfolio Yield: 13.4 %• GNPA: 0.82 %	<ul style="list-style-type: none">• NBFC Outreach: 9• Financing to other smaller NBFCs in MSME and MFI• Over 100 NBFCs and MFIs with the book size up to INR 5 Bn• Security Cover :> 1.1x• Portfolio Yield: 15.13 %• GNPA: Nil
Launched 2012	Launched 2010	Launched 2016	Launched 2018



Annexure: About CGCL & Industry Scenario

Capri Global Capital In a Nutshell

- An upcoming Diversified NBFC with presence across high growth segments like MSME, Construction Finance, Affordable Housing and Indirect Lending
- Promoted by first generation entrepreneur, Mr. Rajesh Sharma, CGCL is listed on BSE and NSE
- Strong focus on MSME; have financed over 12,000+ businesses across several states in India ranging from restaurants to small manufacturing units to traders to private schools
- Committed workforce of over 1,800 employees with a branch presence at 88 locations in 8 states majorly across North and West India

OUR MISSION

'Our mission is to shape this future and create a **solid social impact** through our flexible and intuitive loan products. We aim at delivering credit to a wider spectrum of small and medium enterprises with limited credit history.'

DUE-DILIGENCE & GOVERNANCE

- **Statutory auditor: Deloitte Haskins & Sells LLP**
- Robust 4-step risk control mechanism with scrutiny at multiple levels
- Application-to-disbursal ratio of 33 %
- **Gross NPAs at only 2.01 %**

OUR BUSINESS MODEL

- Small-ticket, retail-focused segments: MSME financing, construction financing & affordable housing finance
- **Growth Driver: MSME lending**, backed by 100% secured assets (already grown 5x in 4 years)

The CGCL Advantage: Optimal Mix of Borrowings & Lending

Competitive Advantage

Tightening Liquidity

Retail Lending

Higher borrowing costs
>> Declining NIMs

Industry Scenario

As global & domestic liquidity tightens, high reliance on short-term borrowings could prove detrimental

Retail loans are amortized on a monthly basis; thus, cash flows in ALM can be projected correctly

Liquidity mgmt measures from RBI could force NBFCs to increase long-term borrowings, thus increasing COF & reducing NIMs

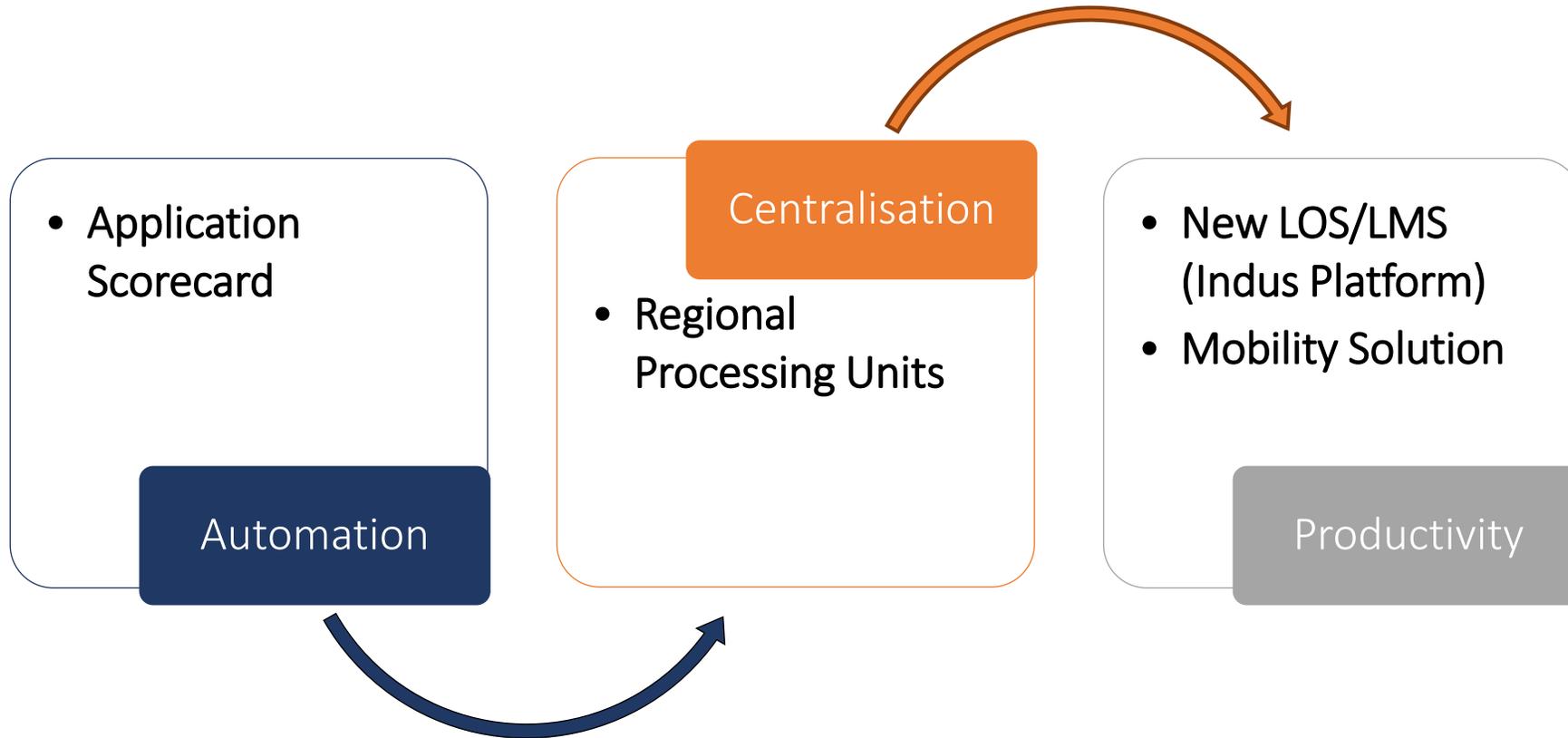
The CGCL Advantage

No exposure to short-term money market borrowings

100% small-ticket retail loans in MSME, Housing Finance segments

Borrowing mix skewed in favour of banks & thus, NIMs to be sustained & gradually improved

Leverage On Technological Initiatives; Setting Us Apart



A positive impact on productivity and cost control

A new generation cloud-based platform with rule engine and mobility modules being implemented

MSME Lending: A Huge Unexplored Opportunity

The NBFC Advantage in MSME Funding

- Lack of formal avenues for financing ensures low penetration from banks
- Banks face issues in financing MSMEs due to high NPAs, high processing times and capital challenges
- NBFCs offer higher loan eligibility with shorter turnaround times
- Capital and lending norms for NBFCs are more lenient as compared to banks allowing them greater penetration in smaller towns and villages

MSME credit to grow at 12-14% over 5 years:
ICRA

Non-bank share in MSME credit pie should
expand to 22-23%
by March 2022 vs 16% in March 2017: ICRA

Govt. focus to raise MSME contribution in
country's GDP to 50% from present 29%,
employment to further increase by 35%.

CRISIL pegs overall credit demand of MSMEs
in India at INR 45 Trillion over the medium
term

New avenue for sourcing of loans opened up
via online channels

MSME: Small Loans, Big Opportunity

Focus Area



Micro Enterprise

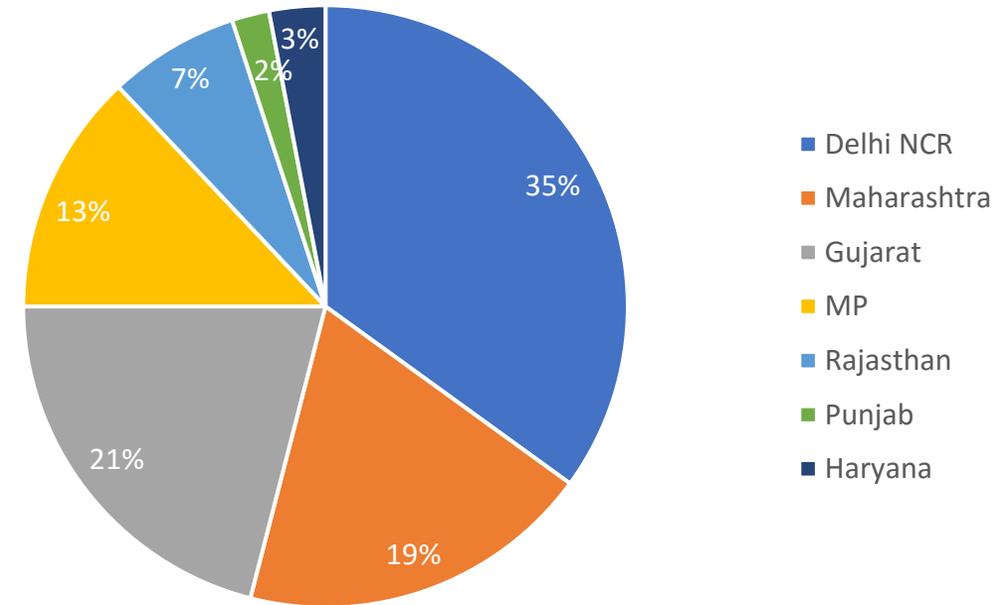
- Self Employed Individuals – Provision stores, retail outlets, handicrafts etc
- Ticket Size: INR 5L -50L
- In-house sourcing team – 86 Branches/Loan centres



Small Enterprise

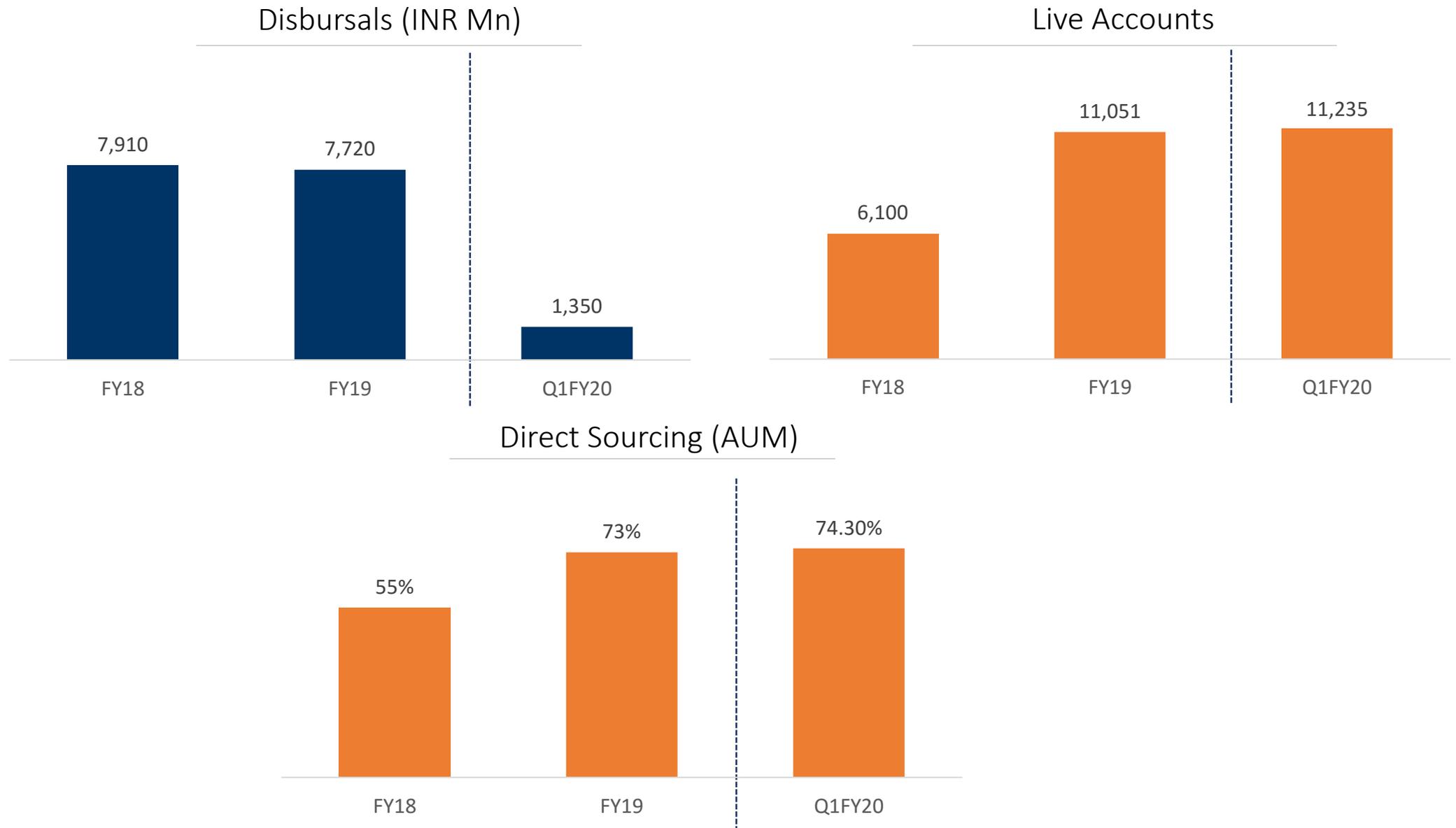
- Small enterprises with formal income documentation; Sourced directly
- Ticket Size: INR 1.5 Mn

MSME Assets by Geography



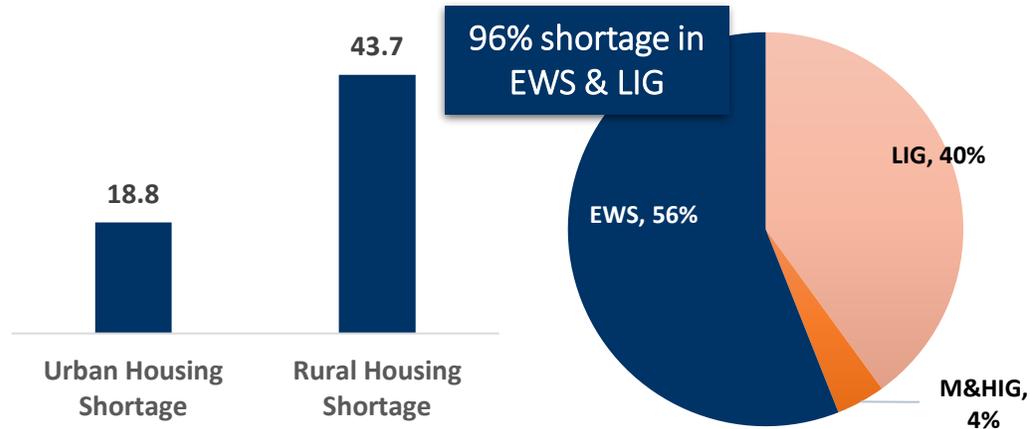
AUM	Disbursements	Avg. Ticket Size	Client Base
INR 20,178 Mn	INR 1,350 Mn	INR 1.5 Mn	11,200 +

MSME: CGCL's Growth Driver



Affordable Housing: Large Demand & Low Formal Financing

Housing Shortage

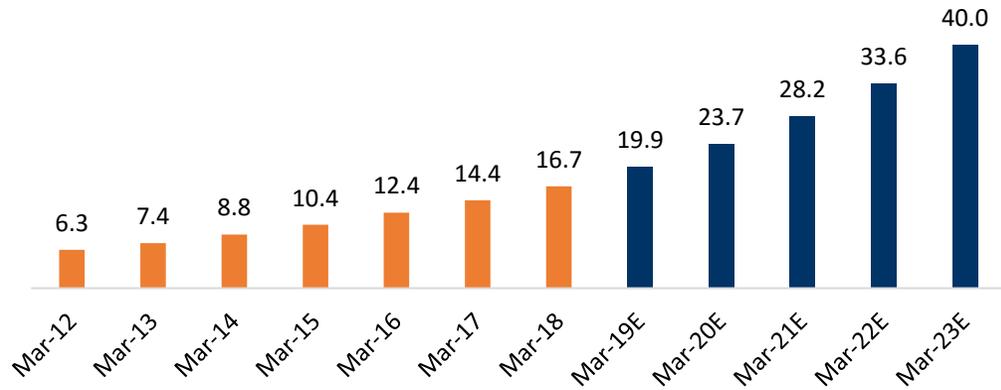


Urban Housing shortage pegged to reach 34.1 million units by 2022

95%+ of the shortage corresponds to Lower Income Group (LIG) & Economically Weaker Sections (EWS)

In 2015, the Government of India launched the “Housing for all by 2022” scheme with Pradhan Mantri Awas Yojna (PMAY)

Indian Mortgage Market (INR Trillion)



PMAY introduced a Credit Linked Subsidy Scheme (CLSS) to offer interest subsidies for loans up to INR 18 lakhs

ICRA report pegs the housing finance demand in India at US\$ 600 billion over the next 4 years

Capri Global Housing Finance entered into an MOU with the NHB as a Primary Lending Institution (PLI) to facilitate subsidy to its qualifying borrowers under the CLSS

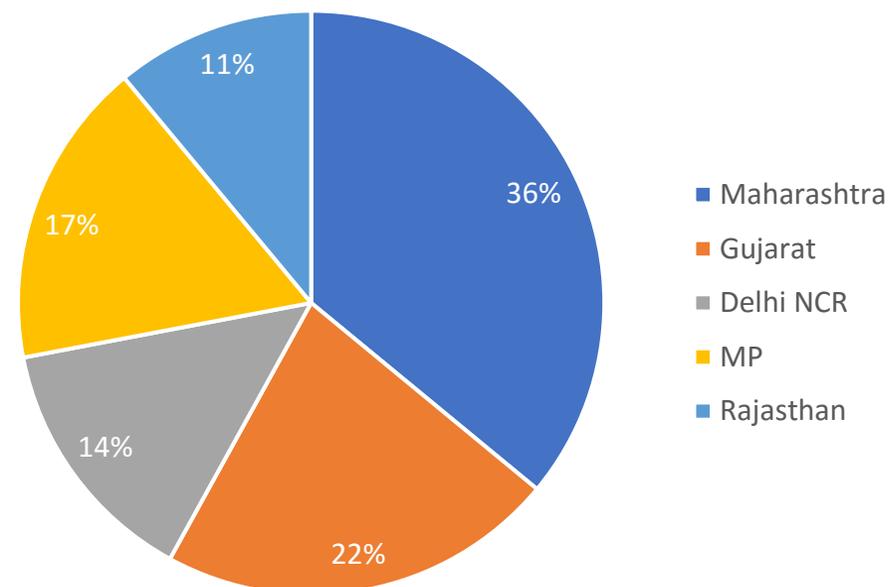
*Affordable housing loans (as per RBI):
 o Metros - Loans up to INR 50 Lacs (house value of INR 65 Lacs)
 o Non Metros - INR 40 Lacs (house value of INR 50 Lacs)

Housing Finance: Capitalising on Affordable Housing Opportunity

Focus Area

- Serves middle and lower middle income population in Tier 2 and 3 cities
- Ventured in 2016 through its subsidiary – Capri Global Housing Finance Limited
- Targeting existing customers via cross-selling within the MSME segment

HF Lending Portfolio by Geography



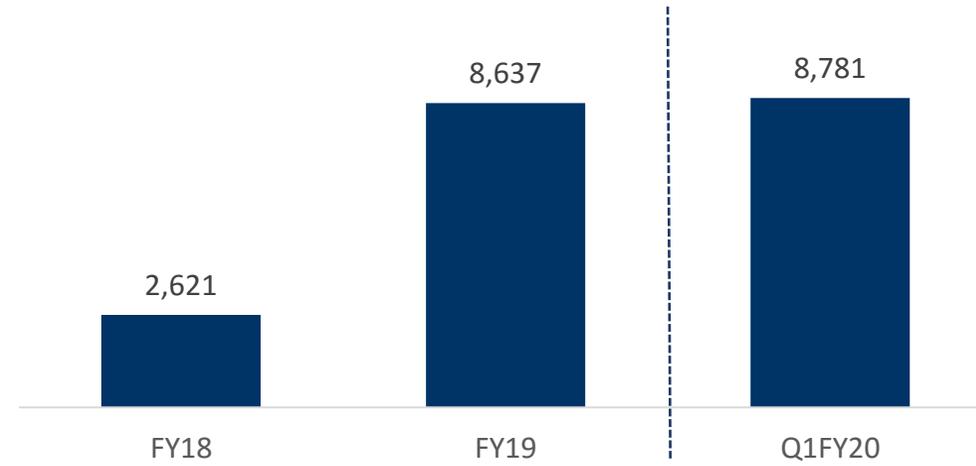
AUM	Disbursements	Avg. Ticket Size	Customers
INR 8,717 Mn	INR 900 Mn	INR 1.1 Mn	8,700 +

Housing Finance: Exponential Growth Potential

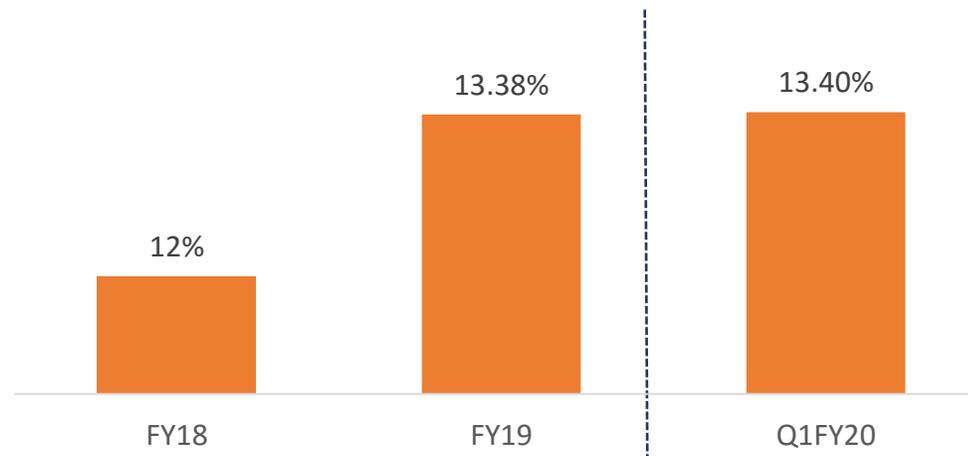
Disbursals (INR Mn)



Live Accounts



Portfolio Yield (%)



Note: FY18 was the 1st full year of operations

Urban Construction Finance: Significant Scope of Growth

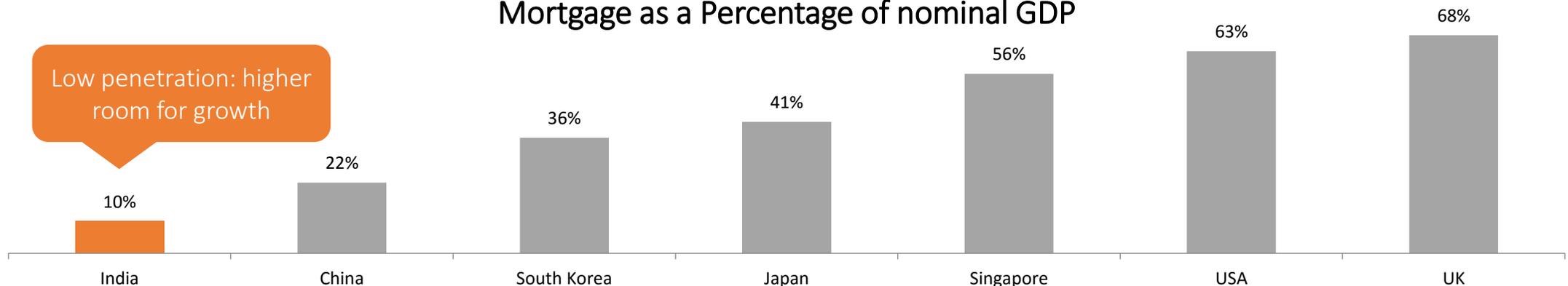
Recent Government Initiatives to promote affordable housing construction

- 100% tax exemption on affordable housing construction projects for developers
- Faster building permissions from regulatory authorities
- RERA: higher accountability for both developers & customers
- Infrastructure status awarded to affordable housing development, making institutional credit availability easier

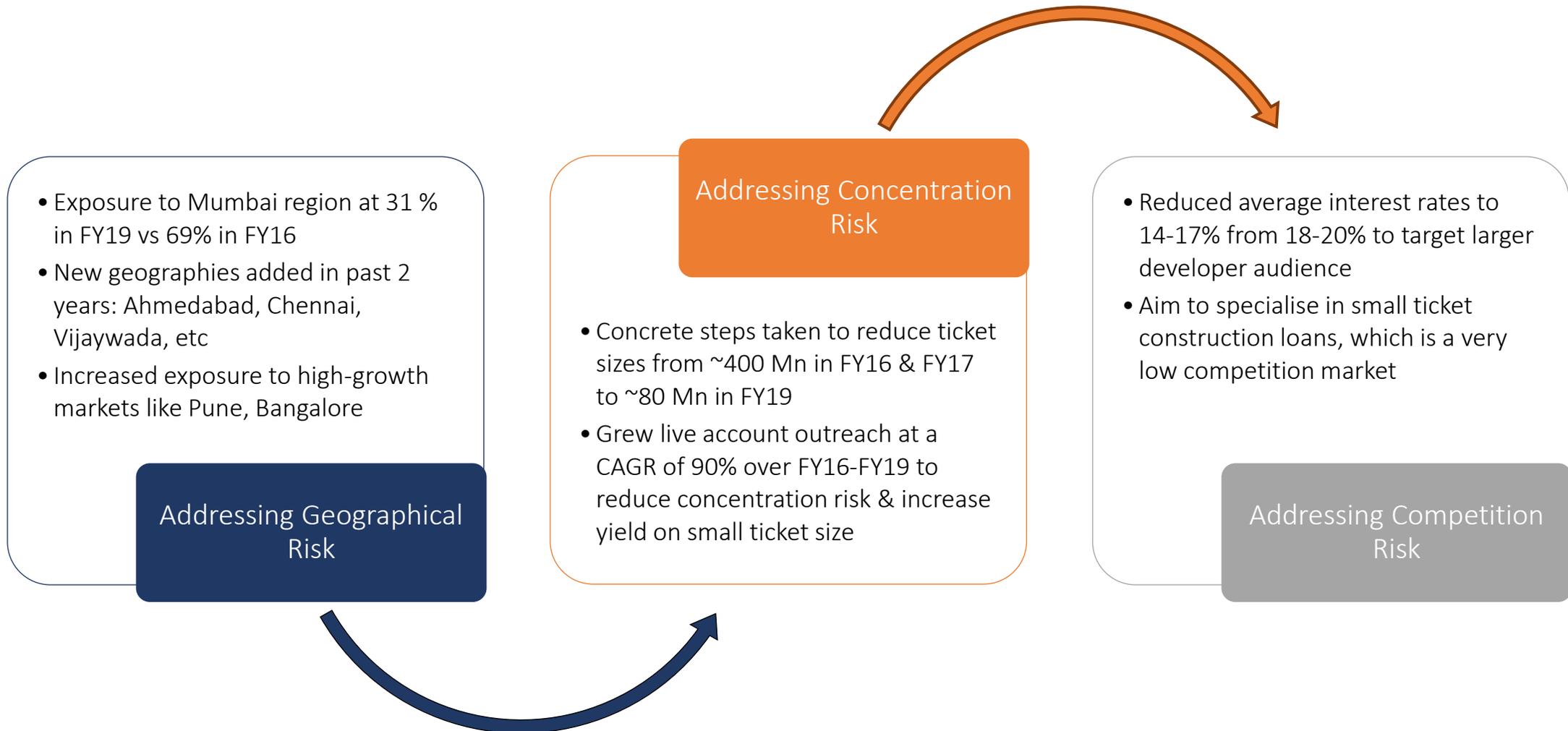
Demand Drivers for Growth in Indian Mortgage Market

- 66% of India's population is aged below 35 years, increasing demand for newer homes
- Urban housing demand expected to see exponential growth: Currently 32% of India's population reside in cities; expected to increase to 50%+ by 2030
- CLSS Scheme for new home owners reduces effective interest rates for MIG & LIG groups, effectively reducing monthly EMIs

Mortgage as a Percentage of nominal GDP



Construction Finance: The Retail Way

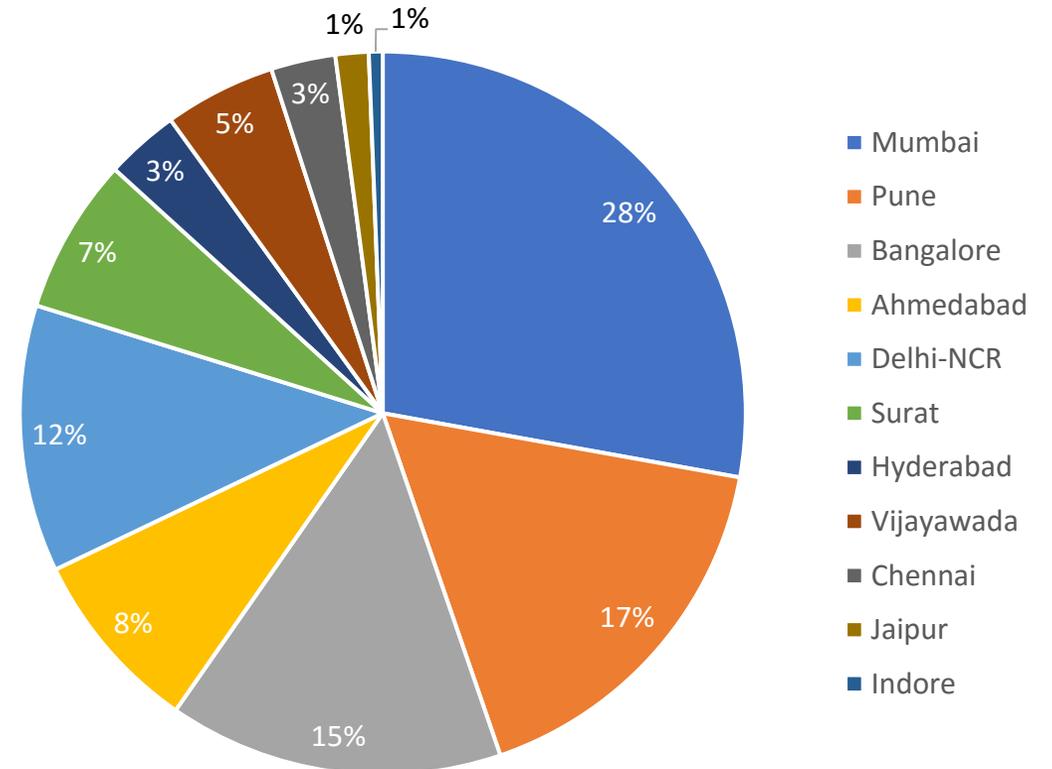


Construction Finance: Building a Sustainable Future

Focus Area

- Construction linked loans to small and midsize real estate developers
- Comprehensive framework for project selection and credit appraisal
- Competitive rates for high quality, multi-family real estate projects

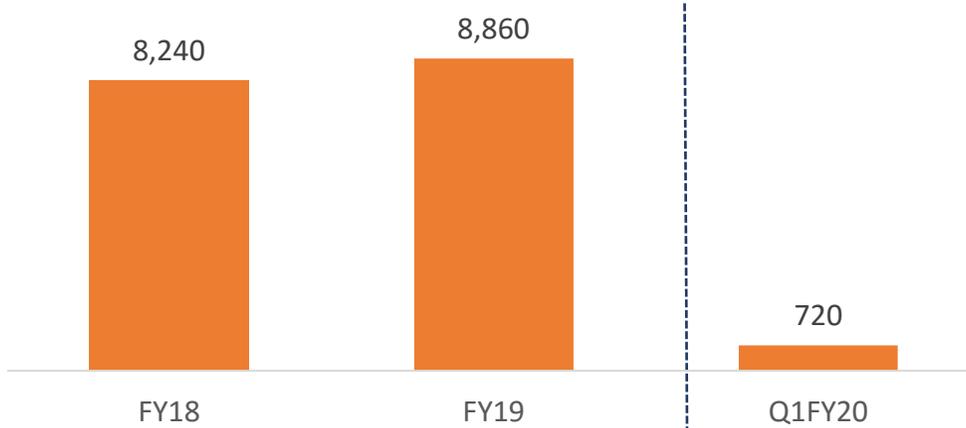
CF Lending Portfolio by Geography



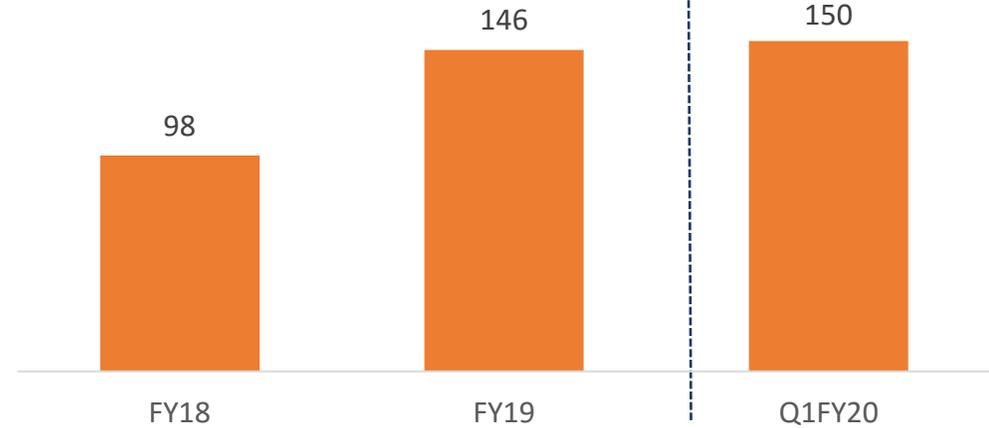
AUM	Disbursements	Avg. Ticket Size	No. of Projects
INR 11,486 Mn	INR 720 Mn	INR 77.9 Mn	150

Construction Finance: High Yield, Low Risk

Disbursals (INR Mn)



Number of projects



Portfolio Yield (%)



Indirect Retail Lending: Unique Product Offering`

Focus Area

- Lending to small NBFCs engaged in
 - MSME Lending and Microfinance
 - Two Wheelers and Commercial Vehicles finance

- Hypothecation of receivables - 1 to 1.2X cover

- Portfolio yield between 11% to 15%

- Average Tenure: 1-3 Years

- Gross NPAs: Nil

- New segment, launched only in 2018

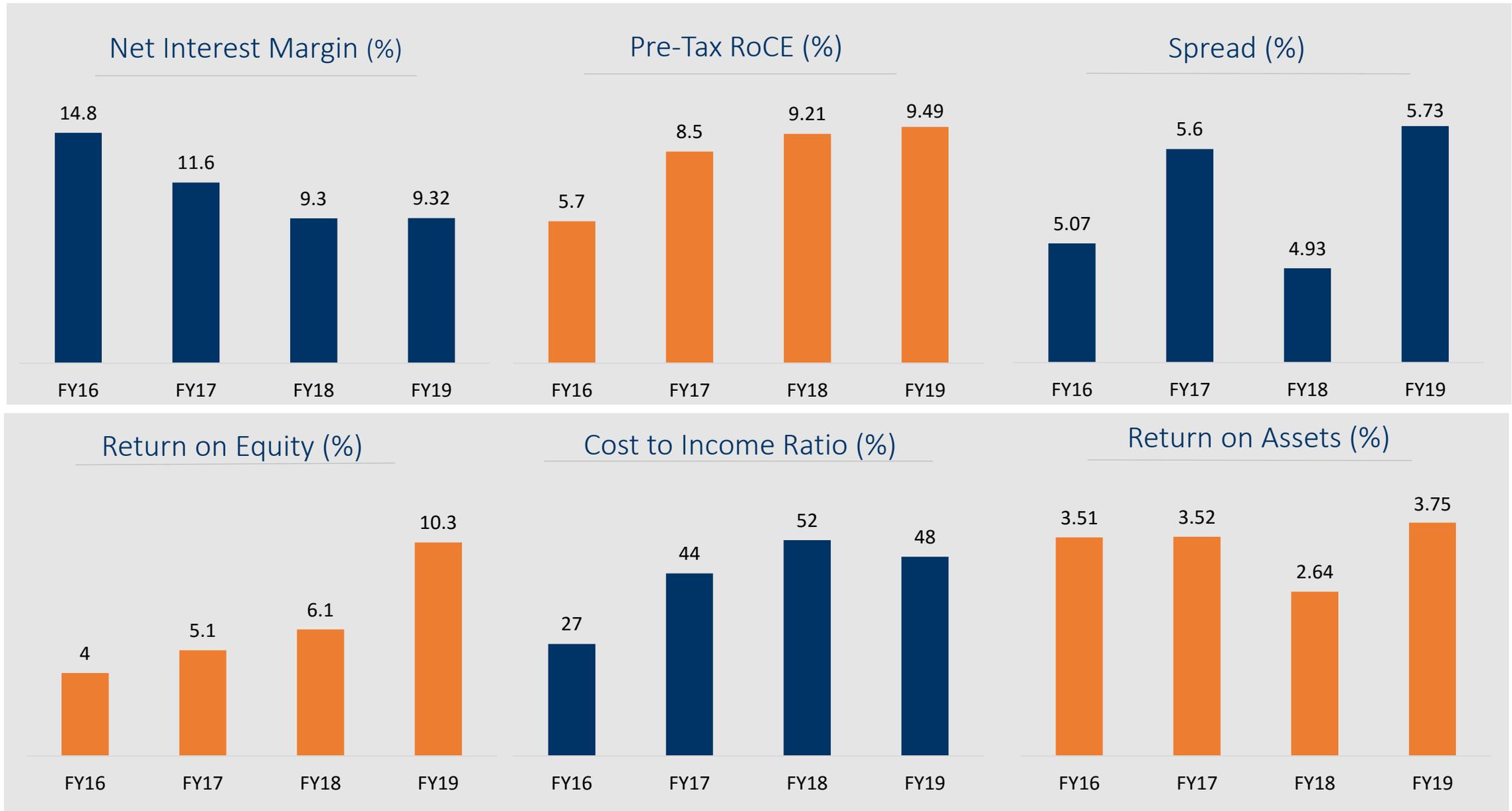
AUM	Disbursements
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INR 577 Mn	Nil
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Ticket Size Range	Customers
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INR 50-250 Mn	9
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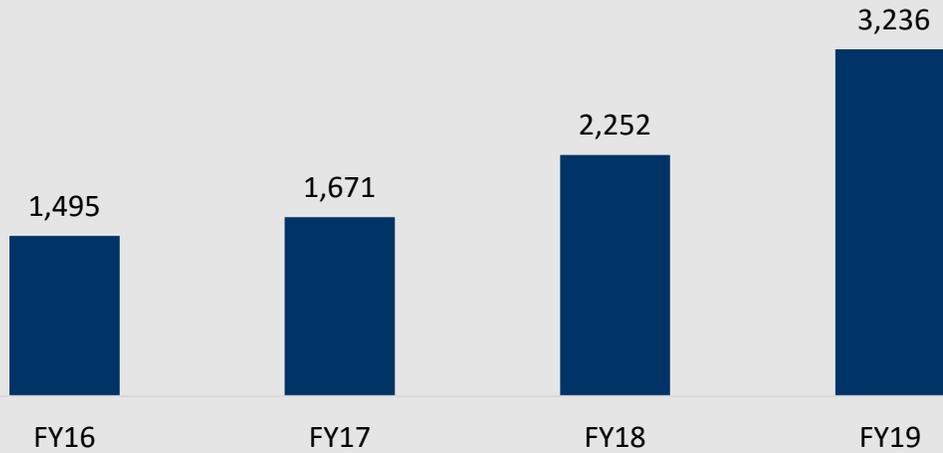
Over the Years...



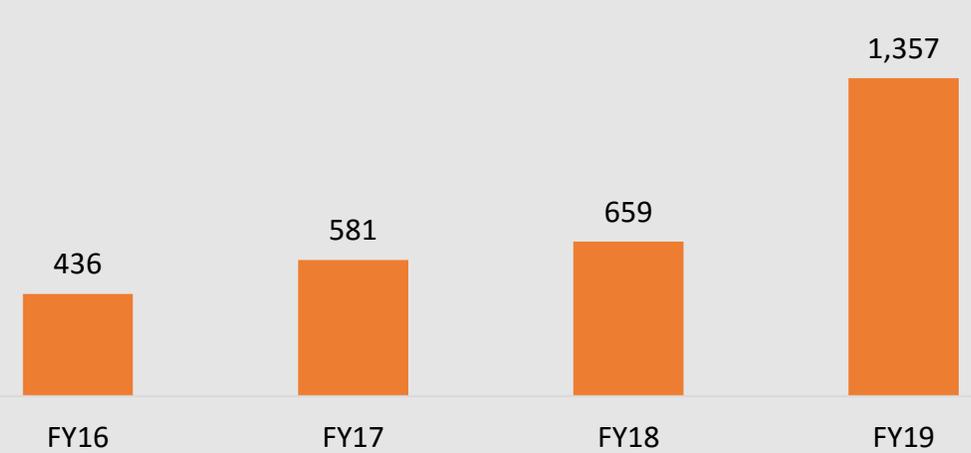
Consolidated Numbers. Including Housing Finance; FY18 & FY19 nos. based on IND-AS

Over the Years...

NII (INR Mn)



PAT (INR Mn)



Total Assets (INR Mn)

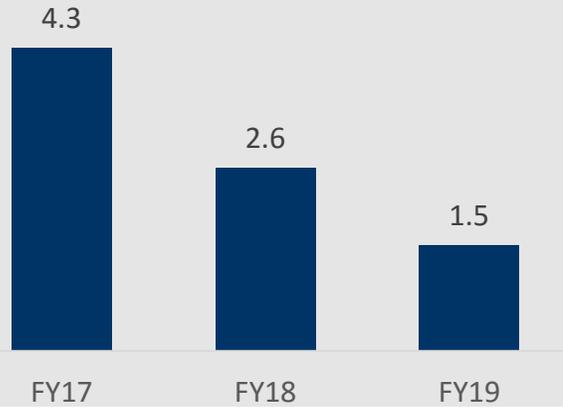


Capital Adequacy (%)

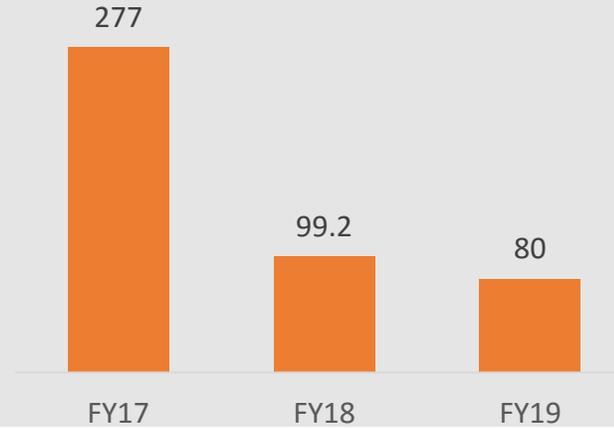


Retail focussed model aiding to strong Asset quality

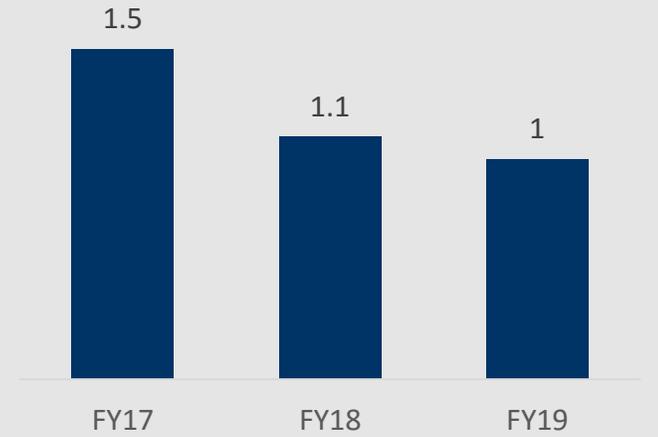
MSME Average Ticket Size (In Mn)



Construction Finance Average Ticket Size (In Mn)



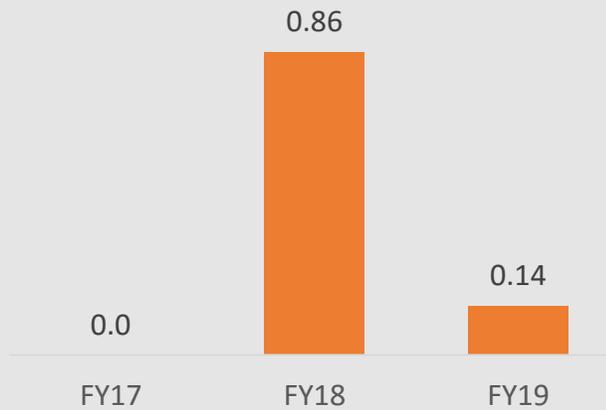
Housing Finance Average Ticket Size (In Mn)



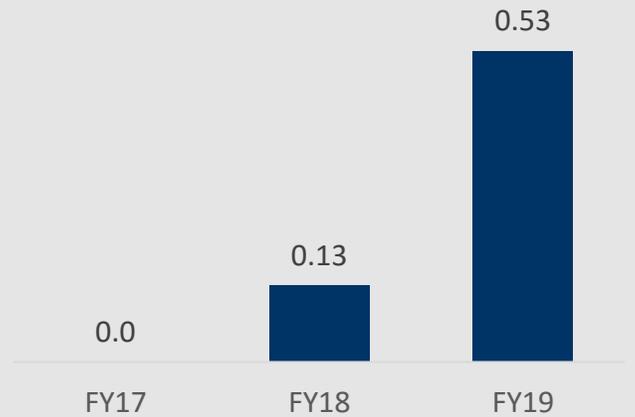
MSME GNPA (%)



Construction Finance GNPA (%)



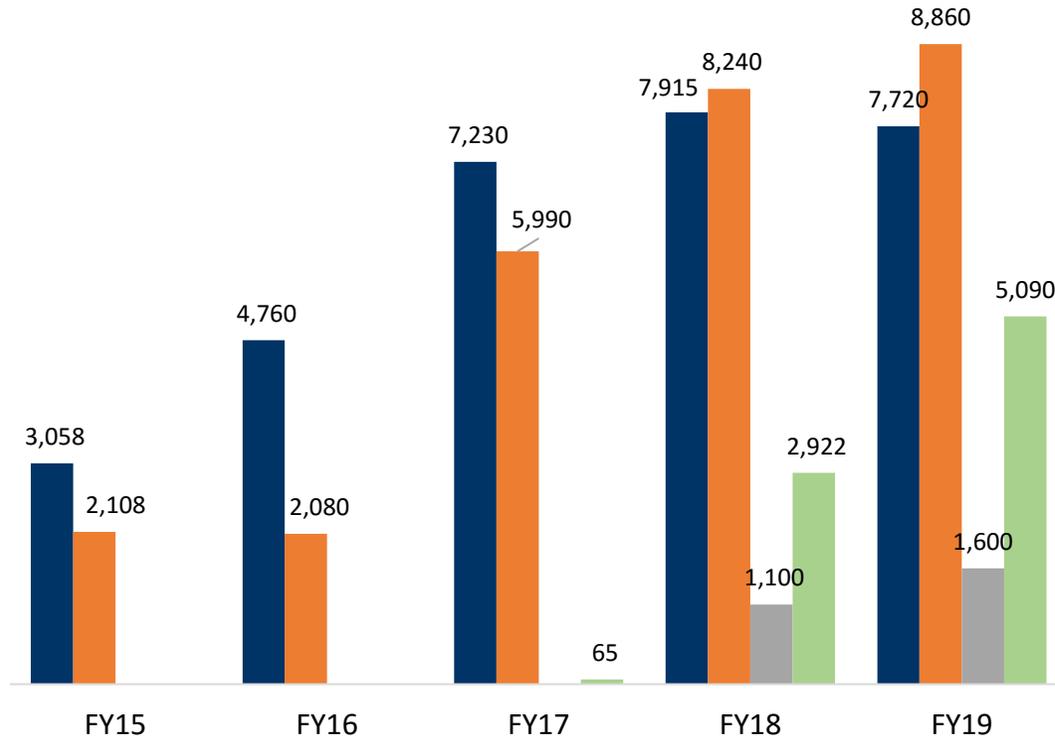
Housing Finance GNPA (%)



Growing At a Superior Pace

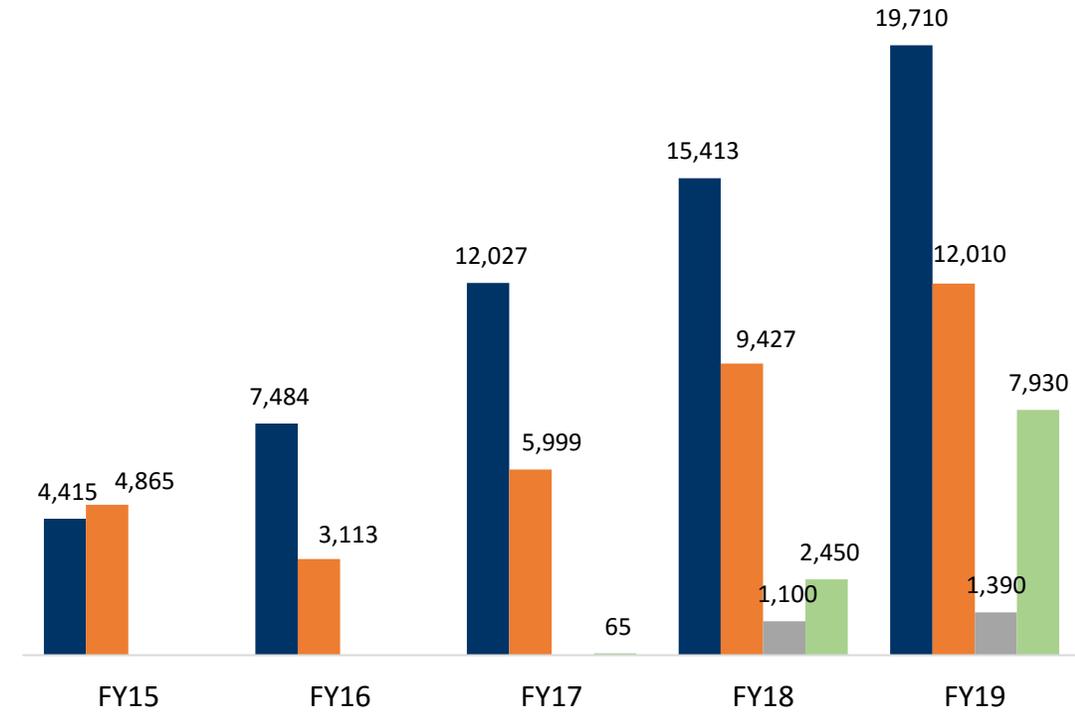
Disbursement Mix (INR Mn)

■ MSME ■ CF ■ IL ■ HL



AUM Mix (INR Mn)

■ MSME ■ CF ■ IL ■ HL



Income Statement

INR Mn	Q1FY20	Q1FY19	Y-o-Y(%)	Q4FY19	Q-o-Q(%)
Total interest earned	1,636.0	1,074.4	52%	1,572.8	4%
Total interest expanded	700.0	392.9	78%	623.9	12%
Net interest income	936.0	681.5	37%	948.2	(1%)
Non-interest income	105.1	126.3	(17%)	203.9	(48%)
- Fee and Commission income	71.3	92.8	(23%)	194.2	(63%)
- Other Income	33.8	33.5	1%	9.7	248%
Total Income	1,041.1	807.8	29%	1,152.1	(10%)
Operating expense	467.1	421.9	11%	479.3	(3%)
- employee cost	337.8	304.9	11%	277.7	22%
- Depreciation	25.8	17.5	47%	16.5	56%
- Others	103.5	99.5	4%	185.1	(44%)
Operating Profit	574.0	385.9	49%	672.8	(15%)
Total provisions	36.5	13.1	179%	11.3	223%
PBT	537.5	372.8	44%	661.5	(19%)
Tax	160.2	102.4	56%	172.8	(7%)
PAT	377.3	270.4	40%	488.7	(23%)

As per IND-AS

Balance Sheet

INR Mn	FY18	FY19	Q1 FY20
Share Capital	350.3	350.3	350.3
Reserves and Surplus	12,166.20	13,476.50	13,862.30
Networth	12,516.50	13,826.80	14,212.60
Borrowings	15,661.40	27,687.00	26,995.20
Other Liabilities and Provisions	1,533.00	1,256.30	649.90
Total liabilities & stockholders' equity	29,710.90	42,770.10	41,857.70
Net Block	143.3	127.20	370.60
Investments	567	104.20	99.80
Asset under financing activities	27,973.60	40,222.10	40,115.90
Deferred Tax Assets	190.6	233.50	226.00
Cash and bank balances	483.3	1,691.00	716.10
Other Assets	353.1	392.10	329.30
Total assets	29,710.90	42,770.10	41,857.70

Leadership Team



Surender Sangar
Head – Construction Finance

Ex-MD – Tourism Finance Corporation of India and GM- Union Bank of India
Over 39 years of experience
B.Com, CAIIB



Vikas Sharma
Business (HL) and Collections Head

Ex - Kotak Mahindra Bank, Dhanlaxmi Bank, Reliance Capital
Over 19 years of experience
PGDBA, B.Com



Ashish Gupta
Chief Financial Officer

Ex - Jindal Stainless, Isolux, Educomp
26 years of experience
Chartered Accountant



Hemant Dave
Head of Operations

Ex - Kotak Mahindra Bank, A. F. Ferguson
Over 23 years of experience
Chartered Accountant



Bhavesh Prajapati
Head – Credit, Risk & Policy

Ex-Aadhar Housing Finance, IDFC Ltd, DHFL
Over 20 years of experience
MBA, ICFAI



Amar Rajpurohit
Business Head (MSME)

Ex-AU Financiers India Ltd, Gruh Finance, DHFL.
Over 16 years of work experience.
B.A., LLB.



Vijay Gattani
Senior Vice President - Credit

Ex-ICICI Bank, Head of Credit & Policy- ICICI HFC
Over 14 years of experience
Chartered Accountant



Vinay Surana
Head - Treasury

Ex-Founding Member ,Axis Bank debt syndication
Over 14 years of experience
Chartered Accountant - Rank



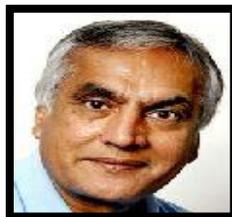
Ashok Agrawal
Head –Tax & Compliance

Previously practicing CA
Over 26 years of experience
CA and CS

Board of Directors



Rajesh Sharma
Managing Director
Founder & promoter
Over 23 years of experience
Chartered Accountant



Ajay Kumar Relan
Independent Director
Founder CX Partners & Citi
Bank N.A. in India,
Over 4 decades of experience
BA (Eco), MBA



T. R. Bajalia
Independent Director
Ex-DMD – SIDBI,
Ex- ED - IDBI Bank
40+ years of experience
BA (Eco), CAIIB



Bhagyam Ramani
Independent Director
Ex- GM and Director of General
Insurance Corporation
Over 3 decades of experience
MA (Economics Hons.)



Ajit Sharan
Independent Director
IAS - Batch 1979
Over 30 years of experience in
varied aspects of public
administration



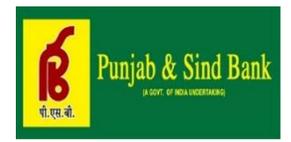
Mukesh Kacker
Independent Director
EX- IAS Officer, Jt. Secy (GOI)
Over 3 decades of experience
MA(Public Policy),
MA (Political Science)



Beni Prasad Rauka
Independent Director
Group CFO- Advanced Enzyme
Technologies
25+ years of experience
CA &CS

Key Partnerships

Lenders



Auditors & Advisors





Thank You