



CAPITALINDIA

Rediscover Business



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Industry Landscape & Opportunity

Existing banking sector cannot meet the growing credit demand in the country (1/2)



01

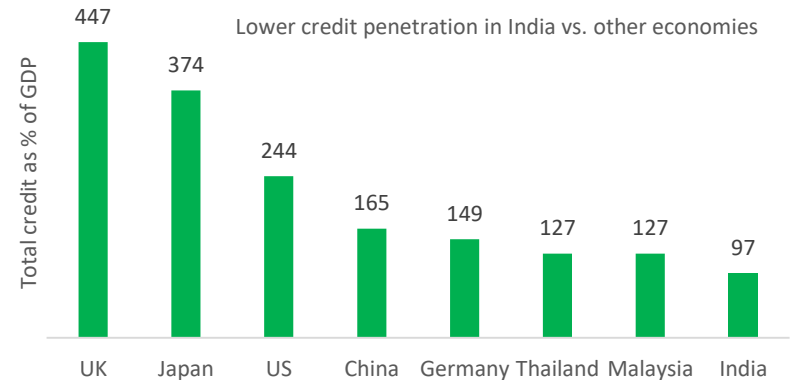
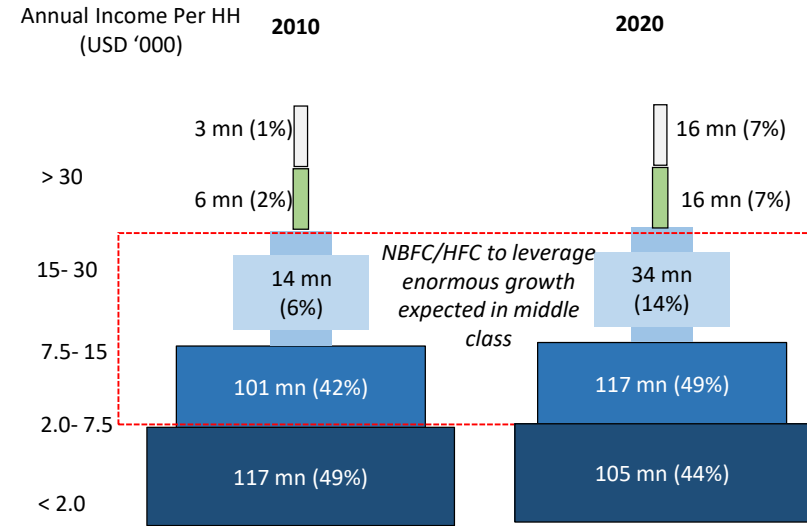
- India's current GDP of USD 2.1 trillion is expected to grow at an average of 7.3% in medium term. Over a long term, (2015 to 2030) expected GDP growth is 6.4%, potentially becoming USD 5.3 trillion by 2030
- Strong GDP growth to drive demand for consumption and productive credit

02

- Credit growth driven by rapid wage increases, expanding size of the middle class, increasing urbanization and industrialization
- The largest household group income category by 2020 will be with an income in range of USD 2,000 – 7,500 per annum (~64% of the total population) and will drive demand for consumption & production

03

- Rural India has seen steady rise in incomes creating an increasingly significant market for financial services
- Credit penetration in India is low as compared to other economies, furthermore, the non bank finance is even lower



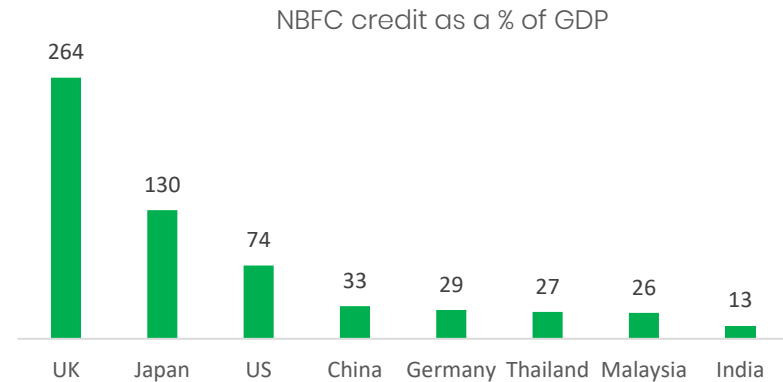
Source: BCG Report on NBFC: Enormous Potential in Non Bank Finance and Ways to Make it Happen

Existing banking sector cannot meet the growing credit demand in the country (2/2)



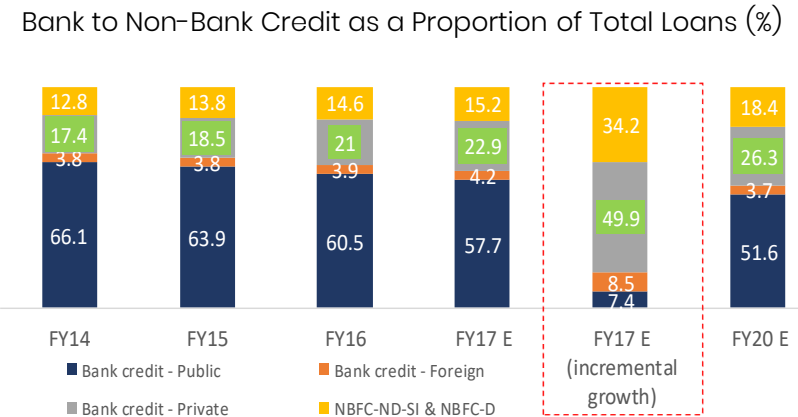
04

- Indian economy has a huge latent credit demand fuelled by massive self employed population that is under served by banks
- Unique nature of credit demand makes it difficult for traditional lending and existing banking system
- High bad debt levels limit risk appetite of banks in India and will have an impact on their credit expansion



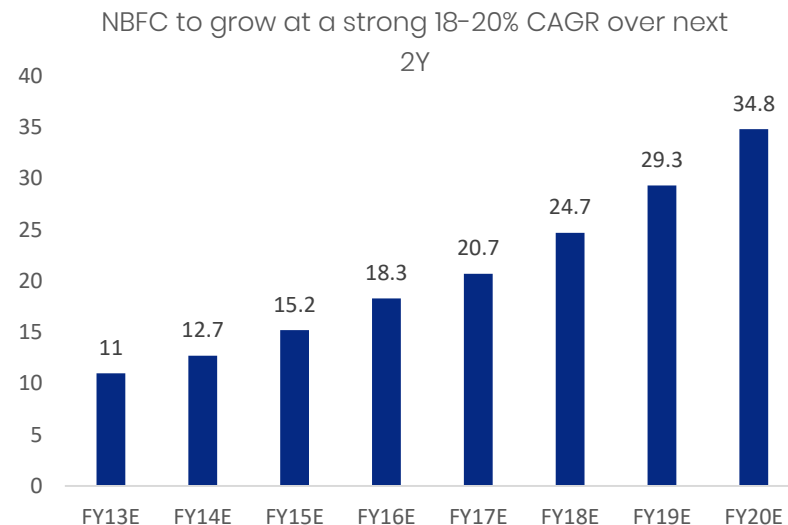
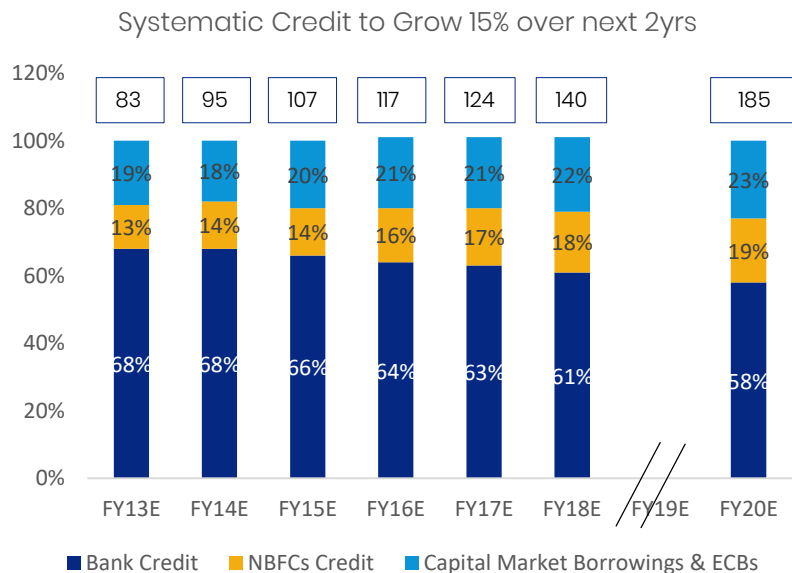
05

- NBFCs have served the unbanked customers by pioneering into asset-backed lending, lending against securities and microfinance and aspire to emerge as a one-stop shop for all financial services
- While it is commonly expected that credit will grow rapidly as economic growth gathers pace, it is safe to assume that non bank finance will grow even faster



Source: BCG Report on NBFC: Enormous Potential in Non Bank Finance and Ways to Make it Happen

NBFCs to steadily gain market share in overall systemic credit, to account for 19% of systemic credit by March 2020



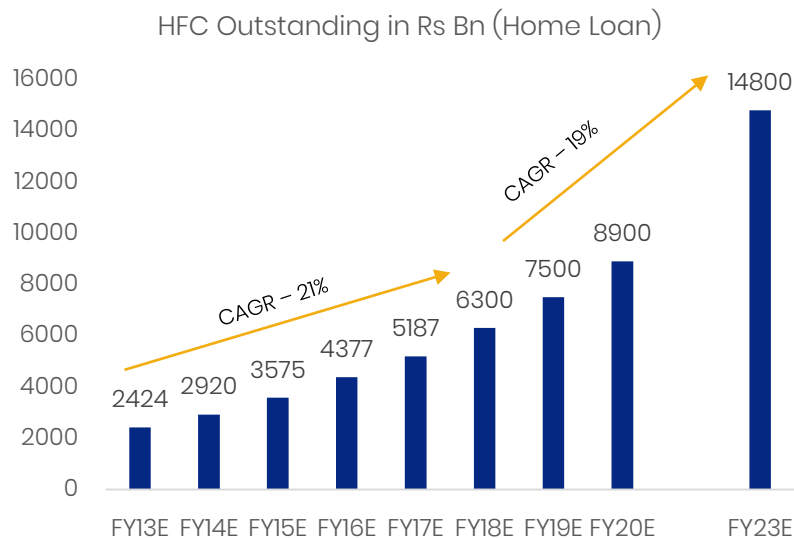
Note: 1. Bank credit includes outstanding of regional rural banks and cooperative banks

2. Capital market borrowing and external commercial borrowing (ECB) include corporate bond and commercial papers outstanding, but exclude amount raised by banks & NBFCs

- Systemic credit grew by 11% over the past five years and touched Rs 140 trillion by the end of March 2018. We expect Non-banking
- financial companies (NBFCs) to continue to grow at a strong pace and outpace banks over next two years, partly aided by cautious
- approach by banks under prompt corrective action (PCA) plan. Banks under PCA account for ~18% of the overall bank credit.

Source: CRISIL NBFC Report, 2018

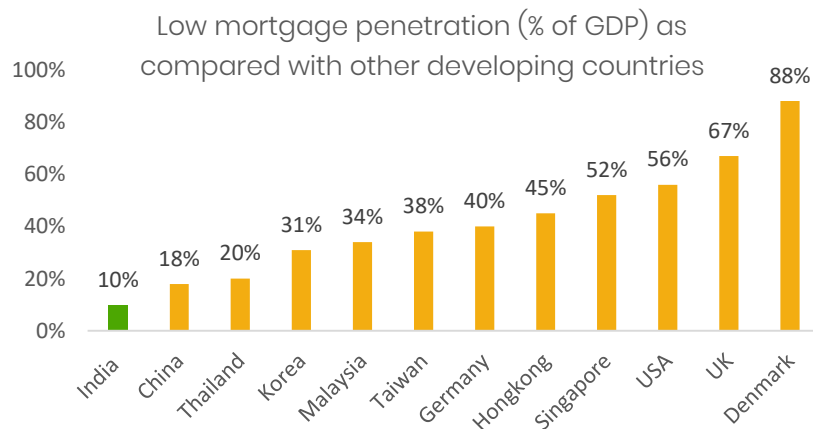
HFCs clocked strong growth between fiscals 2013 and 2018, and expected to double the Outstanding in next 5 years to ~INR 15 trillion



Source: CRISIL NBFC Report 2018
Note: E: Estimated, P: Projected

- India's mortgage-to-GDP ratio was still low at 10% in fiscal 2016 compared with other developing countries,
- Mortgage penetration in India is 9-11 years behind other regional emerging markets, such as China and Thailand. However, due to various structural drivers, such as a young population, smaller family sizes, urbanisation and rising income levels, growth rates in the mortgage segment should remain healthy over the long term.

- Demand for individual home loans rose on account of increasing demand from tier 2 and 3 cities, rising disposable incomes, interest rate subventions, and fiscal incentives on housing loans.
- Growth will be mainly supported by:
 - Deeper finance penetration, greater affordability, and latent demand for affordable dwellings.
 - Growth in housing units in tier 2, 3, and other smaller cities, urbanisation,
 - Greater transparency on account of new regulations, and strong government focus, will aid growth prospects of product mix tilts towards higher-yielding assets.



Source: CRISIL NBFC Report 2018
Note: India data for FY16, Other countries data for CY15



About us

Capital India – Historical Events



Public issue & Listing of Equity shares on BSE.

January 1995



Change of Name of the Company from Bhilwara Tex-Fin Limited to Capital India Finance Limited.

August 2017



Completion of acquisition of shares from the erstwhile promoter and through open offer from public by Capital India Corp LLP

December 2017



SMERA RATINGS LIMITED

“A-” Rating from ACUITE (Formerly SMERA) for our long term borrowings program

August 2018

November 1994

Incorporated as Bhilwara Tex-Fin Limited, a Public Company under the Indian Companies Act, 1956 and received a Certificate for Commencement of Business.



February 2005

Open Offer by Sainik Mining and Allied Services Limited to the shareholders of the M/s. Bhilwara Tex-Fin Limited and became Promoter of the Company.



November 2017

New Management took over the control with appointment of new Board



June 2018

Equity infusion of INR 250 cr. through preferential route



September 2018

Approval for proposed Rights Issue received from SEBI totaling up to INR 250 Cr

Capital India – Strong growth fundamentals coupled with focussed approach



Overview

- Capital India Finance Limited (formerly Bhilwara Tex-Fin Limited) is a **two decades old NBFC**; it is listed on **Bombay Stock Exchange**
- The current management took over the control of the Company in **November 2017** and has made significant **institutional and business improvements** since then
- Capital India Home Loans Ltd, a 100% subsidiary of Capital India, has applied to NHB for license to operate as Home Finance company

Funding plan

- An amount of **INR 250 crore** was raised in June 2018 through Preferential allotment of Equity shares
- An additional amount of approx. **Rs 250 crore** is being raised through Rights Issue, which is expected to get completed by 31 January 2019
- Rated **A-** by **Acuité Ratings** (formerly SMERA) for debt upto **INR 500 crore**
- Plans to raise further equity and Tier II capital in line with business growth

Our Focus

- We are **wholesale focused** lending institution, primarily catering to the growth and working capital requirements of Indian corporates and enterprises
- We are **sector agnostic** and intend to develop diversified portfolio across sectors
- We provide financing solutions primarily in situations where there is **sufficient collateral** available to secure lending, i.e. we **avoid unsecured or partially secured lending**

Business approach

- We intend being a partner credit institution seeking to provide customized financial solutions in line with the requirements and **repayment capability** of our borrowers
- We have **institutionalized systems and processes** to be able to provide financing support to our customers in a **timely manner** – to achieve this we have **in-house team of experts** to evaluate, value and estimate marketability of collaterals offered by our borrowers, legal team to scrutinize the transaction and prepare documentation



Capital India Corp LLP

- Capital India Corp LLP, is a limited liability partnership (LLP) promoted by Mr. and Mrs Narvar. Mr. Narvar has rich experience in construction and infrastructure sector in India
- Under his leadership Trident Realty group has delivered real estate projects with 2.5 million sq. ft. area in NCR, and 7 million sq. ft. of Residential and Commercial Space in Mumbai through the group company Sahyog Homes Limited

RJ Corp

- RJ Corp, led by Mr. Ravi Kant Jaipuria, is a diversified business conglomerate with thriving businesses in beverages, fast-food restaurants, retail, ice-cream, dairy products, healthcare and education. RJ Corp group has a turnover of over USD 1.1 billion
- Varun Beverages, an RJ Corp group company, is the second largest franchisee in the world (outside US) of carbonated soft drinks sold under trademarks owned by Pepsico. Another group company Devyani International, is one of the fastest growing profitable player in the Indian retail F&B sector.

Dharampal Satyapal Group

- Dharampal Satyapal Group (DS Group) is a conglomerate with presence in diverse industry sectors
- DS Group has strong presence in high growth sectors such as F&B which includes Spices, Beverages, Confectionary, Dairy, Mouth Fresheners, Hospitality, Tobacco, Packaging and Agro forestry. It owns several popular brands in food sector such as Catch, Passpass, Rajnigandha

Sudhir Power Ltd

- Sudhir Power is a renowned name for three decades in Power Generation sector and has been providing complete turnkey electrical solutions to the nation, right from Generation and Distribution to Electrification
- With revenue of over INR 1500 Crores, Sudhir power has significant collaborations, and license agreements with select industry giants, including Cummins for Generators, Schneider for Packaged Sub Stations and HT Panels

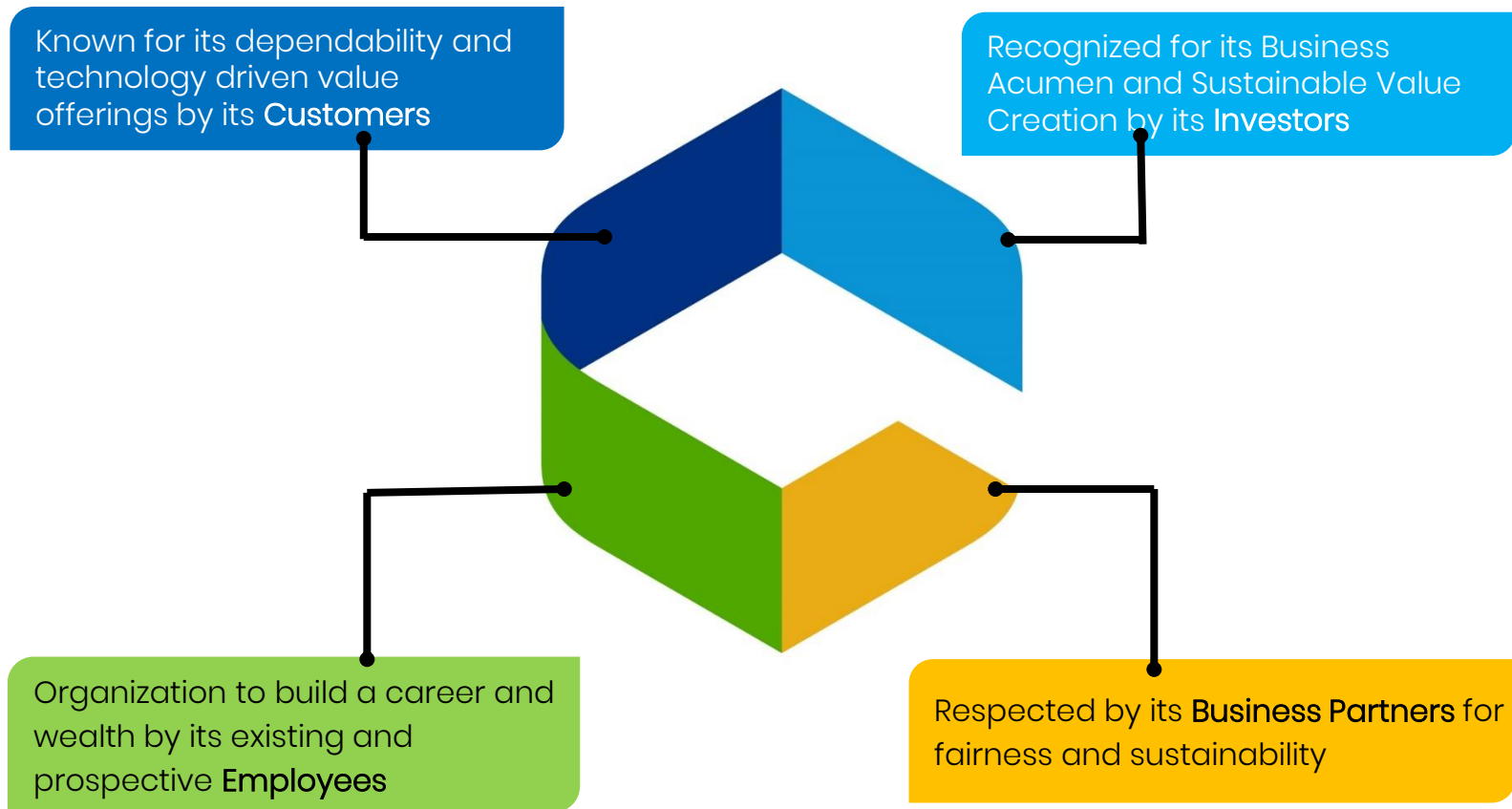


What do we plan to do?

What do we plan to do? (1/2)



To Build a USD 25 Billion Financial Services Institution in the next 10 years



What do we plan to do? (2/2)



Phase 1

Develop and grow Asset Backed Lending

- Business will not be system driven/delegated
- Top management directly involved in decision making on each lending case

Continuous Risk Monitoring

- A strong Risk team to monitor the value of the underlying assets on a continuous and periodic basis
- Pro-active and timely mitigation measures

Develop and grow Housing Finance business

- Housing Finance business to be undertaken through a subsidiary
- Housing Finance business will be system driven and backed by robust risk and operations framework
- It will have an elaborate Risk Matrix approved by the Board

Phase 2

Develop and grow Consumer Finance

- Utilize the Customer base created in the Housing Finance business to build Consumer Finance business, mainly focussing on
 - Automobile finance
 - Commercial Vehicle finance
 - Plant and Machinery finance
 - Loan against shares
- Build a branch and distribution network over a period of time
- Further expand into areas such as Wealth Management and Corporate Finance

- Leverage relationship and sector expertise to develop niche lending opportunities such as with vendors/suppliers of real-estate sector
- Such niche sectors to be developed only if the risk adjusted returns are attractive



Capital India Finance Limited



Finding niche

Focus on opportunities where Banks are not likely to be keen on entering like construction finance, last mile funding and acquisition finance

Security cover

Fund to the extent that provides comfortable security to cover capital and interest

Relationship

Leverage relationship to build scale without a large infrastructure/organization



Collateral

Fund in only those cases where collateral is available/ or create collateral solutions by taking over existing loans or otherwise

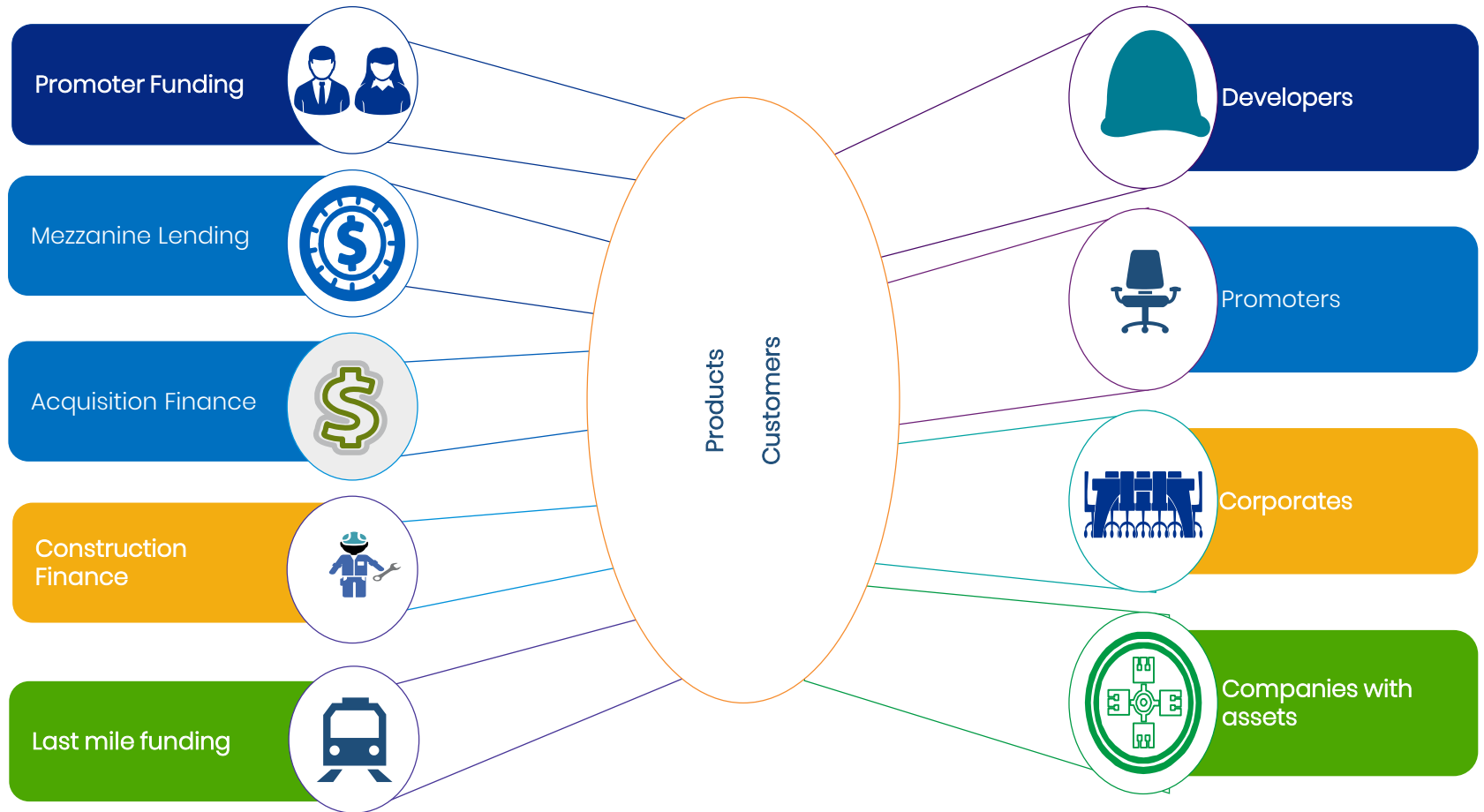
Track record

Focus on companies and promoters who have a proven track record of honoring commitments

Customization

Structure each transaction to address needs of customers without compromising on risks

Products & Customers



Risk Management – Constant Asset Monitoring



Risk team to continuously assess project performance



Dedicated asset monitoring team to review cases



Constant appraisal of cases to detect and act on early warning signals



Regular and periodic site visits to assess the project progress



Monthly performance review with regard to sales units, value & price, collections and various costs



Computation of Collateral cover on a monthly basis to provide adequate time for remedial measures

Project escrow A/Cs monitoring

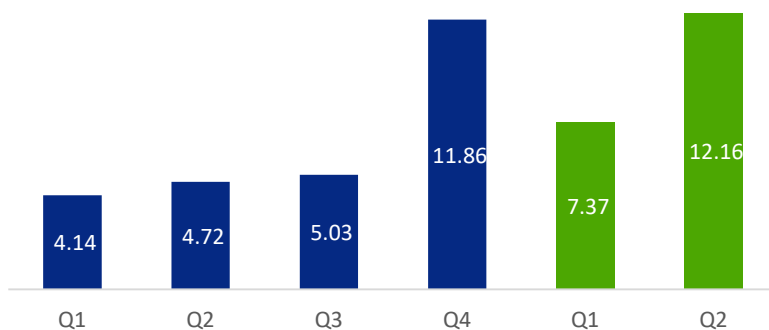
Approvals & Sales tracking

Periodic review of Transactions

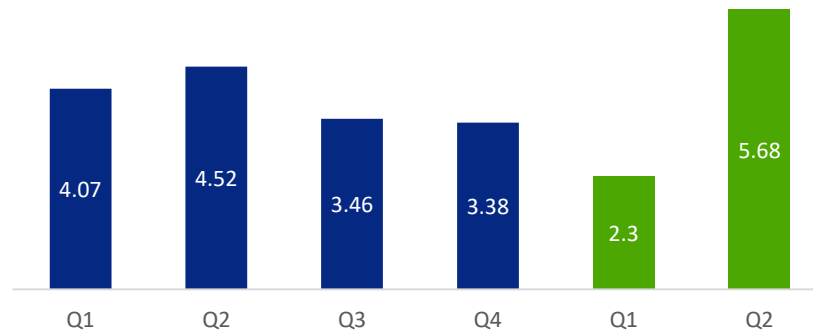
Financial Snapshot - Increase in income levels after new management took control in November 2017



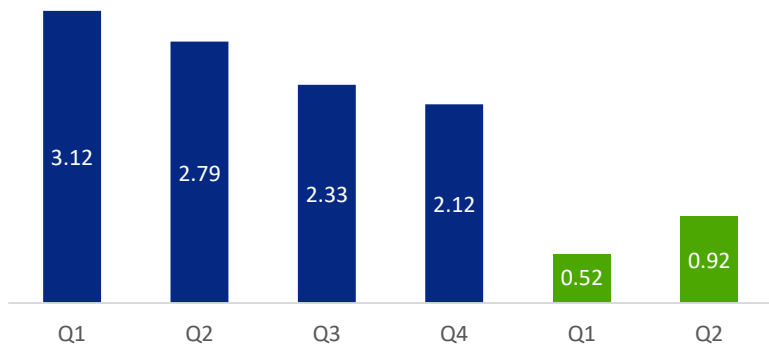
Total Income (INR crores)



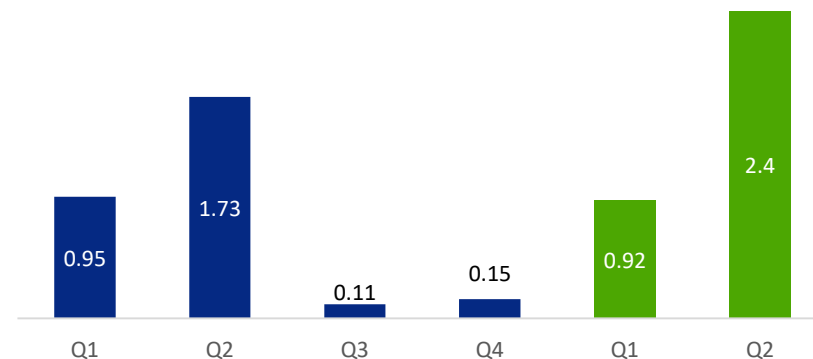
EBITDA (INR crores)



Interest Expense (INR crores)



PAT (INR crores)



■ FY 2017-18 ■ FY 2018-19



Capital India Home Loans Limited



Strategic partnerships

- Tie-ups with Developers and other intermediaries for Distribution of Housing loans
- Use Internet as an alternate channel

Build strong appraisal technique

- Evolve operating model competent to evaluate income & repayment capability of non-salaried individuals
- Employee driven appraisal systems and recovery
- Scoring system built overtime based on portfolio behavior

Strong processes and Technology deployment

- Investment in technology
- Service quality benchmarks



Focus on...

- ...Emerging customer profiles from middle and upper middle income segment
- Focus on relatively underserved Self Employed segment in addition to Salaried segments

Calibrated branch growth in Tier I Cities

- Approach Business Metro City Wise
- Tier 1 Towns where RE activity is robust and demand sustainable
- Tier 1 Peripheral Locations where Affordable housing projects are planned

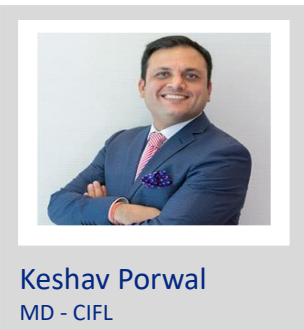
Hub & Spoke operating model

- Developer referral model for sourcing - Credit appraisal, monitoring will be done by In-house employees only
- Credit authorities vests with the regional hubs which controls branch networks



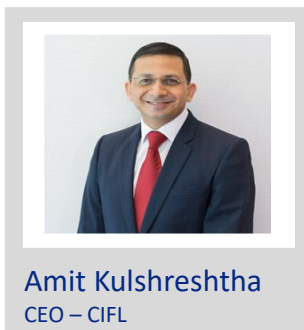
Capital India Team

Capital India Management Team



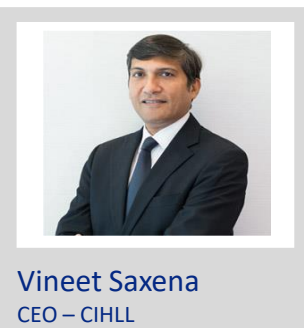
Keshav Porwal
MD - CIFL

- Keshav Porwal is the Managing Director of CIFL. Keshav has more than 19 years of experience in Real Estate and Financial Services sector.
- Keshav brings considerable experience in successfully closing large and complex real estate transactions involving leading developers as well as PE investments and restructuring of medium size companies in the Auto and the Hospitality sectors. Prior to this, Keshav has been associated with leading banks including Société Générale, ABN AMRO and ICICI Bank. Keshav is a member of the Institute of Chartered Accountants of India and is a Bachelor of Science from Kanpur University.



Amit Kulshreshtha
CEO - CIFL

- Amit Kulshreshtha is the CEO of CIFL. Amit has over 19 years of varied professional experience in the areas of mergers & acquisitions, structured finance, equity fundraising, financial structuring, project finance, and management consulting.
- Amit has led a large part of Investment Banking practice at YES Bank covering sectors like Infrastructure, Industrials, Real-estate, Retail, Financial Services, Metals, etc. Prior to YES Bank, Amit led a number of business development initiatives at Reliance Infrastructure.
- Amit is a B. Tech from IIT (BHU) Varanasi and management graduate from IIM Kozhikode.



Vineet Saxena
CEO - CIHL

- Vineet is the CEO of Capital India Home Loans Limited, a 100% subsidiary of CIFL which will be undertaking Housing Finance business.
- Vineet is a seasoned Banking & Financial services professional with over 24 years of experience in Commercial & Retail Lending across organisations like ICICI Bank, Barclays Bank, G.E.Capital TFS, ABN Amro Bank, Religare Finvest Ltd. & StarAgri Finance Ltd.
- In his last assignment, he was the Chief Operating Officer at StarAgri Finance Ltd. Vineet is B.E. (Electronics) from University Of Pune and M.B.A.(Finance) from University of Lucknow.



Thank you!