



**Empowering enterprises**  
**Enriching lives**

# What's Inside

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## Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# Empowering enterprises

## Enriching lives

### Small Business – Employment Generations

Micro, Small & Medium enterprises (MSME)- is the main pillar of economic growth in all developed, and developing countries in the world. This sector has been called as the “growth engine” for the economy. This sector has been playing a prominent role in the development of the country in terms of creating employment opportunities for India. MSME sector has employed more than 50 million people, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth. This sector is contributing about 8% of the GDP.

This sector requires less investments and has generated resources for employment and underemployment problems in India. Moreover, this sector has survived almost all threats emerging out competition from both domestic and international market.

Though India is still facing infrastructural problems, lack of proper market linkages, and challenges in terms of flow of

institutional credit, it has seen a tremendous growth in this sector.

The government has redefined micro, small and medium enterprises, based on their annual revenue, replacing the current definition that was on the investment on plant and machinery.

Under the new definition, businesses with revenue of as much as Rs 5 crore will be called a micro enterprise, those with sales between Rs 5 crore and Rs 75 crore will be deemed as small and those with revenue between Rs 75 crore and Rs 250 crore will be classified as medium-sized enterprises.

The Government has also recognized that MSME sector can create significant job opportunities and hence the cash flow challenges faced by this sector need to be addressed. The Government has started giving attention to this sector by proving ease of financing and tax concessions.



**The MSME Sector plays a crucial role in every country as a major contributor to GDP.**

## Enriching lives

### Shabbista Khan Dream Chaser

Shabbista Khan is our Micro Enterprise Client based in Chhattisgarh. She was doing some work pertaining to boutique but did not have any permanent place to work. Her husband was in transport business due to which he had to be out of home for work most of the times. To keep herself busy, Shabbista Khan started working on her own boutique at home, taking a small loan from other micro finance companies. But the amount received from Micro Finance Companies was not sufficient to expand her business. The work of Shabbista Khan was going on, but she was in search of a permanent place to expand her work. But due to lack of funds, she could not think further.

Our Centre Manager apprised Shabbista Khan about Micro Enterprises Loan product from Capital Trust Limited. She was informed about the group loan concept after which she formed the group of like minded ladies. After forming the group as per procedure, GRT and CGT were conducted and the loan was disbursed.

After getting loan, her dream of owning a boutique came true. She took a permanent place for her boutique and named it as Shabbista Boutique.

She is now running a boutique and also managing her family, which consists of husband, two children and father – in – law. In future, she wants to educate her children so that they get a government job and wants to take care of her work of boutique and her husband's work moving forward.



**Given an opportunity, woman can manage both home and business easily, is proved by this story. Capital Trust once again believed in woman empowerment.**

# Enriching lives

## Building a better life in the heart of India

This story is of Maharuddin, husband of Khatija from Pithampur, Indore, who with his dedication and hard work have left milestones for many. It is said that for a successful person, self-confidence is must which Maharuddin had. The only issue was that they did not have access to money and the right guidance. They met some of their neighbours and discussed about their problem wherein they were advised to take a loan.

They met Centre Manager of Capital Trust Limited and informed that they were having a small business of Band baja which they wanted to expand. The Centre Manager informed them about the loan procedure and the terms and conditions. After their consent, they became part of a group and were given a loan of Rs. 1,05,000. The money was used by them in their band baja business and the business started to grow. This boosted their confidence. They are repaying the loan taken from CTL along with interest easily. After the expansion of the business, they informed others about the ease with which they

got loan from Capital Trust Limited which led many women from Pithampur to start up their business and also to expand their existing business with the help of CTL.

Today, Maharuddin and Khatija are living a successful life. It is all due to their hard work and commitment and support extended by Capital Trust Limited.



# Corporate Snapshot

Capital Trust Limited is a Delhi based listed Non-Banking Finance Company (NBFC) incorporated in 1985. It is listed on the National Stock Exchange and Bombay Stock Exchange. Company's initial promoters included Mr. K.R. Puri (former Governor, RBI) and Justice H.S. Beg (former Chief Justice of India).

In the initial years, Capital Trust was engaged in providing advisory services to foreign banks. The company has represented over 25 international banks in India which included Commonwealth Bank of Australia, Royal Bank of Canada, amongst others.

In the recent past, the company has focused on the business of providing Enterprise Loans to Micro and Small Enterprises. The company has provided affordable funding to over 5 Lakh Clients through its 237 branches in a transparent manner. The company provides loans ranging from Rs. 1 Lakh to Rs. 10 Lakhs.

The company will in the coming year venture into more products like vehicle loans, personal loans and housing loans.

Capital Trust aggressively aims to serve the rural and semi-urban population of India in the SME and Micro Finance lending sector. Currently Capital Trust has 1.50 Lakhs live customers which can actually grow to more than 100x given the current situation of the availability of finance to rural and semi-urban areas.

Microfinance and MSME industry is very nascent in technology innovation due to lack of knowledge and technology tools at the hands of the customers.

Working in the industry since 2008, the company realized over a period of time that extending credit alone does not empower borrowers. Over the past two years, the company have been successful in developing a mobile application that utilizes advancement in the technology space, and extending the benefits of those developments to the people at the bottom of the economic pyramid. By doing so, the company not only succeed in finding synergies between financial technology and the banking sector, but, more importantly, extend the benefits of both to people who have been marginalized from these spheres.

The company has developed its own software MiWeb that has an extension of a mobile application called MiApp that is available to all staff and clients in the form of a mobile application. The application is installed on the smart phone of every field employee and, in time, will also be available to the lakhs of borrowers on their mobile devices. KYC information, collection schedule and amounts, credit history, are all available through the online service. The application also allows the company to go paperless, which is something the finance industry has been attempting to do efficiently for a long time.

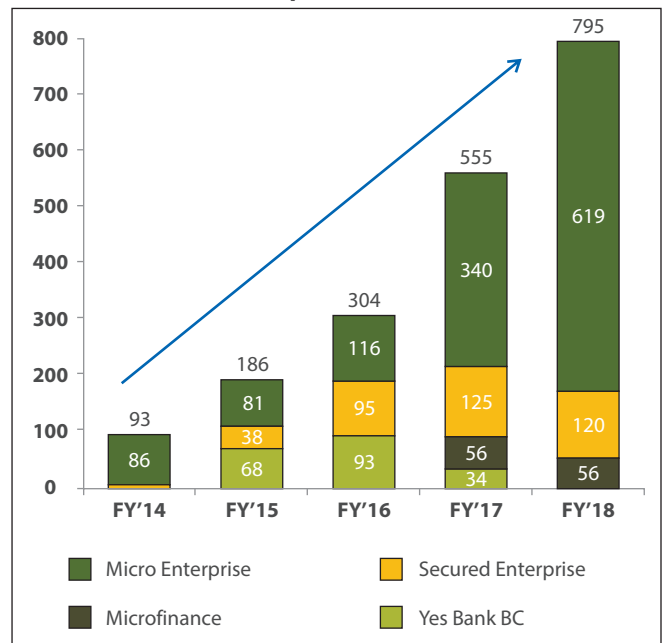
## MSME SECTOR

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

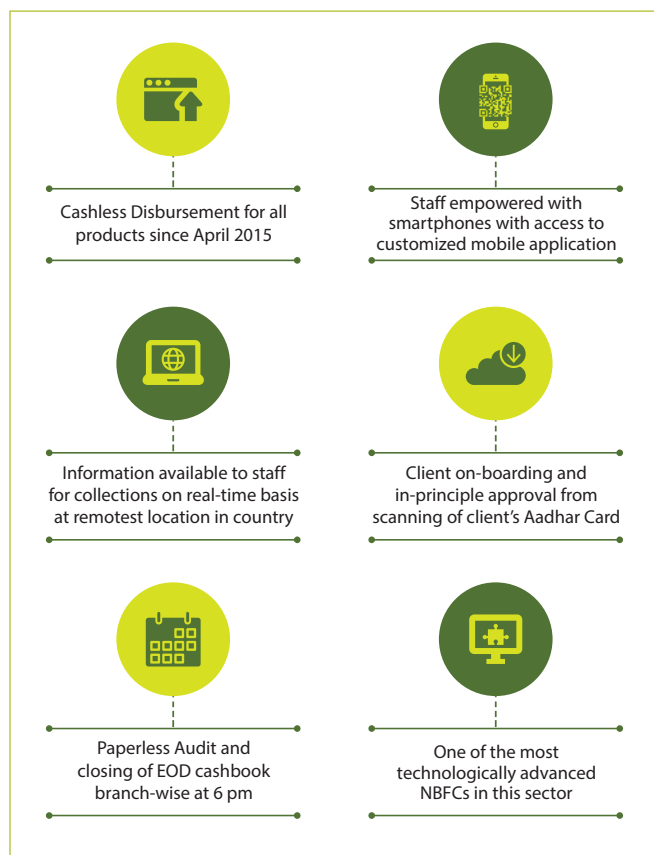
**8% of all Microfinance clients graduate to the next economic level each year but do not have access to traditional forms of funding (MFIN)**

## BUSINESS HIGHLIGHTS

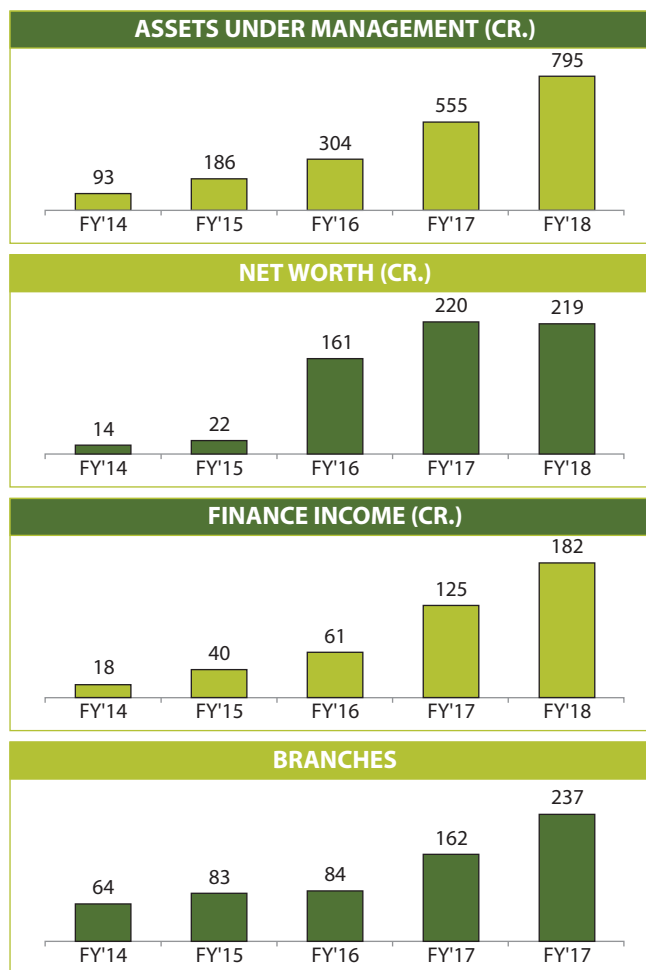
**Product Breakup (Amount Rs. In Crores)**



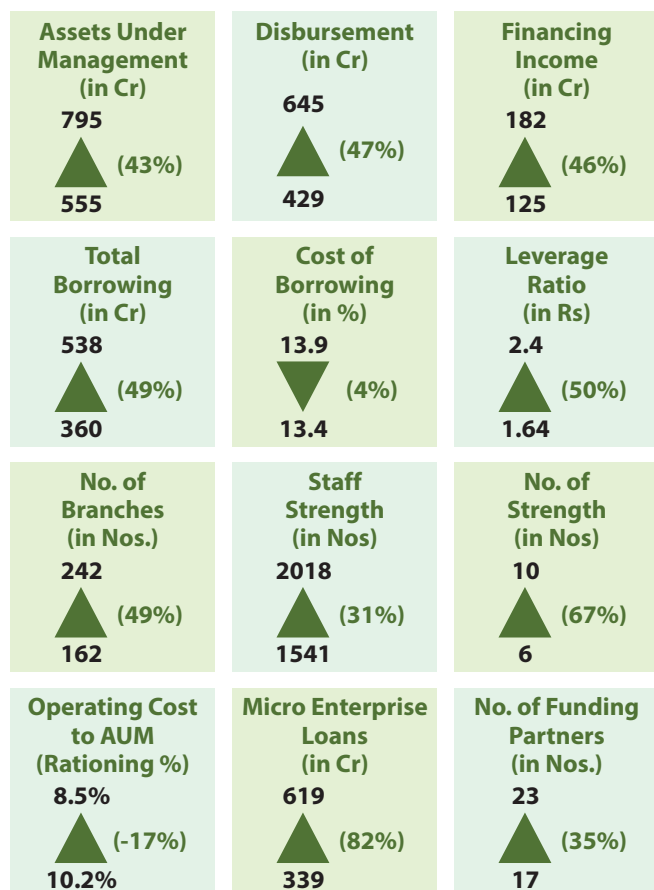
## OPERATIONAL AND IT PROWESS



## GROWTH ANALYTICS



## YEAR-OVER-YEAR GROWTH (FY18 vs FY17)

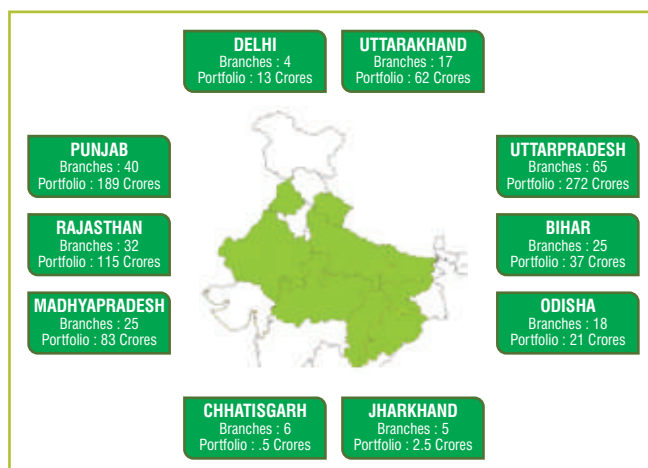


## GEOGRAPHIC REACH

The company follows the Hub and Spoke model of operations through five branches (One in District Level branch and four other block level branches). The maximum distance between the branch and the client is not more than 15 Kms.

The company is presently operating through 242 branches in 63 districts and 10 states. The company intends to consolidate the present branches before going for expansion.


## GEOGRAPHICAL PRESENCE



## SECTORS ADDRESSED

The company is providing financial assistance in the form of Micro Enterprise and Secured Enterprise Loans to the customers in Rural and Semi Urban Areas. The company has provided loans to people who are beyond the reach of Microfinance and too small for bank and bigger NBFCs. We call this segment as missing middle. Our clients are engaged in various activities like farming, dairy live stocks, small manufacturing firms, trade, etc. This has helped the company to have the varied portfolio. The details of the segment wise loan percentage to total loan outstanding as on 31st March, 2018 is given to customers are given hereunder:

Purpose wise Portfolio as per 31st March, 2018

Purpose of Loan	%age of Portfolio
 Agriculture	1.52%
 Dairy and Livestock	48.41%
 Food	3.51%
 Home improvement	0.04%
 Manufacturing	5.29%
 Retail	13.24%
 Services	20.22%
 Small Commercial	0.01%
 Trading	7.73%
 Two Wheeler	0.03%
<b>Total</b>	<b>100.00%</b>



## COMPANY HISTORY SNAPSHOT

- 1985** Commenced operations by providing consultancy to foreign banks.
- 1992** Forayed to 2-Wheeler financing through a JV with Kinetic Engineering.
- 1995** Forayed to Stock Broking through JV with DBS Bank of Singapore.
- 2008** Started Microfinance.
- 2012** Started Enterprise Loans in MSE sector.
- 2014** Business Correspondent of Yes Bank for Microfinance.
- 2015** Branch Banking Model.
- 2016** Started the disbursements through banking channel only. No cash disbursements made to the clients.
- 2016** Got first PE Fund investments of US\$ 10 Millions.
- 2016** Listed at NSE.
- 2017** Assets size crossed Rs. 500 Crores on consolidated basis and company became Systematically important NBFC.
- 2017** Started Mobile Application connecting each employee with clients for real time reporting and data entry.
- 2017** Started issuing digital receipts to clients upon loan repayments, first of its kind in the segment.
- 2018** Awarded one of the 100 SME companies in India out of 41832 companies by India SME Forum, Axis Bank and Ministry of MSME.
- 2018** Company ranked in top 1000 companies (FT1000 High-Growth Companies) Asia-Pacific ranking Financial Times Newspaper
- 2018** The company has opened 242 branches
- 2018** The company has started operating in Eastern India. The company has now presence in 10 states.
- 2018** Assets under Management size crossed Rs. 800 Crores on consolidated basis



# Empowering enterprises

## 1

### ENTERPRISE LOANS

#### BUSINESS SNAPSHOT

The Company provides Enterprise Loans to Micro and Small Enterprises to those, who do not qualify to get a loan from a bank. The company provides loans ranging from Rs. 75000 to Rs. 10 Lakhs in rural and semi-rural areas by way of different products.

Total Loan Portfolio for Enterprise Loan as on 31st March, 2018	<b>₹ 739 Crores</b>
% age of the total portfolio	<b>93%</b> (Micro Enterprise Loan: <b>78%</b> ) (Secured Enterprise Loan: <b>15%</b> )
Increase over 31st March 2017	<b>59%</b>
Own Portfolio	<b>89%</b>

The Enterprise loan ranges from Rs. 75,000 to Rs. 10,00,000 with the tenure of 36 – 60 months. The Micro Enterprise Loan are guaranteed under joint liability of other clients and further secured by security cheques of the clients and the co borrowers. The secured enterprise loan is secured by the original property documents and further secured by security cheques.



## 2

### MICROFINANCE LOANS

#### BUSINESS SNAPSHOT

The company is having a wholly owned subsidiary in the name of Capital Trust Microfinance Private Limited, which is engaged in the business of Micro Finance. The company has started Microfinance Operations in year 2016-17 and made a portfolio of Rs. 56 Crores as on 31st March, 2018. The credit limit for micro finance loans ranges from Rs. 15,000-Rs. 40,000 with a tenure of 24 months. The employees are providing a Compulsory Group Training (CGT) followed by Group Recognition Test (GRT) to customers to enhance their product knowledge and business development skills.

Total Loan Portfolio Microfinance Loan as on 31st March, 2018	<b>₹ 56 Crores</b>
% age of the total portfolio	<b>7%</b>
Increase over 31st March 2017	<b>100%</b>
Own Portfolio	<b>100%</b>



## Message from Chairman & Managing Director

**“ We aim to be the go-to financial institution for the unbanked population in the near future. And we plan to encourage self-sufficiency and entrepreneurship in the millions of clients that it serves.”**

### Dear Shareholders,

I am pleased to present you the 32nd Annual Report of the company for the year 2017-18. The year was very tough for the business as the year was impacted with the demonetization. The Micro and Small Enterprise sector was majorly hit as the economy for them is cash driven.

### INDIAN ECONOMY

The economy of India is a developing mixed economy. Indian Economy is ranked as world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The country ranks 141st in per capita GDP (nominal) and 123rd in per capita GDP (PPP) in year 2016. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased to 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19. The growth is around 4 percentage points higher than global growth average of last 3 years and nearly 3 percentage points more than the average growth achieved by emerging market & developing economies. In Financial Year 2015 and 2018 India's economy became the world's fastest growing major economy surpassing China.

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India has one of the fastest growing service sectors in the world with an annual growth rate above 9% since 2001.

India's gross domestic product (GDP) at constant prices grew by 7.2 per cent in September-December 2017 quarter as per the Central Statistics Organisation (CSO). Corporate earnings in India are expected to grow by 15-20 per cent in FY 2018-19 supported by recovery in capital expenditure, according to JM Financial.

The tax collection figures between April 2017- February 2018 show an increase in net direct taxes by 19.5 per cent year-on-year and an increase in net direct taxes by 22.2 per cent year-on-year.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.

India's foreign exchange reserves were US\$ 422.53 billion in the week up to March 23, 2018, according to data from the RBI. (Source: IBEF)

### NBFC SECTOR

NBFCs play an important role in the Indian financial system by complementing and competing with banks and by bringing in efficiency and diversity into financial intermediation. The Reserve Bank's regulatory perimeter is applicable to companies conducting non-banking financial activity, such as lending, investment or deposit acceptance as their principal business. The regulatory and supervisory architecture is, however, focused more on systemically important non-deposit taking NBFCs (with asset size Rs. 500 Crores and above) and deposit accepting NBFCs. Certain categories of entities carrying out NBFI activities are exempt from the Reserve Bank's regulation as they are being regulated by other regulators. They include housing finance companies (HFCs), mutual funds, insurance companies, stock broking companies, merchant banking companies and venture capital funds (VCFs).

With the rising innovation and growth in the sector, newer business models of NBFCs such as account aggregators' and 'peer to peer lending platforms' ("P2P Lending") are catching pace.

P2P Lending is a form of crowd-funding which uses an online platform to match lenders with borrowers to provide unsecured loans.

The NBFC sector is also seeing a surge of newer structured products like Market and Credit Linked Debentures wherein the principal investment of the debenture holder is protected and the interest payment, to be made at maturity, is linked to the performance of an underlying Index or a stock.

NBFCs have given a stiff competition to established banks in the country, having finally edged ahead in the financial credit race in the country as their portfolio of loans grew at 14.9% during the first half of 2017-18, compared to 6.2% in the case of banks. The share of NBFCs in the total credit granted by NBFCs as well as Banks rose from 9.5% in 2008 to 15.5% as of March 2017, thus showing the increasing popularity of NBFCs as a source of finance. The credit granted by NBFCs as a percentage of GDP rose to 8%, displaying their significance in the country's financial ecosystem.

The performance of the banking sector, and in particular the Public Sector Banks, continued to be subdued in the current financial year. The gross non-performing advances (GNPA) ratio of Scheduled Commercial Banks increased from 9.6 per cent to 10.2 per cent between March 2017 and September 2017. This has given hope for the NBFC Sector to grow.

## ONE YEAR AFTER DEMONITISATION:

Government had surprised everybody in India when people came to know that most of their cash has no longer any value. 86 percent of currency in circulation consisting of the old Rs 1,000 and Rs 500 notes was scrapped after Prime Minister Mr. Narendra Modi made an unexpected announcement during a surprise television address

The move resulted in shortage of new banknotes and uncalibrated ATMs and the people suddenly found themselves standing for hours in queues. The small businesses started feeling the heat and they could not make the purchases.

For the Micro Finance and Microcredit industry Demonitisation came as a blow. Most of the borrowers of this sector are based in rural areas. They borrow in cash and repay in cash. Typically, this had a repayment rate of 99% have had a fall of upto 12% in repayment rates. The NPA Level of the sector showed an upward trend.

Even after 17 months after demonetisation, the Microfinance and Microcredit sector continues to suffer. A substantial part of its loan portfolio in some states remains at risk. At national level, the portfolio at risk (PAR) for delinquencies of more than 30 days (PAR>30) was almost 6 per cent at the end of December 2017, up from 0.3 per cent at the end of September 2016. It had soared to 14.1 per cent at the end of March 2017.

The worst hit states of Maharashtra, Uttar Pradesh (UP), Haryana, Madhya Pradesh (MP), Punjab and Rajasthan, PAR remains well above the national average. Most of these states have witnessed widespread farm distress, with their governments announcing farm loan waivers.

However the situation has improved now. For the disbursements post January, 2017 for the company, the collections percentage has increased and it is above 98%.

While a large number of our clients do not fall under GST umbrella, their businesses have been impacted indirectly. As for company operations, GST has increased the operational work as the company has had to get registration for each state where it operates. Separate books are required to be maintained for each state. However, we feel that this step will ultimately be very good for economy going forward.

## BUSINESS HIGHLIGHTS FOR THE YEAR 2017-18

The year was the toughest year for the company. Two major Governments decisions of demonetization and GST have impacted the overall business. The clients in the microfinance and Microenterprise business are dealing in cash only. The shortage in cash has impacted the business of the clients and after effect of that was that the clients started defaulting their payments. After March 2017, the clients started making the payments. However there is lag of three to four months in the payments. This has resulted in higher PAR percentage.

The major impact of demonstration in the company was in the states of Uttar Pradesh, Uttarakhand Delhi. The collection was smooth in the states of Punjab, Madhya Pradesh and Rajasthan.

For the disbursements from January 2017 onwards, the collection efficiency has reached to 99% in all the states.

The consolidated revenue of the company has increased to Rs. 182 Crores from Rs. 125 Crores during the year under consideration. However the profits of the company have shown a downward trend due to higher provisioning and write offs. The AUM of the company has reached to Rs. 795 Crores showing an increase of 43% over the last year.

During the year the company has expanded to new areas of Bihar, Orissa, Chatisgarh and Jharkhand. The company is now operating in 10 states through 242 branches.

The Capital Adequacy ratio of the company is at comfortable level of 27.43 % providing enough room for expansion.

## FORWARD LOOKING

The Company has been growing at a 71% CAGR for the last 4 years and there is no reason for us to believe that we would not be able to continue this growth in the years to come. We have expanded our geographical network and are now operating in 10 states (Delhi, Uttar Pradesh, Punjab, Uttarakhand, Madhya Pradesh, Rajasthan, Bihar, Odisha, Chatigarh and Jharkhand). The company may continue to expand its geographical reach to other states also. Apart from geographical expansion, the company is also focusing on product expansion and is venturing into more secured products housing loans and vehicle loans.

The company is financially sound and its capital adequacy ratio is 27.43%, which gives the company a leverage to raise funds for its future growth. From here on, we expect growth to be the only constant as our current infrastructure and capital structure is capable of supporting business growth multifold from the current level.

With a diverse set of products being offered through a wider branches network, we are very excited to see how things play out in the near future.

The company has developed its own software MiWeb that has an extension of a mobile application called MiApp that is available to all staff and clients in the form of a mobile application. The application is installed on the smartphone of every field employee and, in time, will also be available to the lakhs of borrowers on their mobile devices. KYC information, collection schedule and amounts, credit history, are all available through the online service. The application also allows the company to go paperless, which is something the finance industry has been attempting to do efficiently for a long time.

In future the company may go for e-signing of the documents also.

## MESSAGE TO SHAREHOLDERS:

As we mark the end of another successful year, I would like to thank the Management Team for their unwavering commitment and guidance in leading the Company forward.

I would also like to extend our deepest gratitude to all employees for their invaluable contributions to the company. Last but not least, special Thanks to our Funders, Shareholders and customers for their continued support and loyalty to our Company.

With Warm Regards,

**Yogen Khosla**  
Chairman and Managing Director

# Board of Directors and The Leadership Team

## BOARD OF DIRECTORS



### Mr. Yogen Khosla

Chairman & Managing Director

Mr. Yogen Khosla is a commerce graduate from Loyola College, Chennai. He introduced the company into retail lending of Micro loans in rural and semi urban areas in 2008. He has led the company to being adjudged as to one of

the top 100 Small and Medium Enterprises in India by India SME Forum in 2017. Mr. Khosla has also be adjudged as top 10 CEOs to watch for in the year 2017.



### Mr. Hari Baskaran

Independent Director

Mr. Hari Baskaran is an alumnus of the Indian Institute of Management, Bangalore, and the College of Engineering, Guindy, Chennai. He has had a very fruitful tenure in the corporate world and now is on the Non-Executive Board of Capital Trust Limited. A business leader, mentor and

executive coach, Mr. Baskaran has a long track record of achievement where he has helped individuals, who now hold responsible positions in several leading companies. Currently, Mr. Baskaran is assisting young professionals and entrepreneurs as an executive coach and management consultant by conducting various leadership development programs.



### Mr. Sachin Kumar Bhartiya

Nominee Director

Sachin Kumar Bhartiya is a partner at Lighthouse Funds, a mid-market focused global private equity fund and an investor into the Company. He has over twenty years of experience in Indian capital market including investing, lending and

investment banking and has been involved in a large number of transactions across the industry verticals. He is a chartered accountant by qualification and also sits on the board of Dhanuka Agritech Ltd., Bikaji Food International Ltd. and Indian Herbs Specialties Ltd. He is also active in a number of civic activities, including the Rotary Club of Mumbai Nariman Point.



### Col. Vijay Kumar (Retd.)

Independent Director

Mr. Vijay Kumar is a retired Colonel from the Indian army. He has held various important appointments in the Army, including GSO 1 (Ops) of Northern Command and Secretary to Principal Personnel Officers Committee. After an illustrious career in the Army, Col Vijay Kumar took pre-mature retirement in

2008 and joined the corporate world looking after Training and Development in HCL Infosystems Ltd. The exposure in HCL has given him a deep insight into the functioning of the corporate world. He joined the Board in 2013. He is also a Principal Consultant with Franklin Covey South Asia.



### Mr. Joginder Pal Dua

Independent Director

Mr. Joginder Pal Dua, served as an Executive Chairman and Managing Director of Allahabad Bank from December 4, 2009 to August 31, 2012. Before that Mr. Dua had also served Executive Director Allahabad Bank from November 07, 2007 till December 03,

2009. Mr. Dua had earlier served as a General Manager of Oriental Bank of Commerce. He has also served as Chairman of the Board of Board for Industrial & Financial Reconstruction since May 24, 2015 till January 22, 2016. He was also member of BIFR from January 23, 2013 till May 19, 2015.

Mr. Dua has more than 40 years rich experience Baking and Finance and Rehabilitation of sick units.

He is presently also on the board of been Century Plyboards (I) Limited and Skippers Limited.



### Mr. Surendra Mahanti

Independent Director

Mr. Surendra Mahanti is a banking veteran with over 30 years of experience. He headed Puri Grameen Bank in Orissa, a banking institution that was primarily engaged in rural banking, agricultural and animal husbandry loans and microfinance. He has been a member of our board of

directors since 2004 and has brought with him rich experience in banking and the SHG (Self Help Group) banking model. He is also currently engaged with a few non-governmental organizations (NGOs) for capacity building.



### Mrs. Anju Khosla

Executive Director

Ms. Anju Khosla graduated from Delhi University and has a Masters degree in Business Economics. She joined Capital Trust in 1989 and was initially involved with the Consultancy division. Subsequently, she handled an authorized

dealership for Honda two wheelers for 3 years, which was acknowledged as the second best dealership in North India.

## LEADERSHIP TEAM



### Amarjit Singh

Chief Operating Officer

Mr Amarjit Singh is a seasoned Retail Banker having 28 years of Banking and Micro Finance sector. He holds an MBA(Finance) degree from Faculty of

Management Studies, Delhi University. He is B.Com, L.L.B & CAIIB. He has started his professional journey as Probationary Officer with Allahabad Bank in Dec 1989. He has an excellent and consistent track record in the business and revenue growth. He has been one of the founder team members of UTI Bank, now Axis Bank and spent 15 years in various roles right from Branch Operations Head to Extn counter in charge to Branch Head to Zonal Retail Liability Head (North Zone) to Circle Head Punjab to Head Business operations, Axis securities (wholly owned subsidiary of Axis Bank). He has set up 180 Bank branches in Punjab during his 4 years tenure as Circle Head.

Before joining Capital Trust as President and Head MEL and MFL, he was Senior Vice President and Zonal Head West Zone and North Zone during his stint of approx 2 and half years where in addition to managing Micro Finance Business, he set up the Banking infrastructure from scratch at West Zone with Janalakshmi.



### Vinod Raina

Head – Compliances and Legal

Vinod Raina is a qualified Company Secretary and Law Graduate with over 17 years of experience in the areas of Legal Compliances & management, litigation, Secretarial Functions, Financial

Management, Fund Raising, Statutory Compliances, Treasury, Corporate Governance, taxation, accounts, HR and Liaison Work. Vinod is well versed with the provisions of Companies Act, SEBI Regulations, FEMA, NBFC, NBFC-MFI and other statutory laws with proficiency in steering system implementation. A keen analyst with exceptional relationship management & negotiation skills with proven abilities in liaising with SEBI, RBI, ROC, Banks, NSDL, CDSL, Stock Exchanges & various regulatory authorities. Vinod has got variety of experience while working organizations in IT Services, Management Consultancy, Manufacturing and Financial sector.



### Mukesh Aggarwal

Head – Credit

Mukesh Aggarwal is a Commerce graduate, Chartered Accountant and Company Secretary with more than 12 years of experience in credit with the organizations like Citi, DHFL and HSBC. He has been with

us since December 2016 and is looking after the credit portfolio of the Company.



### Madhusudan Gupta

Chief Financial Officer

Mr. Gupta has over 27 Years of experience in various sectors including Financial Services, IT, ITES, Publishing and Infrastructure sector. Prior to joining

Capital Trust, he has served McGraw-Hill Companies Inc. as India Country Controller (Standard and Poors South Asia Services), NIIT Limited, NIIT Technologies Limited, NIIT (USA) Inc., Viridian Capital and Financial Services, Supernova Technologies Pte Ltd and various other corporates in different roles. He has a wide exposure of working in Indian and Multi-national organizations.

Mr. Gupta is a Commerce graduate from Delhi University and a Fellow member of Institute of Chartered Accountants of India. He is also a qualified Cost Accountant and a Company Secretary. He did his post-qualification specialization in MAC from ICAI.

He is also on the Advisory Board of Naurang Foundation, an NGO with a mission to provide education to underprivileged children and to promote Preventive Healthcare awareness including promotion of health products by CSIR (Govt. of India).



### Giridhari Behera

Chief Audit Officer

Giridhari Behera holds an MBA in Finance and comes with 16 years of self and supervisory experience in Risk Based Internal Audit and Integrated Operational

Risk/Fraud Management in BFSI sector. He has functional expertise in identification and mitigation of risk and he is a catalyst in implementing, formulating and streamlining operational processes and procedures.

Before joining Capital Trust, Giridhari was associated with Jana Small Finance Bank (Janalakshmi), Ujjivan Small Finance Bank (Ujjivan), GMASS and Bhartiya Samruddhi Finance Ltd (BASIX) where he was handling Fraud Risk Management, Internal Audit and Operations.



### Prashant Bhattacharya

Business Head – SEL

Prashant Bhattacharya is a graduate from prestigious Hindu College University of Delhi and MBA Finance. He has also completed his CAIIB from Indian Institute

of Banking and Finance, in addition to this he has attended management development program at XLRI Jamshedpur. He has 18+ years of experience in banking and NBFC Industry. He has worked in prestigious organisations like ICICI Bank, IDBI Bank, HSBC, Fullerton India and Vistaar Finance before joining Capital Trust.

## LEADERSHIP TEAM



### Lalit Kumar

Chief Technology Officer

Lalit Kumar joined Capital Trust in 2016 as a core member of team and is constantly helping with required software and technical infrastructure to match the

expanding business of Capital Trust. Prior to this role as CTO he was responsible for delivery and sales for HCL's Middleware Practice. Lalit holds a bachelor degree from IIT Kharagpur and a MBA in Capital Markets from NIFM.



### Sukumara Pillai

Chief Accounts Officer

The longest serving employee of Capital Trust, Sukumara Pillai has been with the company since its inception in 1985. He graduated from Kerala University in 1980

with a degree in commerce and is responsible for the accounts and MIS reporting. He also coordinates with Statutory and Internal Auditor of the Company, submitting statutory reports to the Reserve Bank of India and Income Tax Department.



### Pallav Majumdar

Training Head

Pallav Majumdar is MBA with certificate in microfinance from IIBF.

With over 15 years of experience in learning & development across sectors (insurance, NBFC & pharma), Pallav has worked in the areas of competency mapping, leadership development programme and train the Trainers. Prior to Capital Trust he has worked with Eli Lilly Ranbaxy, ICICI Lombard, L&T Insurance & Arohan.



### Karan Singh

Operations Head

Karan Singh is a political science graduate from Jamia, Delhi and has been involved in the day-to-day functioning of the company for the last 15 years. As

Operations Head, he is the link between the ground level and the Head Office and tries ensuring that not only monthly portfolio targets are met, but also that the quality of the portfolio is of supreme standards.



### Ashwini Tiwari

Risk Head

Ashwini has diverse experience of 15+ years in fraud risk management, outsourcing risk, channel management and customer service. In his previous assignment, he

worked with HDFC bank for 11 years where he was handling risk control activities for the bank for its Retails assets and Payment business portfolios.



### Lalit Singh

Audit Head

Lalit Singh has received a PG Diploma in Rural Management from IERT Allahabad in 1998 and has over 18 years of experience in Internal Audit in the microfinance

sector. Prior to working with Capital Trust, Lalit was working with Cashpor Micro Credit where he had roles in operations, accounts and insurance.



### Tanya Sethi

Company Secretary

Tanya is a qualified Company Secretary with over 6 years of experience. She has done her graduation in commerce from University of Delhi and has Master's in

Business Program and Corporate Governance from Indira Gandhi National Open University. Her association with Capital Trust Limited includes taking care of Secretarial area, Statutory and Regulatory compliance including that of Reserve Bank of India, Stock Exchange etc. and communication with various stakeholders.



### Pragun Thandani

Head - HR

Pragun has more than 15 years' experience in FMCG, ITES, Retail, Engineering Services & Banking sectors. In his last assignment, Pragun worked with

Jana Small Finance Bank as Zonal Head – Human Resources.

He has done his PGDM from FORE School of Management, New Delhi.



### Vahin Khosla

AVP - Finance

Having done his schooling from The Doon School, Vahin Khosla graduated as a Roberts Day Scholar from Claremont Mckenna College, California. He was

selected into an accelerate program where he received his Bachelor's degree in Economics-Accounting and his Master's degree in Finance simultaneously. Prior to working with Capital Trust, he worked at Davita Healthcare Partners in their Corporate Finance team.



### Yuv Vir Khosla

AVP - Business

Yuv Vir Khosla graduated as the Head Boy of The Doon School, Dehradun. He went on to receive a Bachelor of Arts degree from Williams College, a liberal arts college

in the USA, with a double major in Economics and History. He has previously interned at 3i Debt Management in New York and Cantor Fitzgerald in Hong Kong. Yuv also holds a private pilot license.

# Corporate Information

## Corporate Identification No.

L65923DL1985PLC195299

## REGISTERED & CORPORATE OFFICE

366 Sultanpur, MG Road, New Delhi- 110030

## BOARD OF DIRECTORS

Mr. Yogen Khosla (Chairman and Managing Director)

Mr. Joginder Pal Dua (Independent Director)

Mr. Sachin Kumar Bhartiya (Nominee Director)

Col. Vijay Kumar (Retd.) (Independent Director)

Mr. Hari Baskaran (Independent Director)

Mr. Surendra Mahanti (Independent Director)

Ms. Anju Khosla (Executive Director)

## BOARD COMMITTEES:

### AUDIT COMMITTEE

#### Members:

Mr. Hari Baskaran (Chairman)

Col. Vijay Kumar (Retd.)

Mr. Surendra Mahanti

Mr. Yogen Khosla

### NOMINATION AND REMUNERATION COMMITTEE

#### Members:

Mr. Hari Baskaran (Chairman)

Col. Vijay Kumar (Retd.)

Mr. Surendra Mahanti

### SHAREHOLDERS' GRIEVANCE COMMITTEE

#### Members:

Col. Vijay Kumar (Retd.) (Chairman)

Mr. Hari Baskaran

Mr. Surendra Mahanti

Mr. Yogen Khosla

Mrs. Anju Khosla

### RISK MANAGEMENT COMMITTEE

#### Members:

Mr. Hari Baskaran (Chairman)

Col. Vijay Kumar (Retd.)

Mr. Surendra Mahanti

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### Members:

Mr. Hari Baskaran (Chairman)

Col. Vijay Kumar (Retd.)

Mr. Surendra Mahanti

Mr. Yogen Khosla

Mrs. Anju Khosla

## COMPANY SECRETARY

Ms. Tanya Sethi

## CHIEF FINANCE OFFICER

Mr. Madhusudan Gupta

## HEAD – COMPLIANCES AND LEGAL

Mr. Vinod Raina

## AUDITORS

M/s. Singhi & Co.

Chartered Accountants

Unit No.1704, 17th Floor, World Trade Tower (Tower-B),

Delhi Noida Direct Flyway, C-01, Sector 16,

Noida, Uttar Pradesh-201301

## REGISTERED OFFICE

366 Sultanpur, MG Road, New Delhi- 110030

Tel. : 9999074312

E-mail : cs@capital-trust.com

## REGISTRAR & TRANSFER AGENT

MAS Services Limited

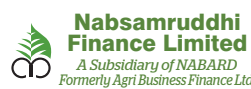
T-34, IInd Floor, Okhla Industrial Area, Phase-II

New Delhi 110020

Tel. : 011-26387281

E-mail : info@masserv.com

## PARTNERS



# Management Discussion and Analysis Report

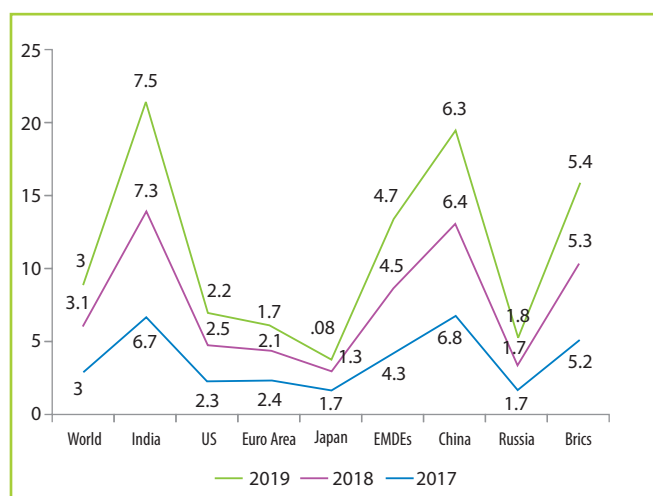
## ECONOMIC SCENARIO

### Global Economy

In 2017, global economic growth reached 3 per cent—the highest growth rate since 2011—and growth is expected to remain steady for the coming year. The improved global economic situation provides an opportunity for countries to focus policy towards longer-term issues such as low carbon economic growth, reducing inequalities, economic diversification and eliminating deep-rooted barriers that hinder development. Currently, all major developed economies are experiencing a synchronized upturn in growth. Compared to the previous year, growth strengthened in almost two thirds of countries worldwide in 2017. Global growth is expected to be sustained over the next couple of years—and even accelerate somewhat in emerging market and developing economies (EMDEs) thanks to a rebound in commodity exporters. In advanced economies, growth in 2017 is estimated to have rebounded to 2.3 percent, driven by a pickup in capital spending, a turnaround in inventories, and strengthening external demand. While growth accelerated in all major economies, the improvement was markedly stronger than expected in the Euro Area.

Global GDP growth is estimated to have picked up from 2.4 percent in 2016 to 3 percent in 2017, above the June forecast of 2.7 percent. The figure given hereunder gives the real GDP of the world as a whole.

### Real GDP Growth (Year – on – Year), Percentage



Growth among EMDEs is estimated to have accelerated to 4.3 percent in 2017, reflecting firming activity in commodity exporters and continued solid growth in commodity

importers. Most EMDE regions benefited from a recovery in exports.

Global growth is projected to edge up to 3.1 percent in 2018, as the cyclical momentum continues, and then slightly moderate to an average of 3 percent in 2019-20.

In South Asia, growth slowed to an estimated 6.5 percent in 2017, marginally below the June 2017 forecast owing to temporary disruptions from adverse weather conditions across the region and, in India, businesses' adjustment to the newly introduced Goods and Services Tax (GST). Domestic demand continued to drive growth, with strong private consumption and a public infrastructure spending push in India while net exports subtracted slightly from GDP growth. Elevated credit growth continued to support investment in some countries.

(Source – Global Economic Prospects)

### Indian Economy

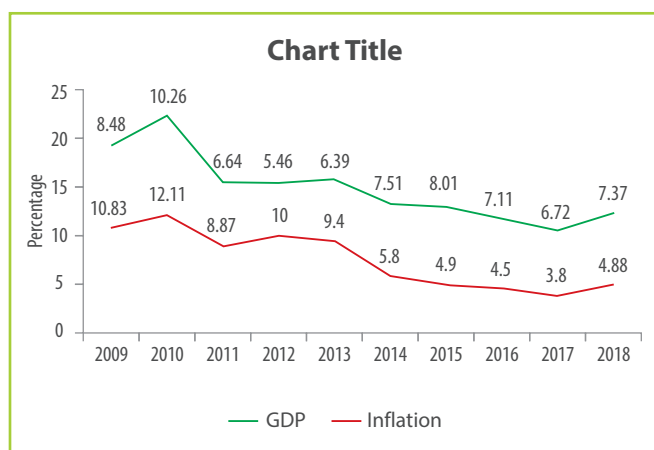
After registering GDP growth of over 7 per cent for the third year in succession in 2016-17, the Indian economy is headed for somewhat slower growth, estimated to be 6.5 per cent in 2017-18, as per first Advance Estimates released by CSO. This is slightly lower than the range of 6.5 per cent to 6.75 per cent being currently projected based on recent developments. Even with this lower growth for 2017-18, GDP growth has averaged 7.3 per cent for the period from 2014-15 to 2017-18, which is the highest among the major economies of the world. The growth is around 4 percentage points higher than global growth average of last 3 years and nearly 3 percentage points more than the average growth achieved by emerging market & developing economies. In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalization of FDI, etc., thus strengthening the momentum of reforms. After remaining in negative territory for a couple of years, growth of exports rebounded into positive one during 2016-17 and strengthened further in 2017-18.

Growth of services sector, which had declined in Q3 of 2016-17, picked up slightly in Q4, primarily due to 17 per cent growth in real terms in 'Public administration, defence & other services' sector. The growth of 'Trade, transport, storage, communications etc.' sector was low, at 6.5 per cent in Q4 of 2016-17, partly due to high base effect (growth of this sector was 12.8 per cent in Q4 of 2015-16). There has been some recovery in the services growth in the H1 of 2017-18, vis-a-vis



H2 of 2016-17, on the strength of higher growth in 'Financial services, real estate & professional services' and 'Trade, hotels, transport, communication & broadcasting services' sector.

Inflation in the country continued to moderate during 2017-18. Headline inflation as per Consumer Price Index – Combined (CPI-C) declined to 3.3 per cent in 2017-18 (Apr-Dec) from 4.8 per cent in the corresponding period of 2016- 17. CPI inflation, which was below 3.0 per cent in the first quarter of 2017-18 mainly due to lower food inflation especially pulses and vegetables, rose marginally and stood at 3.0 per cent in the Q2 of 2017-18.



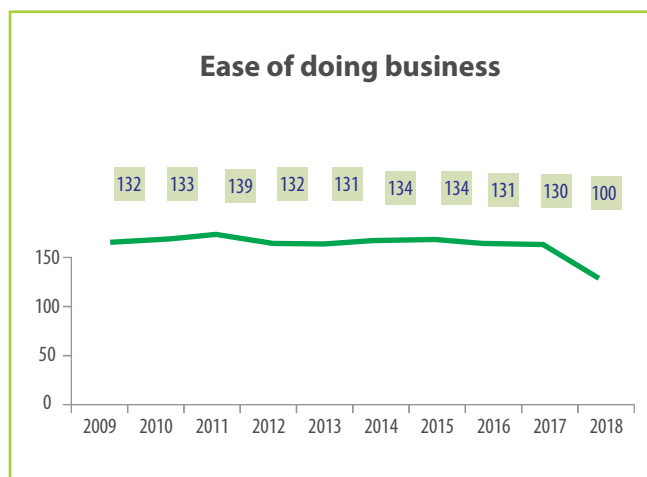
The past year has been marked by some major reforms. The transformational Goods and Services Tax (GST) was launched in July 2017. With a policy change of such scale, scope, and complexity, the transition unsurprisingly encountered challenges of policy, law, and information technology systems, which especially affected the informal sector. Expedient responses followed to rationalize and reduce rates, and simplify compliance burdens.

The revenue collection figures under GST including CGST, SGST, IGST and cess for the period July 2017 – February 2018 paid in the period July 2017 – March 2018 is as follows:

GST COLLECTION	AMOUNT (Rupees in Crores)
August	93,590
September	93,029
October	95,132
November	85,931
December	83,716
January	88,929
February	88,047
March	89,264
Total	7,17,638

India jumped up 30 notches into the top 100 rankings on the World Bank's 'ease of doing business' index, thanks to major improvements in indicators such as resolving insolvency, paying taxes, protecting minority investors and getting credit.

India, was ranked 142nd in 2014 and 130th last year, is the only large country this year to have achieved such a significant shift on the back of reforms in taxation, construction permits, investor protection and bankruptcy resolution.



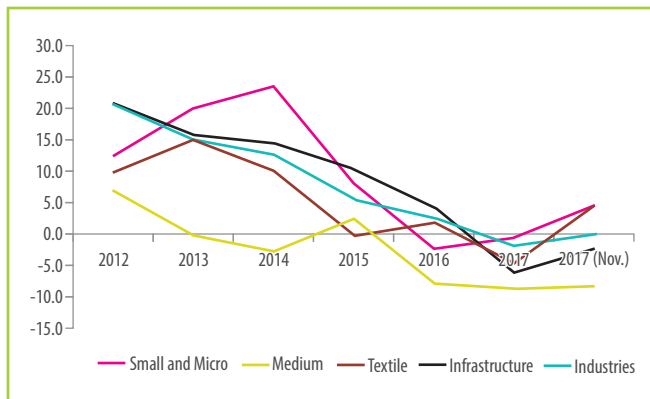
India has a long way to go before it can be counted among the top 50 of the World Bank's Doing Business Rankings.

To break into top 50, India proposes to focus on Simpler Registration of Firms, Using Adhaar to identify Directors, No company seal to bank account, Cash refunds on capital import equipments, No separate PAN for companies after registration, reducing cost and time for DIN and digital signatures.

The performance of the banking sector, Public Sector Banks (PSBs) in particular, continued to be subdued in the current financial year. The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) increased from 9.6 per cent to 10.2 per cent between March 2017 and September 2017, whereas, their Restructured Standard Advances (RSA) ratio declined from 2.5 per cent to 2.0 per cent. The Stressed Advances (SA) ratio rose marginally from 12.1 per cent to 12.2 per cent during the same period. GNPA ratio of PSBs increased from 12.5 per cent to 13.5 per cent between March and September 2017. Stressed advances ratio of PSBs rose from 15.6 per cent to 16.2 per cent during the period.

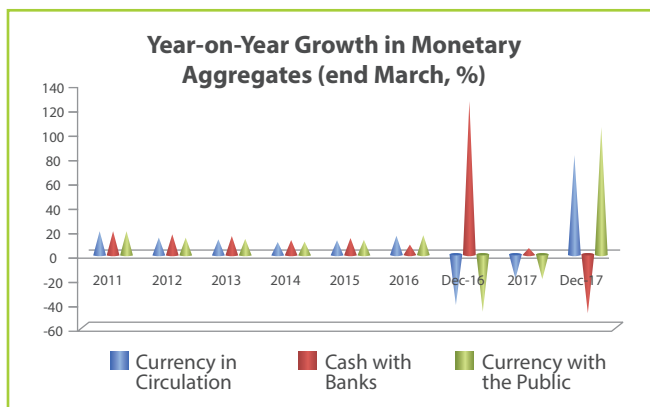
Non Food Credit (NFC) grew at 8.85 per cent Y-o-Y in November 2017 as compared to 4.75 per cent in November 2016. Bank credit lending to Services and Personal Loans segments continue to be the major contributor to overall NFC growth. Credit growth finally picked up in industrial sector after remaining persistently negative from October 2016 to October 2017. However, growth of credit to medium scale industries has remained negative since June 2015.

### Industry Wise Deployment of Bank Credit by Major sector (Y-OY, %)



Monetary policy during 2017-18 has reduced the Policy Repo Rate by 25 basis points to 6.0 per cent. It kept the rates unchanged in both October and the December. Accordingly, the Reverse Repo Rate under the Liquidity Adjustment Facility (LAF) stands at 5.75 per cent, and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.25 per cent.

In tandem with the re-monetisation process, the Y-o-Y growth of Reserve Money during the financial year 2017-18 up to November 10, 2017 increased sequentially but remained in the negative territory and significantly lower than that in the previous year, reflecting the lingering, though progressive impact of demonetization.



(Source: Economic Survey 2017-18)

## INDUSTRY OVERVIEW

### Indian Financial Services Industry

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks

accounting for more than 64 per cent of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for Micro and Small Enterprises, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by both government and private sector, India is undoubtedly one of the world's most vibrant capital markets. In 2017, a new portal named 'UdyamiMitra' has been launched by the Small Industries Development Bank of India (SIDBI) with the aim of improving credit availability to Micro, Small and Medium Enterprises' (MSMEs) in the country.

The Financial Services Industry has been probably one of the most impacted by recent Government initiatives. Banks have taken a big hit on account of the large provisions that they have taken for provisions in their books for Non-Performing Assets (NPA). The Insolvency and Bankruptcy Code (IBC) also needs financial institutions to make higher provisions in cases where its provisions have kicked in or may kick in.

As per CRISIL's India Outlook 2018, the asset quality issues of the public sector banks have reached such gargantuan proportions and the gross non-performing assets (GNPAs) touching 10.5%.

The transparent and time-bound process driven by National Company Law Tribunal (NCLT) offers hope.

The Insolvency and Bankruptcy Code, 2016 (IBC) was passed in May 2016. The new regime was in its very early days. The regulator had just been set up, and the basic ecosystem, including the rules governing corporate insolvency/liquidation and certification of insolvency professionals who could run those transactions, had been newly created. Since then, there has been a significant amount of progress – the entire mechanism for the Corporate Insolvency Resolution Process (CIRP) has been put in place. A number of rules and regulations have been notified to create the institutions and professionals necessary for the process to work. A large number of cases have entered the insolvency process, and a few have even exited the process. Over 1,300 Insolvency Professionals are registered. The first Information Utility has also started functioning. Over 525 cases of corporate insolvency have been admitted across all the National Company Law Tribunal (NCLT) benches. In addition, 108 Voluntary Liquidation proceedings and one Fast-Track Corporate Insolvency Resolution have also been initiated.

### Market size

The financial services market comprises all establishments engaged in financial services related activities such as lending, investment management, insurance, brokerages, payments and transferring service. The financial services industry is categorized on the basis of the business model of the firms present in the industry. Majority of firms come under multiple categories.

Asia Pacific was the largest region in the financial services market in 2017, accounting for around 41% market share. This can be attributed to demand for cheaper loans in countries such as China.

The asset management industry in India is among the fastest growing in the world. The Mutual Fund (MF) industry in India has seen rapid growth in Assets Under Management (AUM). Total AUM of the industry increased 25.79 per cent year-on-year to hit a record Rs 22 lakh crore (US\$ 342.91 billion) at the end of February 2018. At the same time the number of Mutual fund (MF) equity portfolios reached a record high of 2.27 billion in February 2018.

Another crucial component of India's financial industry is the insurance industry. The insurance industry has been expanding at a fast pace. The total first year premium of life insurance companies grew 17.35 per cent year-on-year to reach US\$ 25.44 billion during April 2017-February 2018.

Along with the secondary market, the market for Initial Public Offers (IPOs) has also witnessed rapid expansion. A total of 153 initial public offers (IPOs) were issued in the Indian stock markets in 2017, which raised a total of US\$ 11.6 billion.

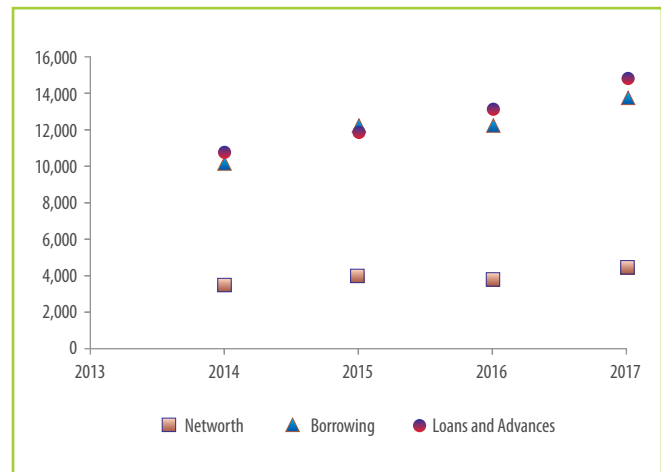
Over the past few years India has witnessed a huge increase in Mergers and Acquisition (M&A) activity. The total value of M&A in India rose 53.3 per cent year-on-year to US\$ 77.6 billion in 2017 from US\$ 50.6 billion in the preceding year.

(Source: India Business Equity Foundation)

### Non Banking Finance Sector

Non-banking financial institutions (NBFIs) have been intermediating a growing share of the resource flows to the commercial sector. NBFIs regulated by the Reserve Bank are All India Financial Institutions (AIFIs), Non-Banking Financial Companies (NBFCs) and Primary Dealers (PDs). In terms of balance sheet size, AIFIs constitute 23 per cent of NBFIs' total assets, while NBFCs represent 76 per cent and standalone PDs constitute 1 per cent. As per latest RBI data, there are 11522 Registered NBFCs in India. Out of the total, 11344 are Non-Deposit taking NBFCs. There are 220 Systematically Important NBFCs having Asset size of more than Rs. 500 Crores. The number of NBFCs has been declining over time with cancellations of registrations exceeding new registrations on account of voluntary surrender or cancellation of CoR due to noncompliance of revised criteria of net owned fund.

### Consolidated Balance Sheet of NBFCs (Amount in Rs. billion)

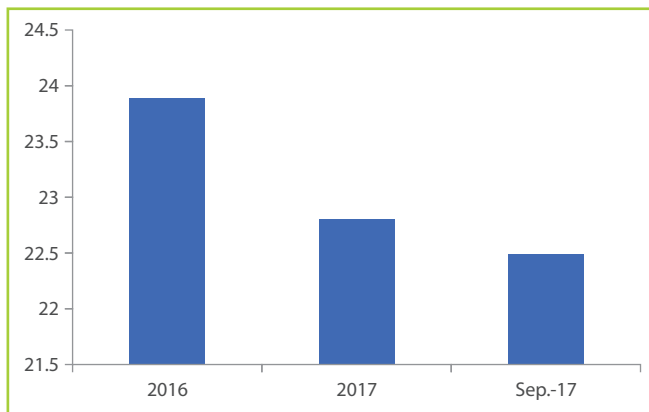


Non-Banking Financial Companies (NBFCs) bring in diversity and efficiency to the financial sector and make it more responsive to the needs of the customers. Peer to Peer (P2P) and Account Aggregators are the new categories of NBFC that have been introduced recently. To further financial inclusion through direct interaction between small lenders and small borrowers and to address the associated consumer protection issues, the Reserve Bank has introduced a new category of Non-Banking Financial Company (NBFC) called NBFC-P2P (NBFC-Peer to Peer Lending Platform) with light touch regulation and emphasis on adequate disclosures.

The NBFC sector, as a whole, accounted for 17 per cent of bank assets and 0.26 per cent of bank deposits as on September 30, 2017. The consolidated balance sheet size of the NBFC sector increased by 5 per cent (September 2017 over March 2017) to Rs. 20.7 lakh crores, as against an increase of 14.2% between March 2016 and March 2017. NBFCs depended largely on public funds for funding their balance sheets. Borrowings through Non-Convertible Debentures (NCDs) witnessed a growth of 3.1 per cent as on end-September 2017 against a 19.8% growth during 2016-17 while bank borrowings increased by 5.4% during the first half of the year (March 2017 to September 2017) against a negative growth of 7.0% during 2016-17. On the asset side, loans and advances registered a growth of 6.6% during the first half of the 2017-18 which was 12.7% during the 2016-17.

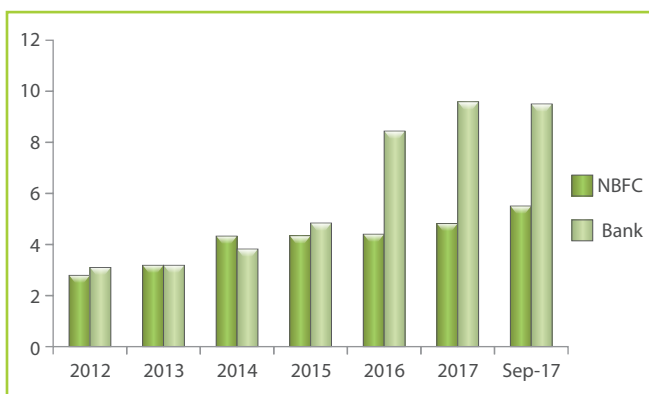
The Capital to Risk Weighted Assets Ratio (CRAR) of NBFC sector declined slightly to 22.5% as on end-September 2017 from 22.8% as on March 31, 2017. The gross NPA ratio (per cent to advances) of NBFC sector declined to 5.5% as on end-September 2017 from 6.1% as on March 31, 2017. The net NPA (per cent to net advances) also decreased to 3.4% in September 2017 from 4.1% in March 31, 2017. The Return on Assets (RoA) of the sector increased to 2.0% as on end September 2017 as compared to 1.6% as on end-March 2017. The Return on Equity (RoE) increased significantly to 9.0% (annualized) as on end September 2017 from 7.0% as on end-March 2017.

### Capital to Risk Weighted Assets Ratio (CRAR) of NBFC



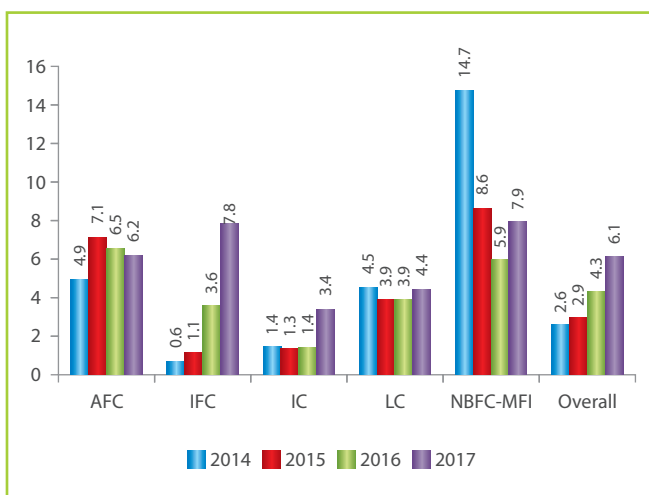
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### Gross NPA of the NBFC Sector



The Gross NPA of different types of NBFCs is given hereunder:

### Gross NPA of different types of NBFCs



The Gross Non-Performing Assets (GNPAs) of NBFCs have been in control over the past five years, although retail NBFCs (those lending to individuals) have reported more on this.

The number of NBFCs has declined because of the regulatory initiatives aimed at protecting depositors' interests and safeguarding financial stability. Nevertheless, the overall balance sheet size of NBFCs has expanded with their credit growth recording a higher reading in 2016-17 when bank credit witnessed historically low growth. More importantly, credit to the micro and small segments, both in industry and services sectors, displayed robust growth. Financial performance of these companies came under stress with a decline in profitability and deterioration in asset quality. Their capital positions also deteriorated during 2016-17 though they remained well above the stipulated norms. Conversion of a few large NBFCs-MFI into small finance banks may have implications for credit to the microfinance segment.

Regulations governing NBFCs are being increasingly harmonised with the banking sector while encouraging them to focus on specialised areas as evidenced by the recent notifications for setting up two new types of NBFCs by the Reserve Bank – Account Aggregator and Peer-to-Peer Lending Platform. Another recent regulatory development in the sector was the issuance of a comprehensive Information Technology Framework for NBFCs-ND to be adopted by June 30, 2018.

(Source RBI Publication on Trends and Progress of Banking in India)

The success of NBFCs can be clearly attributed to their better product lines, lower cost, wider and effective reach, strong risk management capabilities to check and control bad debts, and better understanding of their customer segments. Not only have they shown success in their traditional bastions (passenger and commercial vehicle finance) but they have also managed to build substantial assets under management (AUM) in the personal loan and housing finance sector which have been the bread and butter for retail banks. Going forward, the latent credit demand of an emerging India will allow NBFCs to fill the gap, especially where traditional banks have been wary to serve. Additionally, improving macroeconomic conditions, higher credit penetration, increased consumption and disruptive digital trends will allow NBFC's credit to grow at a healthy rate of 7–10% (real growth rate) over the next five years. Clearly, NBFCs are here to stay.

## Outlook and Opportunities

### Outlook

The market share of Non-Banking Finance Companies (NBFCs) would continue to expand. The expansion would be supported by NBFCs' ability to customise products, price the risk and manage ultimate credit costs, especially related to small-ticket

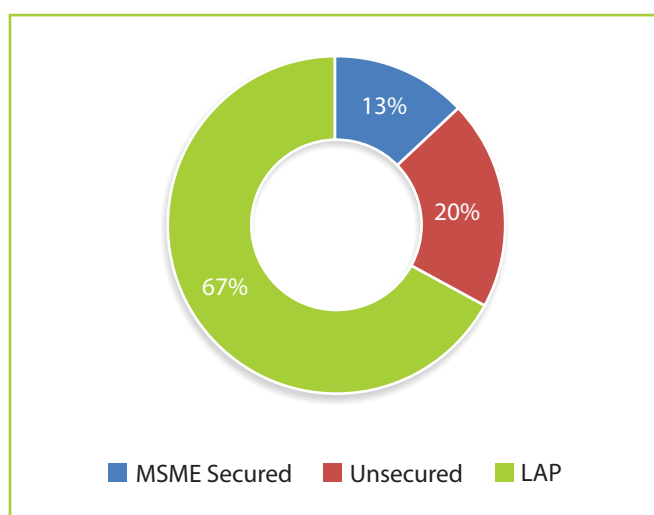
loans, viz., microfinance, light commercial vehicle (CV), used CV, small-ticket housing loans and loan against property. However, competition is likely to intensify in certain segments such as large-ticket housing, new heavy CV and large-ticket loan against property. Thus, risk-adjusted pricing may come under pressure. As the transition to the formalisation gains momentum, many NBFC borrowers may turn poachable and creditworthy for banks.

With the credit growth of 9% in the past 5 years, the MSME lending book of banks and NBFCs grew at 13% CAGR to Rs. 14tn currently. NBFCs have achieved stronger growth than banks with their MSME lending book growing at 32% CAGR vis-à-vis 10% for banks. Consequently, their market share increased from 8% in FY12 to 18% in FY17. Going forward, NBFCs are expected to grow this book at 20% CAGR, while that of banks should grow at 9% CAGR.

So far, non-banking finance companies (NBFCs) have scripted a great success story. Their contribution to the economy has grown in leaps and bounds from 8.4% in 2006 to above 14% in March 2015. In terms of financial assets, NBFCs have recorded a healthy growth—a compound annual growth rate (CAGR) of 19% over the past few years—comprising 13% of the total credit and expected to reach nearly 18% by 2018–19.

As per the latest trend NBFCs have been migrating more towards lower-ticket LAP due to better yields and lesser competition.

Mix of NBFCs- LAP is bulk of the MSME Credit (Source – Crisil)



NBFCs’ asset quality has been largely resilient to the twin disruption of demonetisation and goods and services tax implementation. The government’s increased focus on the rural economy in the budget for 2018-19 could be a boost for NBFCs with a significant portion of their assets in rural areas. Meanwhile, few segments (microfinance institution) and, to some extent, LAP have been disproportionately impacted.

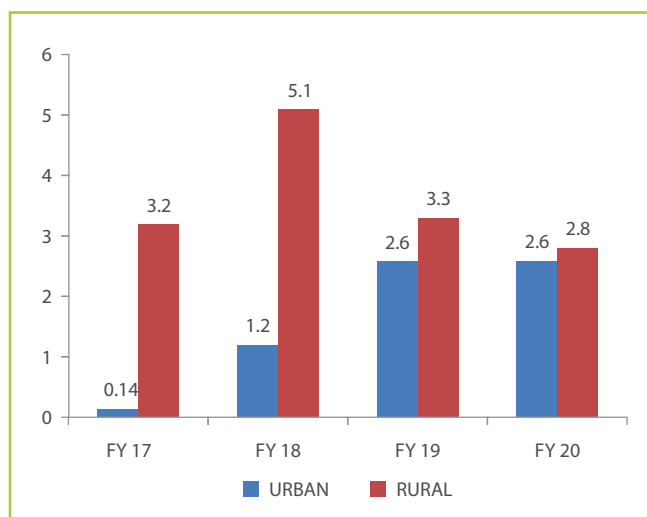
**Opportunities for NBFC Sector**

Non-banking finance companies in India are expected to see an 18 per cent compounded annual growth rate (CAGR) for the next two and a half years and raise their share in total credit to 19 per cent by 2020, according to rating agency Crisil.

The various opportunities available to the NBFCs include:

- In 2017, NBFCs increased their share in the total credit market to 16 per cent, from 13 per cent in 2015. The share of public sector banks (PSBs) reduced to 51 per cent, from 57 per cent in 2015. According to CRISIL, Public Sector Banks will see a further shrinking of their share to 47 per cent by 2020 as they battle with capital constraints. NBFCs replicating traditional banking services with innovative products and delivery systems would also chip away at PSBs' share.
- The home loans segment, the largest business segment for NBFCs, is expected to grow at a steady CAGR of 18 per cent over the next three years as they focus on self-employed customers and lower ticket size. NBFCs are also set to increase their market share in the wholesale finance business from 12 per cent in 2014 to 19 per cent in 2020. Currently, they have a market share of 12 per cent of the total real estate and structured credit segment, increasing to 14 per cent in 2020.
- With regulations and government policy pushing developers to focus on the affordable housing market, there is potential for growth by investing and financing these properties. Since the Pradhan Mantri Awas Yojana provides home buyers with a Credit Linked Subsidy Scheme, the effective rate of interest payment falls below rental yields.

Target number of houses to be built across regions under PMAY (million units)



(Source- PWC Analysis)

- The government has taken on the task of providing affordable housing for all by 2022. For this purpose, it has set up Gramin, a rural housing programme designed to provide affordable houses to the rural population.

Housing needs in India across regions by 2022

Particulars	Urban (million units)	Rural (million units)	Total (million units)
Current housing shortage (FY17)	19	40	59
Required housing units by 2022	26-29	23-25	49-54
<b>Total need (by 2022)</b>	<b>44-28</b>	<b>63-65</b>	<b>107-113</b>

(Source- PWC Analysis)

- This initiative will have several backward and forward linkages with over 250 ancillary industries. This results in a positive cycle of economic activities and increases the demand for funding from financial institutions. Additionally, the success of this programme, combined with the falling interest rate regime, could mean improved loan growth for NBFCs and housing finance companies (HFCs) focused on this segment.
- The Central Government created the corpus of the Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE) by an additional Rs. 5,000 crore INR. The trust provides credit guarantee of up to 85% as collateral free loan on the total amount disbursed by NBFCs to MSMEs. The recent inclusion of NBFCs within the purview of the scheme will help to reduce the financial crunch faced by SMEs. The CGTMSE was specifically set up to lend SMEs additional money as many of them are not eligible under the normal lending criteria of a bank. Government has also has doubled the eligibility amount from Rs. 1 crore to Rs. 2 crore and also enhanced the cash credit limit to 25%. The total financial requirement of the MSME sector is estimated at around 650 billion USD, of which 80% would be fulfilled by debt.
- The financial services industry (inclusive of BFSI and MFI) is among the top 5 sectors by both value and volume of deals. Over the last 5-7 years, the sector has witnessed exponential growth due to which there has been a continuous need to raise capital through either the public markets or Private Equity.

Changing demographics and low credit penetration have made NBFCs attractive over the last few years. Higher margins and falling interest rates have boosted consumption and therefore borrowings. This makes NBFCs an attractive investment target for PE firms as they ride the credit-fuelled consumption boom.

Threats:

The NBFC sector faces with various threats which include:

- Traumatic shock of Economic crises & collapse of the several businesses can affect the NBFC and vice-versa.
- High cost of fund and lack of funding for smaller NBFCs is a threat to the NBFCs.
- Asset quality deterioration particularly after demonetization may wipe out the profits of the companies.
- Starting of Fin-tech companies pose threat to traditional brick and mortar NBFCs.
- Natural calamity like Floods, drought etc. can pose serious threat in collections thus increase NPAs and hit profitability.
- Government decisions like demonetization also effect the business of NBFCs which lend to MSME sector.

## Company Outlook

The company is in the business of Micro Credit and Secured Enterprise operating in ten states with head quarters in New Delhi. The company is presently operating in Delhi, Uttar Pradesh, Uttarakhand, Madhya Pradesh, Punjab, Rajasthan, Odisha, Bihar, Chatisgarh and Jharkhand. The company is presently managing its operations through 237 branches in 57 districts. The company is intending to introduce new products like Vehicle Loans, Personal loans and Gold Loan in near future. The Company will also think about expansion geographically in other states.

## Key strengths

The company operates with the following key strengths:

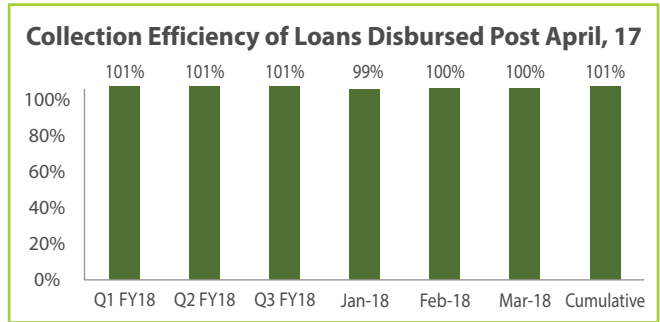
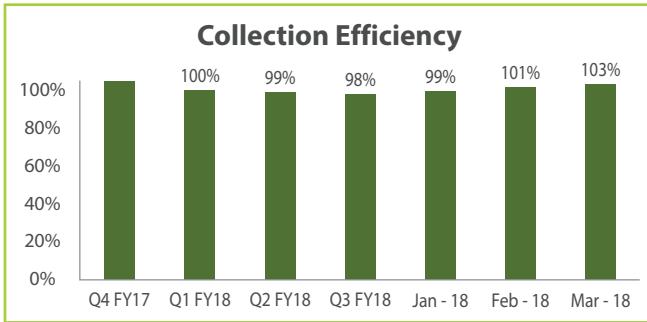
- Robust Technology** : Capital Trust Ltd. has developed an online service called MiApp that enhances efforts of financial inclusion by placing transparency, accessibility and technology at the heart of in this endeavour. The technology is mainly based on:
  - Digitisation** - With Aadhaar card as the starting point, our software validates identity and credit history instantly. Zxing, an open-source, multi-format barcode image processing library, scans QRs codes on the Aadhaar Card which instantly sends information to the credit bureau for checking the client's credit history.
  - Automation** - The services of an Android operating system are extended to clients that help them keep track

- of their loan progress, provide access to credit records, store KYC information and, in time, will let clients repay installments from their application with links to their bank accounts.
- **Newer customer and staff channels** – Customers now get recorded calls for their due amount, arrears and newer eligible loans using OBD calls, SMS etc. Staff has been enabled with real-time information of customers demand sheet, arrears etc.
2. **Focus of the company is on the 'Missing Middle'** – The company's focus is on missing middle, the economic segment that is excluded from the formal banking system as well the growing microfinance industry. Our diverse products offerings in the MSME market help us acquire customers that have outgrown the microfinance ticket size but remain un-served by large NBFC's and banks. We provide Enterprise Loans to Micro and Small Enterprises to those who do not qualify to get a loan from a bank.
  3. **Large Geographic Presence:** The Company is working on hub and spoke model. For every district branch, there are four block level branches. Thus the company is close to the customers. The company also does fortnightly centre meeting where the company meets the clients regularly. The company mainly operates in Hindi belt areas so there is no language barrier.
  4. **Experienced Human Capital:** The company has strong human capital of more than 2200 people, who are full of knowledge and experience. The company has appointed business heads for different products, who are masters in their field. The company has independent business, credit and compliance teams. Some of the people in company have been with the company for than 20 years showing great employment retention rate.
  5. **Effective Internal Audit:** The Company has strong internal audit teams who do frequent internal audits of the branches. The frequency is quite regular help in reduction in frauds and implementation of company's policies.
  6. **Large no. of lenders:** The Company has more than 23 lenders, who have supported the company to reach to present level. The funders have supported the company even in the period when NBFC sector was in turmoil.
  7. **Liquidity of shares:** The shares of the company being listed on NSE and BSE, therefore the investment by investors in the company is liquid, which can be cashed anytime. The liquidity also offers company the opportunity to tie up with institutional investors and PE funds which generally look for listed entities for investment.
  8. **Strong capital base:** The net worth of the company is more than Rs. 220 Crores and even after huge write offs, the company has been able to increase its networth. The company is highly capitalized as the Capital Adequacy Ratio is 27.43%. The company can leverage this ratio to raise funds.
  9. **Bouquet of Products:** The Company has varied products satisfying the needs of different set of customers. The Company's Subsidiary provides Micro finance loans ranging between Rs. 15,000- 45000 loans and the company provides loans up to Rs. 10,00,000 in micro credit and secured enterprise products. The Company is also starting new product like Vehicle Loans, Personal Loans and Gold Loans.
  10. **Strong Systems and Processes:** The Company has been in existence for more than 33 years. Over the years, the company has developed systems and processes which have been timely tested and implemented. The Company's audit team is capable enough to test the systems and enforce their implementation.
  11. **Renowned Board:** The Board of the Company comprises of Renowned Ex Bankers and Professionals who provide proper guidance to the company. The Board is an optimum combination of Independent and Executive Directors.

## OPERATING AND FINANCIAL PERFORMANCE

During the year 2017-18, the company has reached to manage a portfolio of Rs. 795 Crores as against Rs. 555 Crores in the year 2016-17 showing a growth of 43%. Portfolio of Micro Enterprise loan has increased from Rs. 339.7 Crores to Rs. 619 Crores showing the growth of 82% over the year. However the profit has reduced to Rs. 1.4 Crores due to high write-offs and provisioning. The total income of the company has increased from Rs. 124.8 Crs to Rs. 182.1 Crores showing a growth of 46% over the financial year 2017-18.

After demonetization the company's collection efficiency has reached 100%+ levels, the loans disbursed post January 2017 have been performing extremely well, with a collection efficiency of 99.85%. The company has been reducing its exposure in Uttar Pradesh as it was worst affected by the advent of demonitisation. From 74% of the portfolio as on 8th Nov, 2016, Uttar Pradesh contributes to 42% of the portfolio as on date. Owing to the lag of installments that has been represented earlier, the company is dealing with "Active 90+ and Active 180+ 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.



#### Collection efforts by the Company:

After demonitisation, the company has made various efforts to make the collection from the clients. These efforts include door to door collection by the staff and the legal recourse adopted by the company. Each effected district was mentored by a senior personnel from Head Office who would go to the field for collection and motivate the client as well as the staff to make collection. The clients were informed about the effect of non-payment which included legal action and reporting the name in the credit bureau. The clients were informed that if they delay in making the payments, they will not be able to get further loan from any of the financial institutions. In making the collections, the company takes care of guidelines issued by Reserve Bank of India and Self Regulatory Organizations regarding the timing and manner of collection.



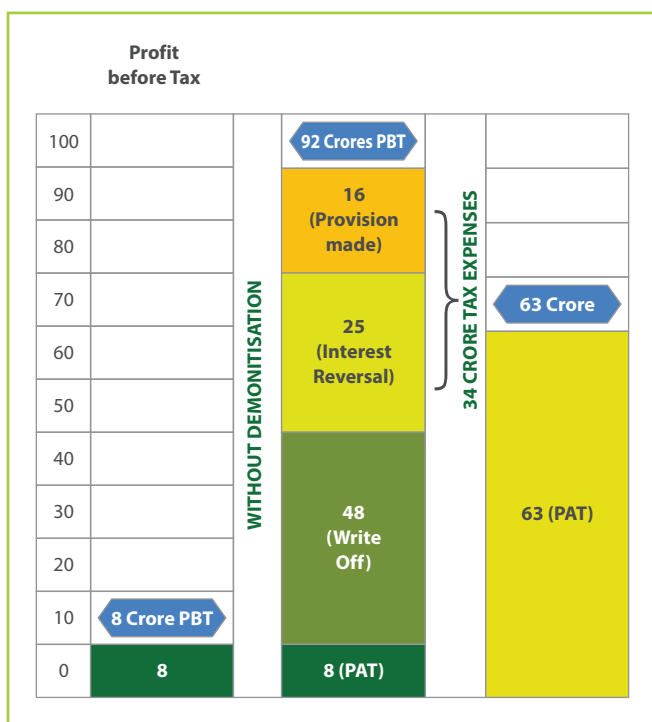


**Legal Recourse for collection**

The Company has a dedicated legal team consisting of Panel of advocates to take care of the legal actions for the collection of overdue amounts from the clients. The action includes Lok Adalat, initiation of action under Section 138 of the Negotiable Instruments Act 1881 and invocation of arbitration clause of the agreement.

**Had there not been Demonitisation?**

Demonetization has affected the company’s profitability. Had there been no demonization the company’s profit before tax would have been Rs. 97 Crores.



The company is now back on track. The collection efficiency has increased and AUM has also shown the increasing trend. Leaving behind the impact of demonetization the company is now venturing into other products like Retail loans, Vehicle loans and Gold Loans.

**Investment in subsidiaries.**

In the beginning of the year the company had one wholly owned subsidiary in the name of Capital Trust Microfinance Pvt. Ltd. The company is in the business of Microfinance. During the year under review the company has invested Rs. 20.08 Crores in the wholly owned subsidiary by acquiring 810010 equity shares at Rs 248 per share.

The company has also taken over Capital Trust Housing Finance Pvt. Ltd as wholly owned subsidiary company. The total investment in that company is Rs. 10.51 Crores. Capital Trust Housing Finance Company has applied for Housing Finance License with National Housing Bank.

**Awards and Accolades:**

During the year, company has received the following award and Accolades:

1. The company has featured in top 100 SME companies out of 41832 nominations for financial and non financial parameters by Jury Board of India SME Forum.
2. Mr. Yogen Khosla has been recognized by Insight Success magazine as the 10 most financial leaders to watch in for year 2017.
3. The company has featured in top 400 small cap companies in Dalal Street Magazine.
4. The company has ranked in top 1000 companies (FT1000 High-Growth Companies) Asia-Pacific ranking featured in a Special Report published by the Financial Times.
5. The company has featured in different articles in Insight Success, Dalal Street Magazine and Businesswise Magazine during the year.

**RISK MANAGEMENT**

Risk in the context of business is defined as probability of liability, loss or any other negative occurrence that is caused by external or internal vulnerabilities.

While risk is inherent to every institution, it assumes greater significance in the context of Micro Credit due to the very nature of the business with its absence of collaterals quality and the vulnerable, financially excluded customer segment it serves.

Risks may be avoided through preemptive action and hence the need to identify the risks and put in place various mitigation mechanisms.

Capital Trust has identified the following potential risks that could have an adverse impact on the company:

1. Credit Risk
2. Operational Risk
3. Liquidity Risk
4. Portfolio Concentration Risk
5. Compliance Risk
6. Reputation Risk
7. Strategic Risk
8. Contagion Risk

**Credit Risk**

Credit Risk for Capital Trust Limited is the risk of loss of interest income and the Company’s inability to recover of the principal amount of the loan disbursed to its customers.

**This risk can result from:**

- Information asymmetry and excessive reliance on Credit Bureau check, not backed by soft information or market intelligence on a territory or group of borrowers, leading to adverse selection of borrowers.
- A volatile political presence in a region of exposure
- Exposure to activities with a high probability of variation in earnings
- Default due to over-indebtedness or business failure

Credit Risk also includes Credit Concentration Risk, arising out of concentrated exposure to a particular geographical location/territory or to an activity in which a large group of borrowers are engaged in, vulnerable to external events.

**Mitigation**

**1.1. Location Selection**

Before establishing any branch, a detailed survey is conducted which takes into account the factors like credit culture, economic activity and political stability of the area. This mitigates the risk of operating in negative areas.

**1.2. Credit Bureau Check**

A credit check is done for every customer through an automated system-to-system integration with the Credit Bureau. As part of this check, the parameters like default history, multiple borrowings, Indebtedness and income check are looked at to verify a customer's credit-worthiness and also ensure that they are not overburdened. This mitigates the risk of customer defaults.

**1.3. Multi-Step Customer Verification**

Capital Trust has established separate customer relationship (acquisition and maintenance) and customer evaluation (credit) personnel in order to ensure the quality of customers acquired as well as eliminate coerced borrowing practices which may lead to genuine customers becoming delinquent. This mitigates the risk of ghost borrowing and ring leader issues. Risk along with internal audit will be monitoring that customer verification process is followed properly else action to be recommended which should be accepted by business.

**Operational Risk**

Operational Risk is the risk of possible losses, resulting from inadequate or failed internal processes, people and systems or from external events, which includes legal risks but excludes strategic and reputation risk. The risk can emanate from:

- Procedural lapses arising due to higher volumes of small-ticket transactions.
- Lapses in compliance with established norms; regulatory as well as internal guidelines
- Misplaced/lost documents, collusion and fraud
- Breakdown or non-availability of core business applications.

Internal Audit team checks the various aspects of operational risk by auditing the various SOPs/Processes.

Skill gap and sudden attrition of key personnel in the organization, is also an operational risk, which needs to be countered and addressed by the application of appropriate HR strategies.

**Mitigation**

**2.1. Process Compliance**

Capital Trust has an independent Internal Audit department which carries out surprise checks on field branches and rates them on pre-defined compliance parameters, identifies gaps in process compliance and rolls out initiatives to correct loopholes. This is done primarily to

- Ensure that the designed processes are being followed on the field – including interaction with the customers during various stages of the relationship lifecycle.
- Ensure all branch activities are carried out as per norms/procedures as mentioned in the operational manual.
- Identify any process lapses/deviations and provide guidance to branches/employees to ensure compliance.

This ensures that risks arising out of process lapses are mitigated. Risk should ensure that above mentioned guidelines is being followed up.

**2.2. Employee Rotation Policy:**

Capital Trust Limited has a policy to ensure that no field employee is posted in the same location for over two years as an effort to mitigate any chances of collusion or fraud. All field employees are either transferred to another branch or rotated to another role in a programmed manner so as to mitigate the chances of collusion with other employees or customers. The policy ensures that the employees have the predictability of their movements without putting them into undue hardships.

**2.3. Document Storage and Retrieval:**

Capital Trust recognizes the need for proper storage of documents as also their retrieval for audit and statutory requirements. We have put in place Physical Storage and Scanned Copies.

**Portfolio Concentration Risk**

Portfolio Concentration Risk is the risk to the company due to a very high credit exposure to a particular business segment, industry, geography, location, etc though in the context of micro finance, it pertains predominantly to geographical concentration.

**Mitigation**

Capital Trust intends to maintain a diversified exposure in advances across various states to mitigate the risks that could arise due to political or other factors within a particular state. With this in mind, Capital Trust has steadily diversified its presence from 3-4 states to 10 states as of Jan 2018.

**Compliance Risk**

Capital Trust is present in an industry where the Company has to ensure compliance with regulatory and statutory requirements. Non-Compliance can result in stringent actions and penalties from the Regulator and/or Statutory Authorities and which also poses a risk to Capital Trust's reputation.

**Mitigation**

The company has implemented a Compliance Management through its Compliance Committee with in-built workflows to track, update and monitor compliances. The company has strong compliance team who monitors statutory compliances.

**Reputation Risk**

Reputation risk is the risk to earnings and capital arising from adverse perception of the image or the company, on the part of customers, counterparties shareholders, investors and regulators. It refers to the potential adverse effects, which can arise from the company's reputation getting tarnished due to factors such as unethical practices, regulatory actions, customer dissatisfaction and complaints leading to negative publicity. Presence in a regulated and socially sensitive industry can result in significant impact on Capital Trust's reputation and brand equity as perceived by multiple entities like the RBI, Central/State/Local authorities, banking industry and last but not least, Capital Trust's customers.

**Mitigation**

Considering the vulnerability of our customer segment and the potential for negative political activism to affect the reputation of the company, we have in place Strict Adherence to Fair Practices Code, Grievance, Redressal Mechanism, Customer Connect and Delinquency Management. The Company does not resort to any coercive recovery practices and has an approved delinquency management policy including restructuring of loans where necessary.

**Strategic Risk**

It is the risk to earnings and capital arising from lack of responsiveness to changes in the business environment and/or adverse business decisions, besides adoption of wrong strategies and choices.

**Mitigation**

This is being addressed and the risk mitigated to a great extent, by referring matters of strategic importance to the Management, consisting of members with diversified experience in the respective fields, for intense deliberations, so as to derive the benefit of collective wisdom.

**Contagion Risk**

Contagion risk as an enlarged version of systemic risk, refers to the probability of credit default among a large group of borrowers in a particular geographical Territory or State, arising out of external factors or political overtones, spreading to culturally-aligned neighboring Territory or State, resulting in moral hazard, thereby escalating the risk of possible default. Further in the context of micro credit, it could result mostly from ghost-borrowing and ring-leader scenarios.

**Mitigation**

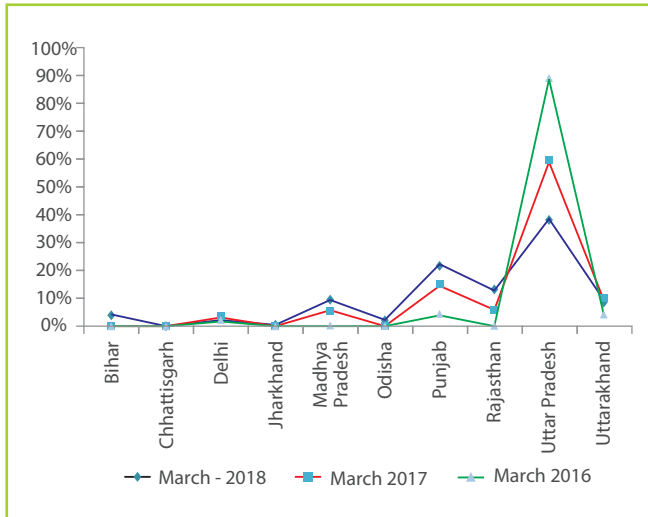
This is being addressed by customer connect program wherein we pro-actively reach out to customers in each center to validate that the customers have genuinely applied for the loan and there has been no incidence of commission, following a relationship based mode of engagement so the customer feels a sense of loyalty to the company and is therefore less likely to be part of a mass default by others and implementing an analytics solution to study the credit bureau data and look for warning signs of increased defaults – upto the pin-code level.

**OPERATIONAL DATA**

During the year 2017-18, the company has entered into new states of Odisha, Bihar, Chhattisgarh and Jharkhand taking the total number of states of operation to 10 states spread over 242 branches. This has helped the company to spread its portfolio evenly. In the year 2016 the portfolio concentration in UP was 89% which is now reduced to 38% in year 2018. The detail of state-wise concentration of portfolio is given hereunder:

**State-wise percentage of portfolio**

State	As on 31st March 2018	As on 31st March 2017	As on 31st March 2016
Bihar	4.04%	-	-
Chhattisgarh	0.03%	-	-
Delhi	2.09%	3.29%	2.19%
Jharkhand	0.32%	-	-
Madhya Pradesh	9.61%	5.90%	-
Odisha	2.23%	-	-
Punjab	21.95%	15.26%	4.41%
Rajasthan	13.08%	5.8%	-
Uttar Pradesh	38.30%	59.67%	89.14%
Uttarakhand	8.35%	10.05%	4.26%



## INTERNAL CONTROL SYSTEMS

The Company has well documented internal financial controls which cover all the critical areas of business and processes. The internal financial control documents contain the processes, design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance which are commensurate with the nature of its business and the size and complexity of its operations. Internal Financial Controls ensure that business is conducted on the set principles efficiently and the company adhere to policies, safeguarding its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal financial controls of the company are adequate and commensurate with the size of the business.

The Internal Auditors monitor the efficiency and efficacy of the internal control systems in the company, compliance with operating systems/accounting procedures and policies framed by the company. The department is also responsible to review and monitor the risk framework within the company. The department also undertakes audit of its branches covering all aspects of branch operations and credit audit. The department also provides independent assurance on the effectiveness of implementation of risk management framework, including the overall adequacy of the internal control system and the risk control function and compliance with internal policies and procedures.

The Company has adequate systems and procedures to provide assurance of recording transactions in all material respects. During the year, the Internal Auditors reviewed the operating effectiveness of the internal financial controls by undertaking an effectiveness testing of controls covered under the Risk Control Matrices for major processes.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the

Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The company has well drafted policies and procedure in the form of manuals.

These policies and procedures are well established and followed meticulously. The company adheres to audit process which encompasses risk identification, risk assessment, risk address and reviewing & reporting risk. The Company has established risk management and audit framework to identify, assess, monitor and manage credit, market, liquidity and operational risks. This is extremely important as many of our borrowers do not have any assets and also do not have adequate literacy skills. The company has three levels of the audit which include surprise branch audit, Pre disbursement audit for client identification and checking of credit worthiness of the clients and post disbursement audit. Under the post disbursement audit, the loan utilization is checked. The internal audit department also tracks the attendance of client in the centre meeting.

The Internal Audit Department reports to the Managing Director and conducts both routine and as well as surprise audits and special audits. The audit recommendations are actively followed up and implemented. As part of the effort to evaluate the effectiveness of the internal control systems, our Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. In addition to inhouse internal audit department, the company has engaged independent internal auditor who submits its report to the board.

## INFORMATON TECHNOLOGY:

Delivery of financial services to the bottom of the economic pyramid is fraught with hurdles – establishing identity of clients and avoiding duplicity; assessing credit worthiness in the absence of financial history; risks of cash handling of disbursements and collections as borrowers do not have banking habits.

The company has leveraged technology to effectively reach out to micro-borrowers to fulfil their requirements for income generating loans in a transparent manner. With Aadhaar card as the starting point, our software validates identity and credit history instantly. Zxing, an open-source, multi-format barcode image processing library, scans QRs codes on the Aadhaar Card which instantly sends information to the credit bureau for checking the client's credit history, determining whether the person is eligible for a loan. Through the mobile application, a soft approval for a loan can be given to a client within seconds.

The services of an Android operating system are extended to clients that help them keep track of their loan progress, provide access to credit records, store KYC information and, in time, will

let clients repay installments from their application with links to their bank accounts.

The company has developed its own software that is available to all staff and clients in the form of a mobile application. The application is installed on the smartphone of every field employee and, in time, will also be available to the lakhs of borrowers on their mobile devices. KYC information, collection schedule and amounts, credit history, are all available through the online service. The application also allows the company to go paperless, which is something the finance industry has been attempting to do efficiently for a long time.

The company has also started providing Instant digital receipts of the repayments made by the clients, which is first of its kind in the MSME NBFC Sector. This implies that when a client repays an installment, the online service lets the borrower know instantly that the company executive has collected the money. This is critical when 90% of our repayment is in fortnightly cash collections.

This has translated into more faith of the clients into company and the client is also sure that he is giving money to only authorised person.

### Segment-wise or product-wise performance

The company has only one segment of business i.e. "financing" so there is no segment wise or product wise performance available.

### HUMAN RESOURCES

Capital Trust Limited is operating in ten states within India and has more than 2200 employees. The company is market-driven, and technology-based, serving customers in ten states in northern, central and eastern part of India with financial products, and services. The company aims to be the first choice of customers, employees and shareholders.

Capital Trust policy offers equal employment opportunity for all persons, without bias or discrimination. It applies to all employment practices including (but not limited to) recruitment, promotion and training. Selection of business partners is also guided by like principles.

The business of the company is directly affected by the wellbeing of all sections of the society where we operate in. It is CTL's policy to maintain a working environment free of harassment and intimidation. Any type of harassment (including sexual harassment, verbal or implicit), or intimidation, is a violation of CTL policy, and is dealt with in accordance with corrective action procedures. The company has in place the Sexual Harassment policy, where the company has zero tolerance for any offence.

The human capital is major component in the finance industry besides capital. So having the right people at right place is the major strength of Capital Trust. We believe that the employees working with Capital Trust are realizing their dreams and in return the company achieves its goal.

Capital Trust does not hesitate in recognizing the co-existence of the Company and its Human Capital. Some of the employees in the company have been for more than 30 years with us. The company believes in long term relations with employees and the company has good retention rate.

All the employees of the company are equipped with smart phones. The employees mark their attendance through their mobile, apply for leaves, tours and tour claims through mobile app only. This has smoothened the processes and reduced the time to settle the claims. This is also environmental friendly as a lot of paper is being saved in printing.

The company has hired some senior people from reputed companies who are expert in their area of activity. With professionals at the top and fully motivated team at the field, the company is bound to grow in the future.

### CAUTIONARY STATEMENT

The Management Discussion and Analysis report containing statements used for describing the Company's objectives, projections, estimates, expectation or predictions are 'forward looking' in nature. These statements are within the meaning of applicable securities laws and regulations. Though, Company has undertaken necessary assessment and analysis to make assumptions on the future expectations on business development it does not guarantee the fulfillment of same. Various risks and unknown factors could cause differences in the actual developments from our expectations. The key factors that can impact our assumptions include macro-economic developments in the country, state of capital markets, changes in the Governmental regulations, taxes, laws and other statutes, and other incidental factors. The Company undertakes no obligation to publicly revise any forward looking statements to reflect future/likely events or circumstances.

## Director's Report

Your Directors take pleasure in presenting the Thirty Second Annual Report on the business and operations of your company along with the standalone and consolidated audited financial statements for the year ended March 31, 2018.

### 1. FINANCIAL RESULTS

The Company's financial performance for year ended 31st March, 2018 is summarized below:

(Rs. In lakhs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Income from operations	17347.65	11875.9	18211.43	12477.7
EBIDTA	7096.88	7870.88	7013.78	8383.31
Less:				
Interest	5852.78	2341.43	6216.24	2657.33
Depreciation	44.31	39.14	44.32	39.14
Profit Before Tax	1199.78	5490.31	753.22	5686.84
Profit/(Loss) after tax	622.86	3688.94	137.26	3785.72
Available for appropriation	622.86	3688.94	137.26	3785.72
Transfer to Reserve fund u/s 45IC of RBI Act, 1934	124.57	737.79	124.57	757.14

### 2. FINANCIAL PERFORMANCE

The year was still under impact of the demonitisation of the high currency notes which was announced by the Government in November, 2016. Your company is providing the Micro enterprise loans which uses cash in the recovery operations. The installments on these loans have fortnightly / monthly collections of small denominations. On account of non-availability of cash post demonetization, the borrowers were not in a position to service their loans which led to delay and drop in collection rates.

The RBI dispensation on classification of NPA (allowing a further 90 days over the 90 days overdue norm for classification as an NPA) was misconstrued and deemed as repayment holidays, adding woes to the already affected situation. This was further taken advantage of by local politicians in states of UP and Uttarakhand.

Despite the company had been following cashless disbursements, still the disbursement was effected because of the withdrawal limits imposed on the people by the banks.

There was also shortage of funds as the lenders were under wait and watch policy.

Despite of all these limitations the company has performed well as highlighted hereunder:

- The consolidated operating income has increased from Rs. 12477.66 Lakhs in year 2016-17 to Rs. 18211.42 Lakhs in year 2017-18 showing the growth of 46%.
- No. of branches increased from 162 to 242.
- AUM increased from Rs. 55500 Lakhs to 79500 Lakhs.
- The consolidated net profit decreased from Rs. 3785.71 Lakhs to Rs. 137.22 Lakhs due to writeoffs and higher provisioning to negate the effect of demonitisation.

During the year, the company has started operations in the states of Bihar, Orissa, Chatisgarh and Jharkhand. Your company is now operating in 10 states. The company has always been following the path having a neat portfolio. Your company has strict checks and balances which enable the company to have a good clean portfolio.

Your company has tied up with various financial institutions thereby raising the loan of Rs. 36000 Lakhs from them during the year. Your company has never failed in paying any installments or interest to the lenders. The company enjoys good reputation with all its stakeholder. The credit rating of the company is BBB+ assigned by CARE Ratings.

### 3. FUNDRAISING

During the year under review, there has not been any change in the capital. The company has been able to raise Rs. 32894 Lakhs from the Banks and other financial institutions.

### 4. DIVIDEND

The company has been paying dividend continuously for the last three years. However, due to demonetization, the profitability of the company has been impacted. But to keep the trend of paying the dividend, your board recommends the dividend of 5% for the equity shares of the company.

### 5. RESERVE FUNDS

As per section 45 IC of RBI Act 1934, the Company has transferred Rs. 124.57 Lakhs in reserve fund i.e aggregating of 20% of its net profit.

### 6. CREDIT RATING

The Credit Rating of the Company is BBB+ from Care Ratings and BrickWorks. In the year 2016-17, the company also had the same rating.

### 7. CONSOLIDATED FINANCIAL STATEMENT

In accordance with Section 129(3) of the Companies Act, 2013 and Accounting Standards (AS) - 21 on Consolidated Financial Statements, the audited consolidated financial statement have been prepared, which forms part of the Annual Report.

### 8. SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries in the name of Capital Trust Microfinance Private Limited and Capital Trust Housing finance Private Limited.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board of Directors of the company. Copies of the Minutes of the Board Meetings of Subsidiary Companies are tabled at the subsequent Board Meetings.

### 9. COMPLIANCE WITH RBI GUIDELINES:

Your Company is compliant with all the applicable RBI

regulatory norms. Since the company has become Systematically Important Non Deposit taking NBFC, the company complying with all the provisions of the master directions in this regard. Capital Trust Microfinance Pvt. Limited has also become the Systematically Important Non Deposit taking NBFC as a group company of Capital Trust Limited and is fully compliant with the master directions for Microfinance Companies in India.

### 10. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 27.43% as of March 31, 2018 as against the minimum capital adequacy requirements of 15% by RBI. The company is having adequate capital to sustain the future growth.

### 11. SHARE CAPITAL

During the period under review the company has increased its Authorised share capital from Rs. 19 Crores to Rs. 30 Crores. However the paid up capital of the company remains at 16,36,14,150 divided to 1,63,61,415 equity shares of Rs 10/- each.

### 12. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### 13. CHANGES IN NATURE OF BUSINESS

There has not been any change in the nature of Business and the company continues to do the business as a Non-Banking Finance Company.

### 14. CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of Section 135(1) of the Companies Act, 2013, the company has a Corporate Social Responsibility Committee comprising of the below members:

Name	Designation	Category
Mr. Hari Baskaran	Chairman	Independent Director
Mr. Yogen Khosla	Member	Managing Director
Mrs. Anju Khosla	Member	Executive Director
Mr. Surendra Mahanti	Member	Independent Director
Col. Vijay Kumar (Retd.)	Member	Independent Director

Your company is working with the people who are left by the Banks and large NBFCs as for them they are very small. The company provides financial assistance to these people to earn their livelihood and live their life with financial freedom. Your company is targeting missing middle. The company is also providing training to these poor people free of cost and providing them employment in the company. During the year, Capital Trust has implemented wide range of activities by providing training to people at Rural and semi urban areas in various fields in finance and credit sector free of cost for financial literacy and further facilitating employment opportunities to deserving candidates. So the Company feels that there is no additional CSR expenditure required.

## 15. RISK MANAGEMENT POLICY

The Company has a Risk Management Committee which has been entrusted with the responsibility to assist the Board in overseeing the Company's enterprise wide risk management framework and overseeing that all the risks that we are facing like strategic, financial, credit, market, market liquidity, interest rate risk, equity price, security, IT, Legal, Regulatory, reputational and other risks have been identified and assessed and there is adequate risk management infrastructure in place capable of addressing those risks. The Committee also has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The various measures to overcome principal risks and uncertainties are thoroughly studied and placed before the board and Audit Committee.

The Company's management systems, organisational structures, processes, standards, code of conduct and behaviours together manage associated risks.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

The main objects of the Risk Management Policy adopted by the company are to ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management and assure business growth with financial stability.

## 16. CORPORATE GOVERNANCE

The Company is in compliance with the Corporate Governance requirement of Companies Act, 2013 also

those set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally. The report on Corporate Governance as stipulated under Listing Regulations forms an integral part of this Report. The company has also adopted various Social and Environmental policies and the same is placed on the website of the company [www.capital-trust.com](http://www.capital-trust.com)

A certificate from M/s Singhi & Co, Chartered Accountants, statutory auditors of the company confirming compliance with the condition of Corporate Governance as stipulated under the listing Regulation also form part of the Annual Report.

## 17. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Information on transaction with related parties pursuant to particulars of contracts or arrangements with related parties referred to in Section 188(1) in the prescribed form AOC -2 is appended to the Board's Report.

## 18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security is not applicable to us.

## 19. PUBLIC DEPOSITS

Being a Non Deposit taking Non-Banking Financial Company, your Company has not accepted any deposits from the public under section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

## 20. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT - 9 as per provisions of Section 134(3) (a) Companies Act, 2013 and rules thereto is annexed to this report.



## 21. NO. OF MEETINGS OF THE BOARD

The Board met 5 times during the financial year 2017-18 viz., on May 23, 2017, July 15, 2017, August 14, 2017, November 14, 2017 and January 31, 2018.

The maximum interval between any two meetings did not exceed 120 days. The details of these meetings are given in Corporate Governance Report, which forms part of Directors' Report.

## 22. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Your Directors state that:

- i. in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a 'going concern' basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 23. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures. During the year, such controls were tested

and no reportable material weakness in the design or operations were observed.

## 24. DIRECTORS & KEY MANAGERIAL PERSONNEL

### a) RE-APPOINTMENT

During the year under review, the term of Mr. Yogen Khosla (DIN 00203165), Chairman and Managing Director of the Company who was appointed for a term of five years with effect from April 01, 2013 expired on March 31, 2018. As per the applicable article of the Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee and Audit Committee, approval of the company was accorded in the Annual General Meeting held on 10th August, 2017 for reappointment of Mr. Yogen Khosla as Managing Director of the company for a period of five years with effect from 1st April, 2018 on such terms and conditions as approved by the members in their Extra Ordinary General Meeting held on 26th July, 2016.

### b) RETIRE BY ROTATION

During the year under review, Mrs. Anju Khosla (DIN-03496484), Director of the Company, retires by rotation. She being eligible, offers herself for re-appointment and was reappointed as Executive Director of the Company.

### c) CESSATION/ RESIGNATION

During the year under review Mr. Nitin Dhingra Chief Financial Officer of the Company resigned w.e.f 30th June, 2017 due to certain personnel unavoidable circumstance. The company is in the process of appointment of the replacement.

All Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Act, stating that they meet the criteria of Independence as provided in section 149(6) of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

## 25. BOARD'S INDEPENDENCE

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013 and the requirements of Listing Regulations :-

1. Mr. Hari Baskaran (DIN 02666053)
2. Mr. Surendra Mahanti (DIN 01077614)
3. Mr. Joginder Pal Dua (DIN 02374358)
4. Mr. Vijay Kumar (DIN 06979864)

## 26. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

The appointment of the directors of the as per the Policy framed from for Selection and Appointment of Directors. The policy is in compliance with the provisions of the Companies Act, 2013 and SEBI Listing (Obligations and Disclosure Requirements) Regulations.

The directors are appointed on the recommendation of the Nomination and Remuneration Committee.

## 27. NOMINATION AND REMUNERATION POLICY

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 has formulated and adopted a nomination and remuneration policy which is disclosed on our website.

## 28. ANNUAL EVALUATION OF BOARD MEMBERS

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

Pursuant to the provisions of the Companies Act 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"), the Board is required to carry out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the Audit Committee, Nomination and Remuneration Committee.

The executive Directors are evaluated on the basis of following criteria.

Organizational goals	Persistence	Continuous improvement	Decency
Humility	Integrity	Understanding of and commitment to company	Setting a vision for Company's Work
Managing execution	Building a strong organization	External communication and relationship-building	Enhanced Profit-ability

The Independent Directors are evaluated on the basis of:

- Structure of the Board - Competency, Experience and Qualifications of directors, Diversity in Board under various parameters, Appointment Process
- Meetings of the Board - Regularity of meetings and adequacy, discussions and recording of dissent, if any.

- Recording of minutes, dissemination of information
- Functions of the Board - Role and responsibilities of the Board
- Strategy and performance evaluation
- Management of Conflict of interest
- Stakeholder value and responsibility
- Corporate culture and values
- Facilitation of independent directors
- Evaluation of performance of the management and feedback
- Independence of the management from the Board
- Access of the management to the Board and Board access to the management

The company has also formulated familiarisation of Independent Directors. The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company [www.capitaltrust.in](http://www.capitaltrust.in).

## 29. COMMITTEES OF THE BOARD

In accordance with the Companies Act, 2013 and Listing Regulations, the Company has following Committees in place:

- Audit Committee
- Shareholders' Relationship Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Risk Management Committee

Details of the said Committees along with their charters, composition and meetings held during the financial year, are provided in the "Report on Corporate Governance", as a part of this Annual Report.

## 30. EMPLOYEE STOCK OPTION SCHEME

Capital Employee Welfare Trust under Capital Trust Employee Stock Option Scheme, 2016 holds 143915 shares. The trust has not granted any shares to employees yet. There has not been any further allotment of shares to the Trust.

## 31. VIGIL MECHANISM

The company has adopted a Vigil Mechanism policy with a view to provide a mechanism for directors and employees of the Company to report to the appropriate authorities concerns about unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct policy and provides safeguards against victimization of

employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee. The provisions of this policy are in line with the provisions of the Section 177(9) and (10) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. The policy is available on the website of the company [www.capitaltrust.in](http://www.capitaltrust.in).

### 32. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013 READ WITH RULES

The Company is in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has a prevention of sexual harassment policy in place. The Directors further state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy on Sexual Harassment of Women at Workplace is available on the website of the company [www.capitaltrust.in](http://www.capitaltrust.in).

### 33. AUDITORS AND AUDITORS' REPORT

#### a) Statutory Auditors

The Statutory Auditors of the Company M/s Singhi & Co. Chartered Accountants (Firm Registration No. 302049E), were appointed as the statutory auditor of the from the conclusion of 31st Annual General Meeting held on 10th August, 2017 to hold office till the conclusion of Thirty Sixth Annual General Meeting in the year 2021-22 on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors. However the appointment is subject to the ratification by the members in the ensuing Annual General Meeting. For that purpose the resolution is being placed before the members for their approval.

#### b) Secretarial Audit

Section 204 of the Companies Act, 2013 inter-alia requires every listed company to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

The Board has appointed M/s Shashank Sharma and Associates, firm of Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 forms part of this Report. The Report does not contain any qualification, reservation or adverse remark.

#### c) Internal Auditor

The Company had appointed M/s D P Bhardwaj and Associates, Chartered Accountants as Internal Auditor. The Internal Auditor submits reports on

quarterly basis which is placed before the Board in their Meeting.

### 34. EXPLANATIONS ON COMMENTS BY THE BOARD ON ANY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE

#### (i) Statutory Auditor's report

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report.

#### (ii) Secretarial Auditor's Report

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark made by Secretarial Auditor.

#### (iii) Internal Auditors' Report

The Internal Audit Reports does not contain any qualification, reservation or adverse remark made by Internal Auditor.

### 35. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND.

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2018.

### 36. DETAILS OF FRAUDS REPORTED BY THE STATUTORY AUDITORS

During the year under review, the Statutory Auditors have mentioned that that no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year except cash embezzlements made by two employees aggregating Rs. 9,12,757 for which insurance claim has been filed and shown as recoverable at the year end.

### 37. ANNUAL EVALUATION OF THE BOARD

A statement on formal evaluation of the Board is mentioned in the Corporate Governance Report which is provided separately in this Annual Report.

### 38. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### Conservation of Energy/Technology Absorption

As the Company is not engaged in the manufacturing activity, the prescribed information regarding compliance of rules relating to conservation of Energy and Technology absorption pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with Rule - 8 (3) of the Companies (Accounts) Rules, 2014 is not provided.

#### Foreign Exchange Earnings and Outgo

The Foreign exchange earnings for the FY 2017-18 were Nil.

Foreign Exchange Inflow: Nil

Foreign Exchange Outflow: Nil

### 39. PARTICULARS OF EMPLOYEES

The statement showing the name of every employee of the company, who

- a. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two lakh rupees:

S.No.	Particulars	Details
1	Name and Designation	Mr. Yogen Khosla, Chairman & Managing Director
2	Remuneration received	Rs. 119.05 Lakhs
3	Nature of Employment	Permanent
4	Qualifications and Experience	Mr. Yogen Khosla is a commerce graduate from Loyola College, Chennai. He introduced the company into retail lending of Micro loans in rural and semi-urban areas in 2008. He has led the company to being adjudged as to one of the top 100 Small and Medium Enterprises in India by India SME Forum in 2017.
5	Date of Commencement of Employment	01-04-2003 as Managing Director
6	Age	56
7	Last Employment held	Associated with the company since beginning.
8	Percentage of Equity Shares held	48.55%

- b. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, pro rata which, in the aggregate, was not less than Eight Lakhs Fifty thousand rupees per month;

Nil

- c. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Nil

### 40. GRIEVANCE REDRESSAL

Your Company has adopted a well-structured customer grievance redressal mechanism and provides customers a reliable and easily accessible interface for timely and fair resolution of enquires & complaints. The helpline Number is printed on each document shared with the customers and a person is dedicated to address the customer grievances. The helpline number is available in each branch with the contact person and the contact details of the Officials of the Reserve Bank of India for escalation of grievances if company is unable to redress the complaints. Grievance Redressal Mechanism is also available on the website of Capital Trust to facilitate easy access.

### 41. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATIONS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

### 42. ACKNOWLEDGMENTS

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation and encouragement extended to the Company by the Government of India, Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited and other concerned Government departments / agencies at the Central and State level as well as various domestic financial institutions / banks, agencies etc. Your Directors also convey their gratitude to the shareholders, various Banks / Multilateral Agencies / Financial Institutions / Credit Rating Agencies for the continued trust and for the confidence reposed by them in CTL.

The Company is also thankful to the Statutory Auditors and Secretarial Auditor for their constructive suggestions and co-operation. We would also like to place on record our appreciation for the untiring efforts and contributions made by the employees towards the growth of the Company.

### FOR AND ON BEHALF OF THE BOARD OF CAPITAL TRUST LIMITED

Sd/-

**Yogen Khosla**

Chairman and Managing Director  
DIN-00203165

Dated: 22nd May, 2018

Place: New Delhi

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)  
of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contract or arrangements entered into by the Company with the related party referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**Details of Contract or arrangements or transactions not at arm's length basis:** Capital Trust Limited has not entered into any contracts/ arrangements/ transaction with its related parties which is not in the ordinary course of business or at arm's length during 2017-2018.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

S. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Not Applicable
2.	Nature of contracts/arrangements/transaction	Not Applicable
3.	Duration of the contracts/arrangements/transaction	Not Applicable
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
5.	Justification for entering into such contracts or arrangements or transactions'	Not Applicable
6.	Date of approval by the Board	Not Applicable
7.	Amount paid as advances, if any	Not Applicable
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable

2. Details of contracts or arrangements or transactions at Arm's length basis.

A) S.No.	Particulars	Details
1.	Name (s) of the related party &	Mr. Vahin Khosla
2.	Nature of contracts/arrangements/transaction	Remuneration
3.	Duration of the contracts/arrangements/transaction	On going
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	In the Ordinary Course of Business
5.	Date of approval by the Board	10-Jun-16
6.	Value of Transactions (Salary)	Rs. 3269450

B) S.No.	Particulars	Details
1.	Name (s) of the related party &	Mr. Yuv Vir Khosla
2.	Nature of contracts/arrangements/transaction	Remuneration
3.	Duration of the contracts/arrangements/transaction	On going
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	In the Ordinary Course of Business
5.	Date of approval by the Board	15-July-17
6.	Value of Transactions (Salary)	Rs. 1541852

Note: The above disclosures on material transaction are based on the principle that transactions with wholly owned subsidiaries are exempt for the purpose of section 188(1) of the Act.

New Delhi 22nd May, 2018

On behalf of Board of Directors  
**Mr. Yogen Khosla**  
Managing Director cum Chairman

## MGT - 9

### EXTRACT OF ANNUAL RETURN

in Form MGT-9 as on the Financial Year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2013

#### I. REGISTRATION AND OTHER DETAILS

1	CIN	L65923DL1985PLC195299
2	Registration Date	23/08/1985
3	Name of the Company	Capital Trust Limited
4	Category / Sub-Category of the Company	Public Listed Company
5	Address of the Registered office and contact details	366 Sultanpur, MG Road, New Delhi-110030 Contact Number: 9999074312 Email ID: cs@capital-trust.com
6	Whether listed company Yes / No	Yes, Bombay Stock Exchange, National Stock Exchange
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	T-34, IIInd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Non Banking Finance Company engaged in Loan Business	K-6492	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	CAPITAL TRUST MICROFINANCE PRIVATE LIMITED	U65921DL1990PTC287461	Subsidiary	99.99%	2(87)(ii)
2.	CAPITAL TRUST HOUSING FINANCE PRIVATE LIMITED	U67200DL2017PTC314968	Subsidiary	99.99%	2(87)(ii)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as Percentage of Total Equity)

##### i) Category-wise Share Holding

Sr.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoter</b>									
1)	<b>Indian</b>									
	a) Individual/ HUF	7894524	-	7894524	48.25	7942917	-	7942917	48.55%	0.30
	b) Central Govt	-	-	-	-	-	-	-	-	-
	c) State Govt(s)	-	-	-	-	-	-	-	-	-
	d) Bodies Corp	2845885	-	2845885	17.39	2845885	-	2845885	17.39%	-
	e) Banks / FI	-	-	-	-	-	-	-	-	-
	f) Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1):-	<b>10740409</b>	-	<b>10740409</b>	<b>65.64</b>	<b>10788802</b>	-	<b>10788802</b>	<b>65.94%</b>	<b>0.30</b>
2)	<b>Foreign</b>									
	a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
	b) Other Individuals	-	-	-	-	-	-	-	-	-
	c) Bodies Corp.	-	-	-	-	-	-	-	-	-
	d) Banks / FI	-	-	-	-	-	-	-	-	-
	e) Any Other....	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2):-	<b>10740409</b>	-	<b>10740409</b>	<b>65.64</b>	<b>10788802</b>	-	<b>10788802</b>	<b>65.94%</b>	<b>0.30</b>

Sr.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>										
<b>1. Institutions</b>										
	a) Mutual Funds	15100	100	15200	0.09	100	-	100	-	(0.09)
	b) Banks / FI	-	100	100	-	2047	100	2147	0.01	0.01
	c) Central Govt	-	-	-	-	-	-	-	-	-
	d) State Govt(s)	-	-	-	-	-	-	-	-	-
	e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f) Insurance Companies	-	-	-	-	-	-	-	-	-
	g) FIs -	-	-	-	-	-	-	-	-	-
	h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i) Foreign Portfolio Investor	-	-	-	-	-	-	16742	0.10	16742
	i) Others (Specity)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1)</b>	<b>15100</b>	<b>200</b>	<b>15300</b>	<b>0.09</b>	<b>18889</b>	<b>100</b>	<b>18989</b>	<b>0.12</b>	<b>0.03</b>
<b>2. Non Institutions</b>										
	a) Bodies Corp.									
	(i) Indian	320734	127198	447932	2.74	312404	127198	439602	2.69	(0.05)
	(ii) Overseas									
	b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.2 lakh	1017557	607286	1624843	9.94	909006	567299	1476305	9.02	(0.92)
	(ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	436778	0	436778	2.67	580761	0	580761	3.55	(0.88)
	NBFC Register with RBI	0		0		386	0	386	0.00	-
	c) Others(Specify) Trust	250	0	250	0	8369	0	8369	0.05	0.05
	OCBs	2825000	0	2825000	17.27	2825000	0	2825000	17.27	-
	Non Resident Indian	21491	2000	23491	0.14	8083	2000	10083	0.06	(0.08)
	Clearing Member	103497	0	103497	0.63	69203	0	69203	0.42	0.21
	Other	-	-	-	0	-	-	-	-	-
	<b>Sub-total(B)(2)</b>	<b>4725307</b>	<b>736484</b>	<b>5461791</b>	<b>33.38</b>	<b>4713212</b>	<b>696497</b>	<b>5409709</b>	<b>33.06</b>	<b>0.32</b>
	<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>4740407</b>	<b>736684</b>	<b>5477091</b>	<b>33.48</b>	<b>4732101</b>	<b>696597</b>	<b>5428698</b>	<b>33.18</b>	
<b>C. Non Promoter Non Public Shareholding</b>										
	Shares held by Custodian for GDRs&ADRs	-	-	-	-	-	-	-	-	-
	Other (Employee Benefits Trust [Share Based Employee Benefit] Regulations, 2014)	143915	-	143915	0.88	143915	-	143915	0.88	-
	<b>Grand Total (A+B+C)</b>	<b>15624731</b>	<b>736684</b>	<b>16361415</b>	<b>100</b>	<b>15664818</b>	<b>696597</b>	<b>16361415</b>	<b>100</b>	<b>-</b>

## ii. Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Yogen Khosla	7894524	48.25	-	7942917	48.55	-	0.30
2.	Indo Crediop Private Limited	2845885	17.39	-	2844885	17.39	-	0
3.	Moonlight Equity Private Ltd.	0	0.00	-	1000	0.00	-	0.00
	<b>Total</b>	<b>10740409</b>	<b>65.64%</b>	<b>-</b>	<b>10788802</b>	<b>65.94</b>	<b>-</b>	<b>0.30</b>

## iii. Change in Promoters' Shareholding ( please specify, if there is no change

S.No	Shareholder's Name	Shareholding at the beginning of the year as on 01-04-2017		Date	Reason	Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1.	Yogen Khosla	7894524	48.25	14-02-2018 to 28-03-2018	Purchase from Market	48393	7942917	48.55
2.	Indo Crediop Private Limited	2845885	17.39	01-09-2017	Inter-se-transfer	1000	2844885	17.39
3.	Moonlight Equity Private Limited	0	0.00	01-09-2017	Inter-se-transfer	1000	1000	0.00

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): -**

S.No	Shareholder's Name	Shareholding at the beginning of the year as on 01-04-2017		Date of change, if any	Reason	Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1.	<b>INDIA 2020 II Investors Limited</b>	-	-	05-05-17	Purchase	2421519	2421519	14.80
2.	<b>Light House Emerging India Investors Ltd.</b>	2825000	17.27	05-05-17	Sold	(2421519)	403481 2825000	2.47 17.27
3.	<b>Krishna Kumar Karwa</b>	125000	0.76	-			125000	0.76
4.	<b>EmkayFincap Limited</b>	125000	0.76	-			125000	0.76
5.	<b>Ankur Jhunjunwala</b>	40239	0.25%	14-07-17	Purchase	400	40639	0.25
				28-07-17	Purchase	900	41539	0.25
				03-08-17	Purchase	500	42039	0.26
				30-09-17	Purchase	3200	45239	0.28
				29-12-17	Purchase	4000	49239	0.30
7	<b>GLOBE FINCAP LIMITED</b>	7040	0.04%	28-04-17	Purchase	5000	12040	0.07
				05-05-17		-4000	8040	0.05
				12-05-17	Purchase	700	8740	0.05
				19-05-17	Purchase	8000	16740	0.10
				16-06-17	Purchase	5000	21740	0.13
				21-07-17	Purchase	300	22040	0.13
				28-07-17	Sale	-1800	20240	0.12
				03-08-17		-200	20040	0.12
				08-09-17	Purchase	-6760	13280	0.08
				30-09-17	Purchase	-1000	12280	0.08
				03-11-17	Purchase	-700	11580	0.07
				10-11-17	Purchase	950	12530	0.08
				17-11-17	Purchase	300	12830	0.08
				01-12-17	Sale	-100	12730	0.08
				08-12-17	Sale	-300	12430	0.08
				29-12-17	Purchase	100	12530	0.08
				09-02-18	Sale	-200	12330	0.08
				23-02-18	Sale	-2000	10330	0.06
				02-03-18	Purchase	2000	12330	0.08
09-03-18	Purchase	3500	15830	0.10				
16-03-18	Purchase	1700	17530	0.11				
23-03-18	Purchase	30400	47930	0.29				
30-03-18	Purchase	1100	49030	0.30				
8	<b>ROHINTON SOLI SCREWWALA IN301604</b>	2520	0.02%	20-10-17	Purchase	23442	25962	0.16
				24-11-17	Purchase	37876	63838	0.39
				15-12-17	Purchase	2394	66232	0.40
9	<b>ROHINTON SOLI SCREWWALA IN303173</b>	95953	0.59%	10-11-17	Purchase	3415	99368	0.61
				17-11-17	Purchase	55	99423	0.61
				24-11-17	Purchase	10000	109423	0.67
				01-12-17	Purchase	2362	111785	0.68
10	<b>NEHA NIRAV SHETH</b>	36546	0.22%	11-08-17	Purchase	4770	41316	0.25
				18-08-17	Purchase	58511	99827	0.61
				25-08-17	Purchase	4	99831	0.61
				08-09-17	Purchase	19337	119168	0.73
				22-09-17	Purchase	10238	129406	0.79
				30-09-17	Purchase	30594	160000	0.98
				09-02-18	Purchase	10676	170676	1.04%



v. **Shareholding of Directors and Key Managerial Personnel**

S.No	Name of Directors	Shareholding at the beginning of the year as on 01-04-2017		Date of change, if any	Reason	Increase/Decrease in Shareholding	Shareholding at the end of the year as on 31.03.2018	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
A.	Yogen Khosla Managing Director	7894524	48.25	-	-	-	7942917	48.55
B.	Anju Khosla Executive Director	-	-	-	-	-	-	-
C.	Surender Mahanti Independent Director	-	-	-	-	-	-	-
D.	Vijay Kumar Independent Director	-	-	-	-	-	-	-
E.	Joginder Pal Dua Independent Director	-	-	-	-	-	-	-
F.	Hari Baskaran Independent Director	-	-	-	-	-	-	-
G.	Sachin Kumar Bhartiya Nominee Director	-	-	-	-	-	-	-
H.	Nitin Dhingra (Resigned on 30th June, 2017)	-	-	-	-	-	-	-
I.	Tanya Sethi Company Secretary	-	-	-	-	-	-	-

vi. **INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits Total	Deposits Total
<b>Indebtedness at financial year (01-04-2017)</b>				
I. Principal Amount	26382.42	4510.00	-	-
II. Interest due but not paid	-	-	-	-
III. Interest accrued but not due	126.05	0.40	-	-
<b>Total (I + II + III)</b>	<b>26508.47</b>	<b>4510.40</b>	-	-
<b>Changes in Indebtedness during the financial year</b>				
Addition	32894.00	1766.00		
Reduction	11672.01	547.50		
Net Change	21221.99	1218.50		
<b>Indebtedness at the end of the financial year (31-03-2018)</b>				
I. Principal Amount	47604.41	5728.50		
II. Interest due but not paid	-	-	-	-
III. Interest accrued but not due	352.23	(Including both for Secured and Unsecured)		
<b>Total (I + II + III)</b>	<b>53187.46</b>			

**vii. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole Time Directors and / or Manager:**

S.No.	Particulars of Remuneration	Mr. Yogen Khosla Managing Director	Mrs. Anju Khosla Executive Director	Total Amount (in Rs.)
1	Gross Salary	11905576	6735592	18641168
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961			
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961			
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- As % of profit			
	- Other, specify			
5	Others, please specify			
	Total (A)	11905576	6735592	18641168
	Ceiling as per the Act (@ 5% of profits calculated under section 198 of the Companies Act, 2013)			82372132

**B. Remuneration to other directors**

Particulars of Remuneration	Surendra Mahanti	Col. Vijay Kumar (Retd.)	Joginder Pal Dua	Hari Baskaran	Sachin Bhartiya	Total Amount (in Rs.)
Independent Directors						
a. Fee for attending board / committee meetings	23000	10000	15000	20000	20000	88000
b. Commission	-	-	-	-	-	-
c. Others, please specify	-	-	-	-	-	-
<b>Total (1)</b>	<b>23000</b>	<b>10000</b>	<b>15000</b>	<b>20000</b>	<b>20000</b>	<b>88000</b>
Other Non-Executive Directors						
a. Fee for attending board / committee meetings						
b. Commission						
c. Others, please specify						
<b>Total (2)</b>	-	-	-	-	-	-
<b>Total (B)=(1+2)</b>						
<b>Total Managerial Remuneration</b>						
Overall ceiling as per the Act (sitting fees not to exceed 1,00,000 per meeting)	The company is paying only sitting fees to Non-Executive Directors which is below the ceiling of 1,00,000/- per meeting as prescribed under the Companies Act, 2013.					

**C. Remuneration to key managerial personnel other than MD / Manager / WTD**

S.No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (in Rs)
		Company Secretary	Chief Financial Officer	
		Ms. Tanya Sethi	Mr. Nitin Dhingra upto 30-06-2017	
1.	Gross Salary	696,050	660,336	1,356,386
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961			
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961			
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As % of profit			
	- Other, specify			
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>696,050</b>	<b>660,336</b>	<b>1,356,386</b>
	Ceiling as per the Act (@ 5% of profits calculated under section 198 of the Companies Act, 2013			82372132

**vii. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD /NCLT/ Court]	Appeal made, If any (give details)
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officers In Default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## FORM No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to section 204(1) of Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Capital Trust Limited  
366 Sultanpur, MG Road,  
New Delhi-110030

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **CAPITAL TRUST LIMITED (L65923DL1985PLC195299)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board – processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit Period);
- v. The following Regulations and Guidelines prescribed

under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of insider Trading) Regulation, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not Applicable as the Company during the Audit Period];
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable to the company during the Audit Period];
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable as the Company during the Audit Period]
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the company during the Audit Period].
- vi. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say

Reserve Bank of India Act, 1934 to the extent of provisions applicable to Non-Banking Financial Companies and Regulations made there under.

For the compliances of Labour Laws & other General Laws our examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations provided by the Company, its officers, agents

and authorized representatives, and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Regulations entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- a. The Company has increased the authorized capital of the Company to 30 Crores w.e.f. 10th August, 2017
- (b) The Company has obtained the approval of members at Annual General Meeting of the Company held on August 10, 2017 under Section 180 (1) (c) of the Companies Act, 2013 for an amount not exceeding Rs. 2,000 crores over and above the aggregate, for the time being, of the paid up capital and free reserves of the Company.

Shashank Sharma & Associates  
Practicing Company Secretaries

Shanshank Sharma

Place: New Delhi

ACS No.19311

Date: May 19, 2018

C P No.:7221

This Report is to be read with my letter of even date which is annexed as Annexure A & forms an integral part of this report.

### 'Annexure A'

To,  
The Members,  
CAPITAL TRUST LIMITED

My report of even date is to be read along with this letter.

- 1) Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
- 3) The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

- 4) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Shashank Sharma & Associates  
Practicing Company Secretaries

Shanshank Sharma

Place: New Delhi

ACS No.19311

Date: May 19, 2018

C P No.:7221

# Corporate Governance Report

## 1. Our Corporate Governance Philosophy

*"Ethics in business is extremely important; your reputation is all you have in life."*

*-Sir Freddie Laker*

For Capital Trust Limited, Corporate Governance means reflection of the value system, transparency, business ethics that encompass our culture, policies, and relationships with our stakeholders. Transparency of our systems with all the stakeholders is key to our corporate governance practices that ensures us that we gain and retain the trust of our stakeholders at all times.

Corporate Governance is about maximizing Stakeholders' value legally, ethically and sustainably.

At Capital Trust, our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in Corporate Governance.

The Company's implementation of corporate governance guidelines and practices goes beyond meeting the provisions of the law as provided in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to fulfill its responsibility towards the stakeholders.

Our Corporate Governance Report for the year 2017-18 forms part of this Annual Report.

## 2. Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender that will help us retain our competitive advantage.

### Board Composition

#### Size and Composition of Board

We believe that our Board needs to have an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate its functions of governance and management. Also, Listing Regulations mandate that the Board should comprise of an optimum combination of Executive and Non-Executive Director with the right element of Independency.

As on March 31, 2018, our Board comprised seven members, two of whom are executive directors, four members are independent directors, constituting 57% of the Board's strength. One director is nominee director representing Lighthouse Emerging India Investors Limited and India 2020 II Investors Limited. Out of total strength the Company board comprises of a Woman Director, thus stands duly complied with the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") 2015 and Section 149 of the Companies Act, 2013. Further as per Regulation 17, if the chairman of the Board is executive chairman, then at least 50% of the board should comprise of independent directors.

The Board periodically evaluates the need for change in its composition and size.

The details of the directors with their tenure with the company are given hereunder:

Name	Category of Director	Original Date of appointment	Tenure (in years) 31st March, 2018
Mr. Yogen Khosla	Chairman and Managing Director	01-04-03	15
Mrs. Anju Khosla	Executive Director	27-03-15	3
Mr. Surendra Mahanti	Independent Director	30-06-06	12.9
Mr. Vijay Kumar	Independent Director	25-03-13	5
Mr. Hari Baskaran	Independent Director	21-11-13	5.4
Mr. Sachin Kumar Bhartiya	Nominee Director	26-09-16	1.6
Mr. Joginder Pal Dua	Independent Director	09-02-17	1.1

#### a) Number of Board Meetings

The Board met Five times during the financial year 2017-18 on 23rd May, 2017, 15th July, 2017, 14th August, 2017, 14th November, 2017 and 31st January, 2018. The maximum interval between any two meetings did not exceed 120 days as prescribed under Companies Act, 2013.

**Attendance of Directors during year 2017-18:**

The details of the directors, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2018 are given herein below :

Name of the Director	Annual General Meeting held on August 10, 2017	Board Meeting					Held during tenure	Attended	% of Attendance
		Yes	No	Yes	No	Yes			
Mr. Yogen Khosla	Yes	Yes	Yes	Yes	Yes	Yes	5	5	100
Mrs. Anju Khosla	No	Yes	Yes	Yes	Yes	Yes	5	5	100
Mr. Surendra Mahanti	No	Yes	Yes	No	No	No	5	2	40
Mr. Vijay Kumar	No	No	Yes	No	Yes	No	5	2	40
Mr. Hari Baskaran	Yes	Yes	Yes	Yes	Yes	No	5	4	80
Mr. Sachin Kumar Bhartiya	No	Yes	No	Yes	Yes	Yes	5	4	80
Mr. Joginder Pal Dua	No	No	No	Yes	Yes	Yes	5	3	60

Number of other board of directors or committees in which a director is a member or chairperson;

Name of the Director	Number of Directorships in other Public Companies		No. of Committee position held in other Public Companies	
	Chairman	Member	Chairman	Member
Mr. Yogen Khosla	Nil	Nil	Nil	Nil
Ms. Anju Khosla	Nil	Nil	Nil	Nil
Col. Vijay Kumar (Retd.)	Nil	Nil	Nil	Nil
Mr. Surendra Mahanti	Nil	Nil	Nil	Nil
Mr. Hari Baskaran	Nil	1	Nil	Nil
Mr. Sachin Kumar Bhartiya	Nil	3	Nil	2
Mr. Joginder Pal Dua	Nil	3	Nil	Nil

- The other directorships do not include directorships in:
  - Foreign companies
  - Private Limited Companies
  - Section 8 of the Companies Act, 2013
- None of the directors of the company is related to any other director except Mrs. Anju Kholsa and Mr. Yogen Khosla.
- None of the Directors has received any loans or advances from the company during the year.

**Shareholding of Non Executive Directors**

Non-Executive Directors of the company are not holding any shares in the company.

The Board has been apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable

laws, etc., on a periodic basis and the details of such familiarization programmes are available at Familirisation [www.capital-trust.com](http://www.capital-trust.com).

All new Directors inducted into the Board are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management officers to provide an overview of the Company's operations and to

familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board and risk management strategy.

The Company also facilitates the continual education requirements of its Directors. Support is provided for Independent Directors, if they choose to attend professional educational programmes in the areas of Board/ corporate governance.

### Information Supplied to the Board

The Board has complete access to all relevant information of the Company. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated in Regulation 17 (7) of SEBI LODR Regulations, 2015. All information, except critical unpublished price sensitive information (which is circulated at a shorter notice than the period prescribed under Secretarial Standard on Meetings of the Board of Directors), is given to the Directors well in advance of the Board and the Committee meetings.

The Board works closely with the Senior Management Team to constantly review the evolving operating environment and strategies best suited to enhance the Company's performance and periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

### Code of Conduct

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company at [www.capital-trust.com](http://www.capital-trust.com).

All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer ("CEO") to this effect is enclosed at the end of this report.

### COMMITTEES OF BOARD

The Board has inter alia constituted below named committees as required under Companies Act, 2013, SEBI (LODR)

Regulations, 2015 and RBI Guidelines as amended time to time to delegate particular matter that require more attention:

- Audit Committee
- Corporate Social Responsibility committee
- Nomination and Remuneration Committee
- Shareholders' grievance committee
- Risk Management Committee
- Information Technology Committee

The detailed role and composition of the committees is given hereunder:

#### A) Audit Committee

The main objective of Audit Committee is to monitor and provide an effective supervision of highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting.

The Committee oversees the work carried out in the financial reporting process by the management, the internal auditors and the independent auditors.

The Audit Committee is responsible to select and evaluate, and where appropriate replace the independent auditors in accordance with the law.

The Audit Committee oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct and credible. The Audit Committee has the ultimate authority and responsibility to select and evaluate the Independent Auditors in accordance with the law. The Audit Committee also reviews performance of the Statutory Auditors, the Internal Auditors, adequacy of the internal control system and Whistle-blower mechanism.

#### Composition of Audit Committee

The audit committee consists of 4 Directors of which 3 are independent directors. The committee met 4 times during the year 2017-18 on 23rd May, 2017, 14th August, 2017, 14th November, 2017 and 31st January, 2018.

Name of the Committee Members	Designation	Category	Number of Meetings held	Number of meetings attended
Mr. Hari Baskaran	Chairman	Independent Director	4	3
Mr. Surendra Mahanti	Member	Independent Director	4	1
Col. Vijay Kumar (Retd.)	Member	Independent Director	4	3
Mr. Yogen Khosla*	Member	Chairman and Managing Director	2	2

\*Note: Mr. Yogen Khosla was inducted in the committee on 14th August, 2017. After his induction in committee, the committee met two times.



### Review of Information by the Audit Committee

1. The terms of reference of the Audit Committee shall include the following:
  - a) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - b) recommendation for appointment, remuneration & terms of appointment of auditors of the Company;
  - c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - d) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    - i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of subsection (3) of Section 134 of the Companies Act, 2013;
    - ii) changes, if any, in accounting policies and practices and reasons for the same;
    - iii) major accounting entries involving estimates based on the exercise of judgment by management;
    - iv) significant adjustments made in the financial statements arising out of audit findings;
    - v) compliance with listing and other legal requirements relating to financial statements;
    - vi) disclosure of any related party transactions;
    - vii) modified opinion(s) in the draft audit report;
  - e) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - f) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  - g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - h) approval or any subsequent modification of transactions of the listed entity with related parties;
  - i) scrutiny of inter-corporate loans and investments;
  - j) valuation of undertakings or assets of the listed entity, wherever it is necessary;
  - k) evaluation of internal financial controls and risk management systems;
  - l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - m) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - n) discussion with internal auditors of any significant findings and follow up there on;
  - o) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - p) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - r) to review the functioning of the whistle blower mechanism;
  - s) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  - t) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
2. Mandatory review of information by the Audit Committee:
  - a) management discussion and analysis of financial condition and results of operations;
  - b) statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c) management letters / letters of internal control weaknesses issued by the statutory auditors;

- d) internal audit reports relating to internal control weaknesses; and
- e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- f) Statement of deviations:
  - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
  - ii. annual statement of funds utilized for purposes other than those stated in the offer

document/prospectus/notice in terms of Regulation 32(7) of SEBI (LODR) Regulations, 2015.

## B. Nomination and Remuneration Committee

The process of selection, appointment and remuneration of Directors and other key managerial personnel's is decided by Nomination and Remuneration Committee constituted as per the Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### a) Constitution of the committee for the year 2017-18 alongwith meeting held/attended is given hereunder:

Name of the Committee Members	Designation	Category	Nomination and Remuneration Committee meetings held	Nomination and Remuneration Committee meetings attended
Mr. Hari Baskaran	Chairman	Independent Director	2	2
Col. Vijay Kumar (Retd.)	Member	Independent Director	2	2
Mr. Surendra Mahanti	Member	Independent Director	2	2

### b) Term of Reference:

- a) All the members of the Nomination and Remuneration Committee are Non-Executive Independent Directors.
- b) During the year, the committee met on 27th May, 2017 and 15th July, 2017. The meeting was attended by all the eligible members.
- c) Term of Reference of Nomination and Remuneration Committee:
  - i. To fix criteria for determining qualifications, positive attributes an independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
  - ii. To formulate the criteria for evaluation of performance of independent directors and the board of directors;
  - iii. devising a policy on diversity of board of directors
  - iv. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- v. To check whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### c) Performance evaluation criteria for Independent Directors

The Companies Act, 2013 has enabled an evaluation mechanism to appraise the performance of the Independent Directors. The Board of Directors evaluates the performance of Independent Directors in the Board of Directors. The member who is being evaluated does not take part in the evaluation.

The company evaluates the independent director on the following criteria:

- a) Understanding the nature of the business.
- b) Understanding of nature and role of independent directors' position.
- c) Understanding of risks involved in business.
- d) Help in developing strategies for the future growth of the company.
- e) Application of knowledge for rendering advice to Management for resolution of business issues.

- f) Commitment to role & fiduciary responsibilities as a board member. other independent directors.
- g) Attendance at the meeting of the Board of Directors and Committee thereof. k) Director is easily accessible when needed.
- h) Active participation in the meetings. l) Work effectively with a diverse group of people.
- i) Proactive, strategic and lateral thinking. m) Assist the board in achieving consensus on important issues.
- j) Professionalism towards the company and the n) Play the role of a facilitator outside the board room especially on contentious issues.

### C. REMUNERATION OF DIRECTORS

In compliance with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosure is given hereunder:

S.No.	Details	Disclosure by the Company
1	The ratio of the remuneration of each Whole time director to the median remuneration of the employees of the company for the financial year	Managing Director : 73:6:1 Executive Director : 51:3:1
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Managing Director : 50% Executive Director : 50% Chief Financial Officer : Nil Mr. Nitin Dhingra joined the company during the year, there was also no increase in salary. He had also resigned during the year Company Secretary : 15.55%
3	The percentage increase in the median remuneration of employees in the financial year	12.50%
4	The number of permanent employees on the rolls of Company	2258
5	The explanation on the relationship between average increase in remuneration and company performance	The year 2017-18 was impacted by demonetisation in November, 2016. The profit of the company decreased by 82%. The number of staff increased to 2258. The average salary increase of the employees was 12.5%.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The profits of the company decreased by 83%. The profits have decreased due to higher provisioning and writeoffs arising because of cash liquidity crunch in the market after November 8, 2016. However the turnover increased by 46%. There was no increase in remuneration to the Managing Directors and Executive Director in past few years. In Year 2016-17, the remuneration to the directors was increased to commensurate to the size of the company and resolution was passed for increase in salary for three years.

S.No.	Details	Disclosure by the Company
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	The market capitalization of the company as on 31st March 2017 was Rs. 734.54 It decreased to Rs. 549.70 Crores as on 31st March, 2018. After the demonetization in November, 2016, the share price took the hit. The Price Earning Ratio as on 31st March 2018 was Rs. 881.9 as compared to Rs. 29.63 as on 31st March, 2017 thereby showing an increase of 197%. The market price of the equity shares of the company as on 31st March 2018 was Rs.335.75 .
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>The average salary of the employees other than Key Managerial persons was 12.62% whereas average increase in salary of KMPs was 28%.</p> <p>There has not been increase in remuneration to the Managing Director and Executive Director in past few years. In Year 2016-17, the remuneration to the directors was increased to commensurate to the size of the company with the approval of the shareholders. The salary of Managing Director and Executive Director was increased in on 26th July, 2016 for three years.</p>
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	There was no increase in the salary of Managing Director and Executive Director in past few years. In the current year the average increase in salaries of KMPs was 28%. The turnover of the company has increased 49% over the last year.
10	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The salary is fixed and there are no variable components in the salary.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	There is no employee in the company who is drawing salary more than that of Directors of the company.
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

#### D. SHAREHOLDERS' GRIEVANCE COMMITTEE MEETING

In terms of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 the Shareholders' Grievance Committee is already in place in the company. The Shareholders' Grievance Committee has been formed to look into the mechanism of redressal of grievances of shareholders, and other security holders of the company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends, revalidation of dividend warrants, etc.

- i. The Chairman of the committee Col. Vijay Kumar (Retd.) is a Non-Executive Independent Director.
- ii. The details of the committee members and the meetings held by them during the years is given hereunder:

S. No	Name	Category and Designation	Shareholders' Grievance Committee meetings held	Shareholders' Grievance Committee meetings attended
1.	Col. Vijay Kumar (Retd.)	Independent Director (Chairman)	4	4
2.	Mr. Surendra Mahanti	Independent Director (Member)	4	2
3.	Mr. Hari Baskaran	Independent Director (Member)	4	4
4.	Mrs. Anju Khosla	Executive Director (Member)	4	4
5.	Mr. Yogen Khosla	Chairman and Managing Director (Member)	4	4

During the year, the committee held four meetings on May 23, 2017, August 14, 2017, November 14, 2017 and January 31, 2018.

##### Name and Designation of Compliance Officer:

Ms. Tanya Sethi  
Company Secretary

##### Details of Shareholders' Complaints:

Number of shareholders' complaints received during the year 2017-18:	13
Number of shareholders' complaints solved during the year to the satisfaction of shareholders:	13
Number of complaints not solved to the satisfaction of shareholders:	Nil
Number of pending complaints :	Nil

#### E. RISK MANAGEMENT COMMITTEE

The company formed a Risk Management Committee consisting of following members:

- Mr. Hari Baskaran (Chairman)
- Col. Vijay Kumar (Retd.)
- Mr. Surendra Mahanti

The committee has been formed to frame properly defined procedure to deal with the various business related risk arising in the day to day activities. The Board Members and Senior Executives has been timely monitoring and reviewing the risk management plan in order to overcome risk related issues at appropriate time. The committee met only once in the year 2017-18 on 15th December, 2018.

#### F. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the requirements of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The Committee evaluates and recommend the CSR proposals to the Board for approval. The Committee comprises of following members:

- Mr. Hari Baskaran (Chairman)
- Col. Vijay Kumar (Retd.)
- Mr. Surendra Mahanti
- Mr. Yogen Khosla
- Mrs. Anju Khosla

##### Key Responsibilities of the CSR Committee:

- i. Formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Company
- ii. Recommend the amount of expenditure to be incurred on the activities undertaken
- iii. Review the Company's performance in the area of CSR
- iv. Evaluate the social impact of the Company's CSR activities
- v. Review the Company's disclosure of CSR matters, including any annual social responsibility report
- vi. Review the following, with the Management, before submission to the Board for approval

The CSR committee met once in the year 2017-18 on 26th March, 2018.

## G. GENERAL MEETINGS OF SHAREHOLDERS

In terms of SEBI (LODR) Regulations, Location and time where last there Annual General Meetings (AGMs) held and the Special resolutions passed in the AGMs are detailed as below:

S. No.	Financial Year	Day and Date of AGM	Place of AGM	Time	Whether any Special Resolution passed
1.	2014-15	Wednesday, 30th day of September, 2015	MCD Community Centre, Gautam Puri, Badarpur, New Delhi-110044	9:00 A.M	Yes <ul style="list-style-type: none"> <li>Approval Under Section 180(1)(C) of The Companies Act, 2013 to increase the limits of borrowing powers</li> </ul>
2.	2015-16	Monday, 26th day of September, 2016	366 Sultanpur, MG Road, New Delhi-110030	9:00 A.M	Yes <ul style="list-style-type: none"> <li>Approval Under Section 180(1)(C) of The Companies Act, 2013 to increase the limits of borrowing powers.</li> <li>Approval Under Section 180(1)(a) of The Companies Act, 2013 for creation of charge / mortgage /pledge / hypothecation /security/ in such form and manner as required.</li> </ul>
2.	2016-17	Thursday, 10th day of August, 2017	366 Sultanpur, MG Road, New Delhi-110030	9:00 A.M	Yes <ul style="list-style-type: none"> <li>Approval Under Section 180(1)(C) of The Companies Act, 2013 to increase the limits of borrowing powers.</li> <li>Raising of funds through various options including QIP / Debentures upto Rs. 600 Crores.</li> <li>Increase in Authorised Capital of the company.</li> <li>Acquisition of a company Registered under the Companies Act, 2013 and to register it as a housing finance Company with NHB.</li> <li>Appointment and fixation of remuneration of Mr. Yuv Vir Khosla.</li> <li>Reappointment of Mr. Yogen Khosla as Chairman and Managing Director of the Company.</li> </ul>

- Any resolution passed through Postal Ballot during in the year 2018-19: No.
- Person who conducted the Postal Ballot: N.A.
- Any Special Resolution proposed to be conducted through Post Ballot: No
- Procedure of Postal Ballot: N.A.
- The company had not any Extra Ordinary General Meetings in the year 2017-18.

## H. MEANS OF COMMUNICATION

### Quarterly Results

Quarterly results are published in Financial Express, English Newspaper having a wide circulation in substantially the whole of the India and in Naya India Hindi vernacular newspaper. The results are also available on the website of the company [www.capital-trust.com](http://www.capital-trust.com).

### Website Disclosure

The Company is maintaining a functional website containing the detailed information about the Company. All the information such as Notices, Annual Reports, Information for Shareholders, Corporate Governance Report, details of Committee and various policies framed, etc, is being timely disseminated on the Website of the Company. The Company has provided a separate section in the name of "Investor Relation" on the website where all the information relevant for the stakeholders is available. The Basic information as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is duly provided on the Company's Website and the same is updated regularly.

### Disclosure to NSE Electronic Application Processing Systems (NEAPS) and Bombay Stock Exchange:

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company provides necessary disclosures to National Stock Exchange and Bombay Stock Exchange through their online portal NSE Electronic Application Processing Systems (NEAPS) and www.listing.bseindia.com respectively.

### SEBI Compliant Redressal System (SCORES)

The company is also registered with SEBI Compliant Redress System (SCORES), where the shareholders can raise their grievances.

### Presentation to the Institutional Investor or to the Analyst

Corporate Presentations is timely disseminated to the Institutional Investor and other Analysts for their review. The presentation is also available on the website of the company.

## I. GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting – Date, Time and Venue
  - Date: Saturday, September 29, 2018
  - Time: 09:00 a.m.
  - Venue: 366 Sultanpur, MG Road, New Delhi- 110030
- Financial year is from April 1 to March 31.
- Dividend at the rate of Rs. 0.50 per equity share, if declared, will be paid within 30 days of AGM.
- The equity shares of the company are listed at
  - National Stock Exchange of India Limited (NSE), Exchange Plaza, Plot No. C/1, G- Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

- Bombay Stock Exchange Ltd (BSE), 25th Floor, P.J. Towers, Dalal Street, Mumbai-400001

The listing fee for the year 2017-18 has been paid by the company within due date to both the Stock Exchanges.

- The Stock code of the company at BSE is 511505 and at NSE is CAPTRUST.

**Demat ISIN No for equity shares at NSDL and CDSL is INE707C01018.**

- Market price date (In Rupees).

The monthly high low for the equity shares of the Company at NSE.

Month	High Price	Low Price	Volume
Apr-17	454.4	357	123,131
May-17	414.7	370.1	125,586
Jun-17	406	366.25	82,867
Jul-17	495.95	357	257,574
Aug-17	524	421	191,721
Sep-17	562.95	480	209,072
Oct-17	656.05	490	118,944
Nov-17	565	490	243,410
Dec-17	569.85	498	77,286
Jan-18	545	480.35	67,633
Feb-18	529.85	393.3	167,782
Mar-18	482.9	328.8	176,924

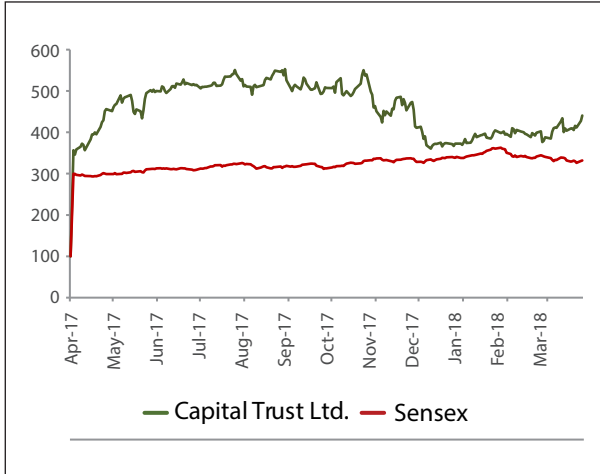
The monthly high low for the equity shares of the Company at BSE.

Month	High Price	Low Price	Volume
Apr-17	453.95	379	66,494
May-17	413.35	375	52,078
Jun-17	418.35	366.45	26,757
Jul-17	495	355	74,959
Aug-17	523.2	389.05	88,375
Sep-17	565.35	449.8	94,046
Oct-17	563.5	482.3	80,622
Nov-17	569.8	483.75	51,819
Dec-17	566	493	27,818
Jan-18	535	490	22,449
Feb-18	505	414	51,189
Mar-18	465.75	325	50,565

- g. Performance of shares of Capital Trust Limited in comparison to BSE – Sensex (The share price is compared on the basis of closing price of each month v/s sensex on that day)

(Base is taken as 100 at April 1, 2017)

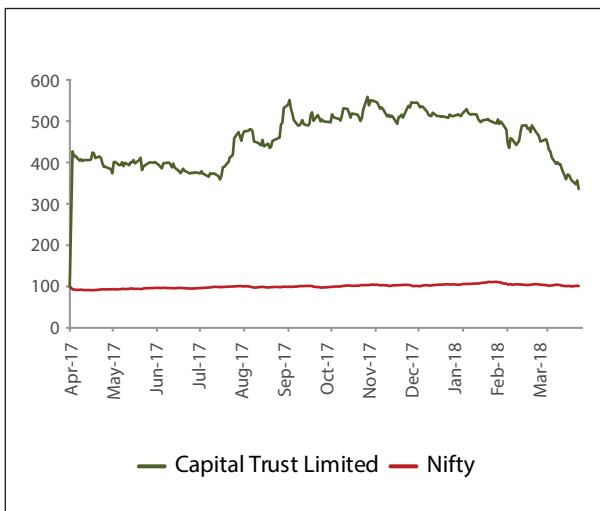
Capital Trust Share performance vis -a - viz BSE Sensex



Capital Trust Share performance vis -a - viz NSE Nifty

- Performance of shares of Capital Trust Limited in comparison to NSE Nifty (The share price is compared on the basis of closing price of each month v/s Nifty on that day)

(Base is taken as 100 at 1st April, 2017)



- h. No shares were suspended from trading by the Stock Exchange in year 2017-18.

- i. Registrar and Transfer Agent and Address for correspondence

MAS Services Limited

T-34, IInd Floor, Okhla Industrial Area – II

New Delhi – 110020

Ph. 011 – 26387282

E-mail: sm@masserv.com

- j. Share Transfer System

The matters connected with share transfer are processed by our Registrar and Transfer Agent.

- k. Shareholding Pattern as on March 31, 2018

Category	Percentage
Promoter	65.64%
Bank/ Financial Institutions/ Mutual Funds	0.09%
NRIS/OCBs	17.40%
Others	16.87%



## I. Distribution of Shareholding as on March 31, 2018

No. of share holders	% to Total	Shareholding of Nominal Value of Rs.	No. of Share	Amount in Rs.	% to Total
6176	92.956	1 to 5000	784887	7848870	4.797
254	3.823	5001 to 10000	189555	1895550	1.159
79	1.189	10001 to 20000	117692	1176920	0.719
29	0.436	20001 to 30000	74872	748720	0.458
21	0.316	30001 to 40000	74426	744260	0.455
21	0.316	40001 to 50000	96995	969950	0.593
37	0.557	50001 to 100000	280991	2809910	1.717
27	0.406	100001 and above	14741997	147419970	90.102
6644	100	<b>Total</b>	<b>16361415</b>	<b>163614150</b>	<b>100</b>

m) Dematerialisation of Shares: As on March 31, 2018 15,664,718 of the total number of equity shares were held in dematerialized form.

n) The Company does not have any Global Depository Receipts and American Depository Receipts.

o) The company is into NBFC Business and there is no commodity price risk. Further there is no foreign exchange risk involved as there are no foreign exchange transactions in the company. So no hedging is required.

p) The company is into NBFC Business so there is no plant.

q) Address for Correspondence:  
Ms. Tanya Sethi  
Company Secretary and Compliance Officer  
Capital Trust Limited  
Corporate and Registered Office  
366 Sultanpur, MG Road  
New Delhi-110030  
Ph-9999074312

r) Transfer of unclaimed dividends due for remittance into Investor Protection and Education Fund: There is no amount to be transferred to Investor Protection and Education Fund

transactions were approved by the Audit Committee and the Board.

b. There is no non-compliance by the company and there have been no penalties, strictures imposed on by stock exchange or the board or any statutory authority, on any matter related to capital markets, during the last three years.

c. The Company has complied with Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations 2015 regarding the Whistle Blower policy/ Vigil Mechanism for the directors and employees. As per the mechanism, concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy are reported. The Audit Committee is open to all the employees. The policy is available on our website [www.capital-trust.com](http://www.capital-trust.com).

d. The company has complied with all the mandatory and non-mandatory requirements as provided.

e. The company has two Wholly Owned Subsidiaries in the name of Capital Trust Microfinance Private Limited and Capital Trust Housing Finance Private Limited.

f. Policy on the material related party transactions is available on [www.capital-trust.com](http://www.capital-trust.com).

g. The company is not dealing in any commodity, so there are no commodity hedging required.

h. The Company is compliance with the corporate

## J. OTHER DISCLOSURES

a. The Company has not entered into any material related party transactions. Other related party

governance requirements specified in regulation 17 to 27 of SEBI (LODR) Regulations 2015 and has an operational website [www.capital-trust.com](http://www.capital-trust.com) wherein the information as required under Regulation 46 of the SEBI (LODR) Regulations has been disseminated.

**K. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT**

There are no shares in Demat suspense account so the disclosure with respect to demat suspense account/ unclaimed suspense account is not applicable.

**L. DISCRETIONARY REQUIREMENTS**

The Company has moved towards the regime of financial statements with unmodified audit opinion.

The Internal Auditor of the Company is directly reporting to the Audit Committee.

**M. DECLARATION REGARDING THE COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT.**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director, Executive Director and Non-Executive Director and Independent Directors. The code is available on the Company's Website [www.capital-trust.com](http://www.capital-trust.com).

I further confirm that the Company has received applicable to them from the Senior Management Team of the Company and the Members of the Board for the year ended March 31, 2018. For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary.

For **Capital Trust Limited**

**Yogen Khosla**

CEO and Managing Director

Date: August 11, 2018

Place: New Delhi

# CEO and CFO Certification

To  
The Board of Directors  
Capital Trust Limited

**Subject : Compliance Certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

We hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year 2017-18 and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors & the Audit committee
  - a. that there is no significant changes in internal control over financial reporting during the year;
  - b. that there is no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Yogen Khosla**  
CEO & Managing Director  
DIN: 00203165  
Date: May 22, 2018  
Place: New Delhi

**Sukumar Pillai**  
Chief Accounts Officer

# Certificate on Corporate Governance

TO THE MEMBERS OF  
CAPITAL TRUST LIMITED

We have examined the compliance of regulations of Corporate Governance by Capital Trust Limited ('the company'), for the year ended March 31, 2018 as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to Regulations 15(2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certificate of Corporate Governance, issued by The Institute of Chartered Accountants of India and limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Singhi & Co.**  
Chartered Accountants  
Firm's Reg No. 302049E

**B.K.Sipani**  
Partner  
Membership No.088926

Place: New Delhi  
Date: May 22, 2018

# Independent Auditor's Report

TO THE MEMBERS OF CAPITAL TRUST LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Capital Trust Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

## Other Matter

The standalone financial statements of the Company for the year ended 31st March 2017 has been audited by other auditor who expressed an unmodified opinion on 23rd May 2017.

Our Opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss,

and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the standalone financial statements;
- ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts;
- iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B. K. Sipani**

Partner

Membership No. 088926

Place: New Delhi

Date: 22nd May, 2018

## Annexure A

### Annexure A referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Capital Trust Limited)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets have been physically verified by the management at reasonable interval. No material discrepancies were noticed on such verifications.
- c. According to the information and explanations given by the management, there are no immovable properties included in fixed assets of the Company. Therefore, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company has no inventory. Therefore, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has granted unsecured loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. The terms and conditions of the grant of such loan are not prejudicial to the interest of the Company. The Company has stipulated schedules of repayment of principal and payment of interest and repayment of the principal amount and receipt of interest

are regular. The Company has also granted interest free loan in earlier year to a trust covered in the register maintained under section 189 of the Companies Act, 2013, under Employee Stock Option Scheme ("ESOP") to purchase equity shares of the Company under such scheme, which was not due for repayment. The Company has not granted any loan to Firms, Limited Liability Partnership or any other party covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) The Company has complied with provisions of section 186 of the Companies Act, 2013 in respect of loan granted and Investments made. According to information and explanations given by the management, no loan, guarantees and securities covered under section 185 and guarantees and security under section 186 of the Companies Act, 2013 have given during the year.
- (v) The Company has not received any deposit during the year as covered under section 76 of the Companies Act, 2013. Therefore, provisions of clause 3(v) of the order are not applicable to the Company.
- (vi) The Central Government has not prescribed maintenance of cost records u/s 148(1) of the Companies Act, 2013. Therefore, the provisions of clause 3 (vi) of the Order are not applicable.

- (vii) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, income-tax service tax, cess, value added tax, employees' state insurance, sales tax and other material statutory dues deducted/ accrued in the books with the appropriate authorities. As informed to us duty of customs and duty of excise are not applicable to the Company. There was no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no dues outstanding of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to financial institution and banks. The Company did not have any outstanding loan from Government and dues to debenture holders.
- (ix) The Company has applied term loans for the purpose for which it was raised. The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, we report that no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year except cash embezzlements made by two employees aggregating Rs. 9,12,757 for which insurance claim has been filed and shown as recoverable at the year end.
- (xi) According to the information and explanations given by the management, managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable and the details for the same have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as Non –Banking Finance Company.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B. K. Sipani**  
Partner

Place: New Delhi  
Date: 22nd May, 2018

Membership No. 088926

## Annexure B

### Report on the Internal Financial controls under Clause (i) of Sub - section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Capital Trust Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by

the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal; financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India however same needs to be further strengthened.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B. K. Sipani**  
Partner

Place: New Delhi  
Date: 22nd May, 2018

Membership No. 088926

# Standalone Balance Sheet

as at 31<sup>st</sup> March 2018

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
<b>I Equity and liabilities</b>			
<b>(1) Shareholders' funds</b>			
Share capital	3	163,614,150	163,614,150
Reserves and surplus	4	2,063,459,163	2,030,711,539
		<b>2,227,073,313</b>	<b>2,194,325,689</b>
<b>(2) Non-current liabilities</b>			
Long term borrowings	5	3,431,544,382	2,086,433,825
Non current liabilities	6	52,213,870	61,027,636
Long-term provisions	7	108,012,735	35,732,665
		<b>3,591,770,988</b>	<b>2,183,194,126</b>
<b>(3) Current liabilities</b>			
Short-term borrowings	8	49,768,648	49,261,357
Trade payables	9		
Due to micro and small enterprises		-	-
Due to other than micro and small enterprises		7,312,444	6,014,484
Other current liabilities	10	2,108,273,649	1,023,908,989
Short-term provisions	11	32,768,869	149,384,696
		<b>2,198,123,609</b>	<b>1,228,569,526</b>
<b>Total</b>		<b>8,016,967,910</b>	<b>5,606,089,341</b>
<b>II Assets</b>			
<b>(1) Non-current assets</b>			
Fixed assets	12		
Tangible assets		17,216,162	13,663,202
Intangible assets		187,057	121,870
Non-current investments	13	499,100,315	192,862,505
Deferred tax assets (net)	14	29,220,559	17,577,044
Long-term loans and advances	15	3,288,479,236	1,791,108,190
Other non-current assets	16	112,907,264	172,550,000
		<b>3,947,110,594</b>	<b>2,187,882,811</b>
<b>(2) Current assets</b>			
Cash and cash balances	17	372,042,491	291,887,287
Short-term loans and advances	15	3,664,740,035	3,108,505,421
Other current assets	16	33,074,791	17,813,822
		<b>4,069,857,316</b>	<b>3,418,206,530</b>
<b>Total</b>		<b>8,016,967,910</b>	<b>5,606,089,341</b>

Contingent Liability and Capital Commitments 24

Summary of Significant Accounting Policies and other notes on financial statements.

The accompanying notes 1 to 39 form an integral part of the standalone financial statements.

As per our report of even date

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.K. Sipani**  
Partner  
Membership No. 088926

**Place:** New Delhi  
**Date:** May 22, 2018

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Tanya Sethi**  
Company Secretary

**Hari Baskaran**  
Director  
DIN 02666053

**Sukumara Pillai**  
Head Accounts



# Standalone Statement of Profit and Loss

## for the year ended 31<sup>st</sup> March 2018

(All amounts in ₹ unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Revenue</b>			
Revenue from operations	18	1,672,458,763	1,142,630,160
Other income	19	62,306,196	44,957,818
<b>Total revenue</b>		<b>1,734,764,959</b>	<b>1,187,587,978</b>
<b>Expenses</b>			
Employee benefits expense	20	292,641,745	202,250,960
Finance costs	21	609,864,755	253,388,416
Depreciation and amortization expense	12	4,431,842	3,913,685
Other expenses	22	707,848,768	179,003,027
<b>Total expenses</b>		<b>1,614,787,111</b>	<b>638,556,088</b>
<b>Profit before tax</b>		<b>119,977,848</b>	<b>549,031,890</b>
<b>Tax expense</b>			
Current tax		69,335,417	193,408,786
Deferred tax	14	(11,643,513)	(13,271,805)
<b>Profit for the year</b>		<b>62,285,945</b>	<b>368,894,909</b>
<b>Earnings per equity share of Rs. 10 each</b>			
	23		
(a) Basic		3.81	24.13
(b) Diluted		3.81	24.13

The accompanying notes 1 to 39 form an integral part of the standalone financial statements.

As per our Report of even date.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.K. Sipani**  
Partner  
Membership No. 088926

**Place:** New Delhi  
**Date:** May 22, 2018

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Tanya Sethi**  
Company Secretary

**Hari Baskaran**  
Director  
DIN 02666053

**Sukumara Pillai**  
Head Accounts

# Standalone Cash flow statement

## for the year ended 31<sup>st</sup> March 2018

(All amounts in ₹ unless otherwise stated)

Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	119,977,848	549,031,890
<b>Adjustments:</b>		
Depreciation and amortisation	4,431,842	3,913,685
Interest income on fixed deposit	(23,392,040)	
Provision for non performing assets	89,900,800	23,349,909
Contingent provision against standard assets	7,500,004	11,441,396
Gain on sale of current investments	(15,916,844)	(5,663,876)
Loan loss written off	391,067,635	18,464,948
<b>Operating profit before working capital changes</b>	<b>573,569,246</b>	<b>600,537,952</b>
(Decrease) / increase in trade payables	1,297,960	2,738,249
(Decrease) / increase in other liabilities and provisions	155,783,562	77,833,922
(Increase) / decrease in other assets and loans and advances	(2,459,934,264)	(3,327,893,824)
<b>Cash used in operating activities</b>	<b>(1,729,283,496)</b>	<b>(2,646,783,701)</b>
Income taxes paid	(190,424,343)	(87,907,078)
<b>Net cash used in operating activities</b>	<b>(1,919,707,839)</b>	<b>(2,734,690,779)</b>
<b>A</b>		
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(8,049,989)	(6,428,173)
Investment in Non Current Investments	(306,237,810)	(191,362,500)
Movement in Fixed Deposits	(23,003,673)	(311,881,000)
Purchase of current investments	(2,850,354,995)	(759,999,550)
Proceeds from sale of current investments	2,866,271,839	765,663,426
Interest received on Fixed Deposits	13,034,775	
<b>Net cash used in investing activities</b>	<b>(308,339,853)</b>	<b>(504,007,797)</b>
<b>B</b>		
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	-	216,460,985
Dividend on equity-preference shares and dividend tax	(29,538,322)	(25,431,312)
Proceeds from long-term borrowings (Net)	2,243,542,235	2,412,235,600
Repayment of short-term borrowings (net)	507,291	(848,826)
<b>Net cash from financing activities</b>	<b>2,214,511,204</b>	<b>2,602,416,447</b>
<b>C</b>		
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(13,536,488)</b>	<b>(636,282,129)</b>
Cash and cash equivalents at the beginning of the year	150,922,498	787,204,627
<b>Cash and cash equivalents at the end of the year (refer note 1)</b>	<b>137,386,010</b>	<b>150,922,498</b>
<b>Note 1:</b>		
Balances in Current Account	134,223,865	144,366,410
Cash on hand	3,162,145	6,556,088
<b>Cash and cash equivalents</b>	<b>137,386,010</b>	<b>150,922,498</b>

This is the Cash flow statement referred to in our report of even date.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.K. Sipani**  
Partner  
Membership No. 088926

**Place:** New Delhi  
**Date:** May 22, 2018

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Tanya Sethi**  
Company Secretary

**Hari Baskaran**  
Director  
DIN 02666053

**Sukumara Pillai**  
Head Accounts

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 1. Company Overview

Capital Trust Limited is a public Company incorporated in India under the provisions of the erstwhile Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The Company is Non-banking Financial Company which is registered with Reserve Bank of India ('RBI'). The Company is engaged in the business of Micro Finance and Small Enterprise Loan.

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP"), including the Accounting Standards noticed under Section 133 of Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014 (as amended) Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI applicable as per Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, as amended from time to time ('the NBFC Master Directions, 2016').

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current, wherein applicable as per the operating cycle of the Company as per the guidance as set out in the Schedule III of the Companies Act, 2013.

#### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### (c) Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the

Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/ non-current classification of assets and liabilities.

#### (d) Property, plant and equipment (including intangible assets)

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure on fixed asset after its purchase or completion would be recognised as an asset, if it is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measure and attributed to the asset reliably.

The carrying amounts are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing, value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### (e) Depreciation

- i) Depreciation on fixed assets has been charged at Straight Line method with reference to the economic useful life of its fixed assets as prescribed by Schedule II of the Companies Act, 2013. Depreciation on fixed assets disposed off during the year is provided on pro-rata basis with reference to the date of disposal.
- ii) Intangible Assets are amortized on a straight line basis over a period of 3 years from the date when the asset is available for use.

#### (f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

Interest on loans is recognized on accrual basis. Income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.

Loan processing fee received upfront are considered to be accrued at the time of entering into a binding agreement upon its receipt and are recognised as revenue immediately.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.

Income from business correspondent activity is recognised on accrual basis as per the terms of arrangement entered into with the client bank. Revenue from Business Correspondent activities to the extent of services rendered but yet to be billed are treated as 'Unbilled revenue' and are disclosed under other current assets.

Dividend income is accounted when the right to receive the dividend is established.

### (g) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### (h) Investment

Investments are classified as Current and Non-current investments. Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. Current Investments are carried at lower of cost or fair value. Non-current investments are stated at cost, provision for diminution in the value is made to recognize a decline other than temporary in the value of such investments.

### (i) Asset classification and provisioning

**Loan asset classification of the company is given in the table below:**

Particulars	Criteria
Standard asset	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Sub-standard assets	An asset for which, interest/principal payment has remained overdue for more than 3 months and less than 12 months.

Loss Assets      An asset for which, interest/principal payment has remained overdue for a period of 12 months or more.

### (j) Provisioning policy for Loan portfolio

Provision for loan portfolio has been made in accordance with the provisioning requirements for NBFC-ND-SI issued by the RBI vide its circular numbered DNBR.PD.088/03.10.119/2016-17 dated 1 September 2016 updated as on 9 March 2017. The guidelines requires a minimum provision

- (i) 0.40% of the outstanding loan portfolio of standard assets.
- (ii) 10% of the aggregate unsecured loan instalments which are overdue for more than 3 months and less than 12 months and
- (iii) 100% of the aggregate loan instalments which are overdue for 12 months or more.

### (k) Retirement & Employee Benefits

#### (i) Define Contribution Plan

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### (ii) Define Benefit Plan

Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

#### (iii) Share Based Payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The scheme provides that subject to continued employment with the Company, employees of the Company are granted an option to acquire equity shares of the Company that may be exercised within a specified period. The Company follows the intrinsic value method for computing the compensation cost for all options granted which will be amortized over the vesting period. Measurement and disclosure of the employee share-based payment Schemes are done in

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India.

### (iv) Other short term benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Expenses relating to other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

### (l) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### (m) Current Tax and Deferred Tax

Tax expense comprises of current and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future and the same is reviewed at each balance sheet.

### (n) Foreign Currency Transactions

- i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii. Foreign currency monetary items are reported

using the exchange rate prevailing at the close of the financial year.

- iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

### (o) Cash and cash equivalent

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

### (p) Leases

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of profit and loss on a straight line basis over the lease period unless another systematic basis is more representative of the time pattern of the benefit.

### (q) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Primary Segments are identified based on the nature of products, the different risks and returns and the internal business reporting system. Revenue, Expense, Assets and Liabilities which relate to the Company as a whole and could not be allocated to segments on a reasonable basis, has been classified as unallocated. Secondary segment is identified based on geography by location of customers i.e. in India and outside India. Inter-segment revenue have been accounted for based on the transaction price agreed to between the segments, which is primarily market based.

### (r) Earning per equity share

The Company reports basic and diluted earning per share in accordance with Accounting Standard-20 on "Earning Per Share". Basic earning per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

## Standalone Notes to financial statements

### for the year ended 31<sup>st</sup> March 2018

#### 3 Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
<b>(a) Authorised share capital</b>				
Equity shares of ₹10 each	30,000,000	300,000,000	19,000,000	190,000,000
		<b>300,000,000</b>		<b>190,000,000</b>
<b>(b) Issued, subscribed and paid-up capital</b>				
Equity shares of ₹10 each	16,361,415	163,614,150	16,361,415	163,614,150
		<b>163,614,150</b>		<b>163,614,150</b>
<b>(c) Reconciliation of the equity share capital</b>				
Balance at the beginning of the year	<b>16,361,415</b>	<b>163,614,150</b>	14,667,500	146,675,000
Add: Shares issued during the year	-	-	1,693,915	16,939,150
<b>Balance at the end of the year</b>	<b>16,361,415</b>	<b>163,614,150</b>	<b>16,361,415</b>	<b>163,614,150</b>

#### (d) Terms, rights and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share (previous year Rs. 10 per share). All issued shares rank pari-passu and have same voting rights per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	Number	%	Number	%
Yogen Khosla	7,942,917	48.55%	7,894,524	48.25%
Indo Crediop Private Limited	2,844,885	17.39%	2,845,885	17.39%
Lighthouse Emerging India Investors Limited	403,481	2.47%	2,825,000	17.27%
India 2020 II Investors Limited	2,421,519	14.80%	-	-

(f) During the previous year ended 31st March 2017, 143,915 equity share were allotted to Capital Employee Welfare Trust at a price of ₹559 aggregating to ₹ 80,448,490 under the scheme of Capital Trust Employee Option Scheme 2016.

#### (i) Forfeited share warrant

	As at 31 March 2018	As at 31 March 2017
Share warrant application money	-	54,331,875
	-	<b>54,331,875</b>

(h) During the year, no share warrants were pending for conversion into equity shares (previous year, 1,550,000 share warrants held by Managing Director were converted into equal number of equity shares at a price of Rs. 117 per equity share, balance 1,857,500 share warrants aggregating to Rs. 54,331,875 was forfeited).

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

4 Reserve and surplus	31 March 2018	31 March 2017
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	54,559,275	227,400
Add: Forfeiture of 1,857,500 share warrants	-	54,331,875
<b>Balance at the end of the year</b>	<b>54,559,275</b>	<b>54,559,275</b>
<b>(b) Capital redemption reserve</b>		
Balance at the beginning of the year	30,000,000	30,000,000
<b>Balance at the end of the year</b>	<b>30,000,000</b>	<b>30,000,000</b>
<b>(c) Securities premium reserve</b>		
Balance at the beginning of the year	1,327,896,635	1,083,037,300
Add: Premium on conversion of share warrant into equity shares	-	165,850,000
Add: Premium on issue of equity shares to Capital Employee Welfare Trust	-	79,009,335
<b>Balance at the end of the year</b>	<b>1,327,896,635</b>	<b>1,327,896,635</b>
<b>(d) General reserve</b>		
Balance at the beginning of the year	3,456,545	3,456,545
<b>Balance at the end of the year</b>	<b>3,456,545</b>	<b>3,456,545</b>
<b>(e) Statutory reserve</b>		
under sections 45-IC of RBI Act, 1934		
Balance at the beginning of the year	143,562,698	69,783,716
Add: Additions during the year	12,457,189	73,778,982
<b>Balance at the end of the year</b>	<b>156,019,887</b>	<b>143,562,698</b>
<b>(f) Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	471,236,386	176,120,459
Add: Profit for the year	62,285,945	368,894,909
Less: Transferred to reserve fund u/s 45 IC of RBI act 1934*	12,457,189	73,778,982
Less: Dividend paid #	24,542,123	-
Less: Corporate dividend tax	4,996,199	-
<b>Balance at the end of the year</b>	<b>491,526,820</b>	<b>471,236,386</b>
	<b>2,063,459,163</b>	<b>2,030,711,539</b>

The Board has recommended dividend of Rs. 0.50 (fifty paise only) per share on 16361415 equity shares (previous year Rs. 1.50 (One Rupee and fifty paise only) per share on 16361415, which is subject to approval by the shareholders in annual general meeting.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 5. Long-term borrowings

	As at 31 March 2018		As at 31 March 2017	
	Non Current	Current Maturities	Non Current	Current Maturities
<b>Term loans</b>				
<b>Secured</b>				
from banks	1,018,481,332	456,452,559	724,684,456	236,683,545
from financial institutions	313,674,424	215,610,788	391,785,212	158,214,788
from corporate entities	1,526,538,626	1,179,915,069	518,964,157	558,648,405
	<b>2,858,694,382</b>	<b>1,851,978,416</b>	<b>1,635,433,825</b>	<b>953,546,738</b>
<b>Unsecured</b>				
from Corporate entities(Related Party)	108,800,000	-	1,000,000	-
from Corporate entities	14,050,000	-	-	-
from Corporate entities (subordinate debt)	450,000,000	-	450,000,000	-
	<b>572,850,000</b>	<b>-</b>	<b>451,000,000</b>	<b>-</b>
	<b>3,431,544,382</b>	<b>1,851,978,416</b>	<b>2,086,433,825</b>	<b>953,546,738</b>
Less: Current maturities of long-term borrowings	-	1,851,978,416	-	953,546,738
<b>Total borrowings</b>	<b>3,431,544,382</b>	<b>-</b>	<b>2,086,433,825</b>	<b>-</b>

#### a. Terms and conditions of loans taken

Name of the lender	Amount borrowed (₹)	Rate of interest	Repayment schedule		Outstanding as at 31 Mar. 2018	Outstanding as at 31 Mar. 2017
AU Financier (india) Limited	15.75%( P.Y 15.75% to 16%)		Nil (P.Y 10)	Monthly	-	13,888,886
Andhra Bank	12.25%( P.Y 12.90%)		17(P.Y 29)	Monthly	70,833,333	120,837,931
Bank of India	12%(P.Y 12%)		36(P.Y 48)	Monthly	166,666,840	88,888,912
Bank of Maharashtra	13.2%( P.Y 13.50%)		17(P.Y 29)	Monthly	31,496,060	53,700,000
DCB Bank Limited	12.29%( P.Y 13.40%)		5( P.Y 17)	Monthly	7,575,800	25,757,600
HDFC Bank Auto Premium Loan	8.14%( P.Y Nil)		38( P.Y Nil)	Monthly	1,972,919	-
Hinduja Leyland Finance Limited	12.02% to 13.17%(P.Y Nil)		13 to 24(P.Y Nil)	Monthly	96,077,401	-
IDBI Bank Limited	12%( P.Y 12.75%)		10( P.Y 22)	Monthly	57,000,000	123,000,000
Karur Vysya Bank	12.25%(P.Y Nil)		26( P.Y Nil)	Monthly	92,857,136	-
Manaveeya Development and Finance Pvt Ltd	15.5%( P.Y 15.5%)		2(P.Y 6)	Quarterly	8,334,000	25,002,000
MAS Financial Services Ltd	14.00% to 14.75%( P.Y 14% to 16.75%)		1 to 12( P.Y 13 to 24)	Monthly	217,500,004	210,625,004
Moneywise Financial Services Pvt Ltd	13.9%( P.Y 13.90%)		3 to 7( P.Y 7)	Quarterly	95,800,000	87,500,000
Muthoot Capital Services Limited	14.25%( P.Y 15%)		2 to 24( P.Y 6)	Quarterly	75,000,004	75,000,000
Nabard Financials Service Limited	13.5%( P.Y 13.5%)		4( P.Y 8)	Quarterly	33,333,336	66,666,668
Nabkishan Finance Limited	12.25%( P.Y 13%)		3 to 7( P.Y 7)	Quarterly	128,409,088	95,454,544
Nabsamruddhi Finance Limited	13%( P.Y 13%)		4( P.Y 8)	Quarterly	33,332,000	66,664,000
Reliance Capital limited	14%(P.Y 14%)		1(P.Y Nil)	Monthly	3,634,621	106,948,267
Shriram City Union Finance Limited	13.48%(P.Y Nil)		22( P.Y Nil)	Monthly	97,932,734	-
Small Industries Development Bank of India	12.40% to 12.75%( P.Y 12.75%)		32( P.Y 44)	Monthly	118,600,000	163,000,000
State Bank of India	11% to 12.10%( P.Y 12.10% to 12.40%)		28 to 31( P.Y 40 to 43)	Monthly	219,698,830	312,500,013
Toyota Financial Services	8.65%(P.Y Nil)		39(P.Y Nil)	Monthly	1,042,926	-
Uco Bank	12.5%(P.Y Nil)		38(P.Y Nil)	Monthly	175,935,970	-
Union Bank of India	11.6%(P.Y Nil)		42(P.Y Nil)	Monthly	194,444,444	-
Capital First Limited	12.70%-13.00%(P.Y Nil)		32-40(P.Y Nil)	Monthly	931,216,936	-
<b>Bullet Repayment schedule</b>						
Capital First Limited	16%( P.Y 17% to 18%)		At the end of 84th month	Bullet Repayment	450,000,000	450,000,000
Capital Trust Housing Finance Pvt Ltd	16%(P.Y Nil)		1	Bullet Repayment	108,800,000	-
VK Consultants Private Limited	15.5%(P.Y Nil)		1	Bullet Repayment	14,050,000	-
Moonlight Equity Private Limited	Nil (P.Y 16%)		Nil( P.Y 1)	Bullet Repayment	-	1,000,000
					<b>3,431,544,382</b>	<b>2,086,433,825</b>



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### b. Terms and conditions of secured loans and nature of security

1. Term loans from banks and financial institutions except loan from Manaveeya Development and Finance Private Limited, which is secured by way of only hypothecation of loan receivables, are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.
2. Vehicle loans from HDFC Bank were secured against hypothecation of respective vehicles.
3. In addition to the above, following loans are also secured by way guarantees:
  - i) All term loans from MAS Financial Services Ltd are secured by way of personal guarantee of all directors.
  - ii) Terms loans from AU Financiers (India) Limited, Bank of India, IDBI Bank Limited and Moneywise Financial Services Private Limited are secured by way of personal guarantee of Managing Director and corporate guarantee of a shareholder.
  - iii) Term loans from DCB Bank Limited, Andhara Bank, State Bank of India, Small Industries Development Bank of India, Nabkishan Finance Limited and Nabsamruddhi Finance Limited are secured by way of personal guarantee of Managing Director.
  - iv) Term loan from Manaveeya Development and Finance Private Limited is secured by way of personal guarantee of Managing Director and a Director.

	As at 31 March 2018	As at 31 March 2017
<b>6 Non Current Liabilities</b>		
Recovered Premium Payable to insurance company	52,213,870	61,027,636
	<b>52,213,870</b>	<b>61,027,636</b>
<b>7 Long-term provisions</b>		
<b>Provision for employee benefits:</b>		
Provision for employee benefits (Refer Note No. 30)	6,486,575	5,244,394
<b>Others:</b>		
Contingent provision against standard assets (Refer Note No. 32(8)(e))	8,720,637	5,389,601
Provision for substandard and doubtful assets(Refer Note No. 32(8)(e))	92,805,523	25,098,670
	<b>108,012,735</b>	<b>35,732,665</b>
<b>8 Short-term borrowings</b>		
<b>Secured</b>		
Cash credit facility from a bank \$	49,768,648	49,261,357
	<b>49,768,648</b>	<b>49,261,357</b>

\$ Cash credit from Bank is secured against assignment of small enterprise finance receivables on first charge in specific book debts and further personal guarantee of Managing Director.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	As at 31 March 2018	As at 31 March 2017
<b>9 Trade Payables</b>		
For Goods and Services **	7,312,444	6,014,484
	<b>7,312,444</b>	<b>6,014,484</b>
<p>** The Company has not received any intimation from any of its suppliers regarding their status under the Micro Small Medium Enterprises Act, 2006, hence, disclosures, relating to amounts unpaid as at the year end along with interest if any payable as required under the said Act have not been given.</p>		

	As at 31 March 2018	As at 31 March 2017
<b>10 Other current liabilities</b>		
Current maturities of long-term borrowings (Refer Note No. 5)	1,851,978,416	953,546,738
Interest accrued but not due on borrowings	35,223,108	12,645,061
Advance EMI received	1,604,891	2,247,017
Unpaid dividend*	2,321,808	1,633,789
Statutory dues payable	27,852,455	6,871,518
Interest and principal payable on direct assignment	29,889,814	-
Recovered Premium Payable to insurance company	123,879,449	-
Employees emoluments	32,163,276	20,563,255
Other liabilities	3,360,432	26,401,611
	<b>2,108,273,649</b>	<b>1,023,908,989</b>

\* Not due for deposit in the investor education and protection fund

<b>11 Short-term provisions</b>		
Provision for employee benefits (Refer Note No 30)	1,588,335	1,284,204
<b>Others</b>		
Provision for taxation (net of advance tax)	16,889,771	137,978,697
Contingent provision against standard assets (Refer Note No. 32(8)(e))	14,290,763	10,121,795
	<b>32,768,869</b>	<b>149,384,696</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 12 Tangible assets

Particulars	Plant & equipment	Computer	Furniture & fixtures	Vehicles	Office equipment	Total
<b>Gross block</b>						
At 01 April 2017	1,874,729	7,218,948	7,275,949	4,796,600	1,929,398	<b>23,095,624</b>
Additions	-	214,264	1,517,122	5,153,288	948,315	<b>7,832,989</b>
Disposals	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>1,874,729</b>	<b>7,433,212</b>	<b>8,793,071</b>	<b>9,949,888</b>	<b>2,877,713</b>	<b>30,928,613</b>
<b>Depreciation</b>						
At 01 April 2017	1,022,239	3,632,279	1,241,971	2,930,153	605,780	<b>9,432,422</b>
Charge for the Year	333,127	1,621,705	828,982	1,097,774	398,442	<b>4,280,030</b>
Disposals / Adjustments	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>1,355,365</b>	<b>5,253,984</b>	<b>2,070,953</b>	<b>4,027,927</b>	<b>1,004,222</b>	<b>13,712,451</b>
<b>Net block</b>						
<b>At 31 March 2018</b>	<b>519,364</b>	<b>2,179,228</b>	<b>6,722,118</b>	<b>5,921,961</b>	<b>1,873,491</b>	<b>17,216,162</b>
<b>At 31 March 2017</b>	<b>3,530,870</b>	<b>3,586,669</b>	<b>3,467,739</b>	<b>1,866,447</b>	<b>1,211,477</b>	<b>13,663,202</b>

### Intangible assets

Particulars	Software	Total
<b>Gross block</b>		
At 01 April 2017	385,594	385,594
Additions	217,000	217,000
Disposals	-	-
<b>At 31 March 2018</b>	<b>602,594</b>	<b>602,594</b>
<b>Depreciation</b>		
At 01 April 2017	263,724	263,724
Charge for the Year	151,183	151,183
Disposals / Adjustments	-	-
<b>At 31 March 2018</b>	<b>415,537</b>	<b>415,537</b>
<b>Net block</b>		
<b>At 31 March 2018</b>	<b>187,057</b>	<b>187,057</b>
<b>At 31 March 2017</b>	<b>121,870</b>	<b>121,870</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	As at 31 March 2018	As at 31 March 2017
<b>13 Non-current investments</b>		
<b>In equity instruments (Trade, unquoted)</b>		
<b>Investment in subsidiary</b>		
16,20,010(Previous Year 8,10,000) Equity Shares of Rs.100 each Microfinance Private Limited	392,242,500	191,362,500
10509900 (Previous Year Nil )Equity Shares of Rs.10 Each Capital Trust Housing Finance Pvt Ltd.	105,099,000	-
<b>Investment in others</b>		
10,000 (Previous Year 10,000) Equity Shares fully paid in Asavi Financial Services Limited	81,100	81,100
2,400 (Previous Year 2,400) Equity Shares fully paid in Indo Deutch Proteins Limited	1	1
3,600 (Previous Year 3,600) Equity Shares fully paid in Tina Electronics Limited	1	1
2,000 (Previous Year 2,000) Equity Shares fully paid in Parasrampur Industries Limited	1	1
14,800 (Previous Year 14,800) Equity Shares fully paid in Naina Semiconductors Limited	1	1
Less: Provision for diminution	81,099	81,099
<b>In mutual funds (Non-trade, unquoted)</b>		
1,50,000 units (Previous Year 1,50,000 units) in Investment SBI Dual Advantage Fund-Series XIV-Reg-Growth-MF	1,758,810	1,500,000
	<b>499,100,315</b>	<b>192,862,505</b>
<b>Aggregate amount of Quoted Investments</b>	<b>1,758,810</b>	<b>1,500,000</b>
<b>Aggregate amount of Unquoted Investments</b>	<b>497,422,600</b>	<b>191,443,600</b>
<b>Aggregate market value of Quoted Investments</b>	<b>1,758,810</b>	<b>1,663,500</b>
<b>Aggregate value of provision for dimuntion</b>	<b>81,099</b>	<b>81,099</b>
<b>14 Deferred tax asset (Net)</b>		
Deferred tax liability arising on account of fixed assets	109,136	583,535
<b>Total deferred tax liability</b>	<b>109,136</b>	<b>583,535</b>
<b>Deferred tax assets arising on account of</b>		
Amount allowable on payment basis	4,037,132	3,662,742
Provision against Loan Assests	25,292,563	14,497,837
<b>Total deferred tax assets</b>	<b>29,329,695</b>	<b>18,160,579</b>
<b>Deferred tax assets (net)</b>	<b>29,220,559</b>	<b>17,577,044</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 15 Loans and advances

(Unsecured, unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Long-Term	Short-Term	Long-Term	Short-Term
(a) Loan to customers				
Unsecured, considered good*	2,180,159,355	3,572,690,751	1,382,753,802	3,049,073,724
Unsecured, considered doubtful**	829,361,280	-	220,308,497	-
(b) Security deposits [refer (i) below]	74,500,000	41,715,496	65,500,000	24,295,496
(c) Loan to related Parties:				
-Capital Employee Welfare Trust	80,510,000	-	80,510,000	-
-Capital Trust Microfinance Private Limited	80,000,000	-	-	-
(d) Other loans & advances				
Prepaid expenses	45,927	1,028,169	-	823,813
Unamortised Ancillary cost of arranging the borrowings	43,902,674	27,800,599	42,035,891	19,222,123
Loan to employees	-	-	-	44,310
Loans pending disbursement	-	-	-	101,097
(e) Advances recoverable in cash or kind	-	22,786,531	-	16,226,369
Less: Provision for doubtful advances	-	1,281,511	-	1,281,511
	-	21,505,020	-	14,944,858
	<b>3,288,479,236</b>	<b>3,664,740,035</b>	<b>1,791,108,190</b>	<b>3,108,505,421</b>

\* Represents standard assets classified in accordance with the RBI prudential norms (refer note 15(a))

\*\* Represents non-performing assets classified in accordance with the RBI prudential norms (refer note 15(a))

(i) Represents deposits placed as margin money to avail term loans from financial institutions.

#### 15(a) Loan to customers

Loans to customers has been classified in accordance with the directives issued by RBI prudential norms, read with accounting policy.

The details are as follows:

As at 31 March 2018			
Asset Classification	Classification criteria	Amount outstanding	Provision
Standard assets	Outstanding for less than 3 month	5,752,850,106	23,011,400
Non-performing assets	Outstanding for 3 month or more	829,361,280	92,805,523
<b>Total</b>		<b>6,582,211,386</b>	<b>115,816,923</b>
As at 31 March 2017			
Asset Classification	Classification criteria	Amount outstanding	Provision
Standard assets	Outstanding for less than 4 month	4,431,827,526	15,511,396
Non-performing assets	Outstanding for 4 month or more	220,308,497	25,098,670
<b>Total</b>		<b>4,652,136,023</b>	<b>40,610,066</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 16 Other assets

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Bank deposits with maturity over 12 months @	102,550,000	-	172,550,000	-
Interest accrued but not due	10,357,264	21,037,592	-	121,371,088
Interest receivable (Related Party)	-	966,970	-	-
Input tax credit	-	5,746,734	-	453,586
Other receivables	-	5,323,495	-	5,223,128
	<b>112,907,264</b>	<b>33,074,791</b>	<b>172,550,000</b>	<b>17,813,822</b>

@ Represents deposits placed as margin money to avail term loans from banks and financial institutions.

### 17 Cash and bank balances

#### Cash and Cash Equivalents

- in current accounts  
Cash on hand

#### Earmarked balances with banks

- Unpaid dividend account

#### Other bank balances

Bank deposits with maturity of less than 12 months \$\$

	As at 31 March 2018	As at 31 March 2017
	134,223,865	144,366,410
	3,162,145	6,556,088
	2,321,808	1,633,789
	232,334,673	139,331,000
	<b>372,042,491</b>	<b>291,887,287</b>

\$\$ Represents deposits placed as margin money to avail term loans from banks and financial institutions.

### 18 Revenue from operations

#### Sale of services

Interest on loan to customers

#### Other operating revenues

Loan Processing fee  
Mortgage and verification fee  
Other fee income  
Commission income  
Portfolio management fee  
Interest income on Security Deposits on Loan

	Year ended 31 March 2018	Year ended 31 March 2017
	1,238,580,834	697,831,735
	88,278,300	89,379,350
	253,582,232	72,158,773
	56,913,000	63,312,500
	6,563,625	62,033,479
	18,913,522	136,562,377
	9,627,250	21,351,946
	<b>1,672,458,763</b>	<b>1,142,630,160</b>

### 19 Other income

Interest income on fixed deposit  
Gain on sale of current investments  
Operational Fee from a related party  
Miscellaneous income

	Year ended 31 March 2018	Year ended 31 March 2017
	23,392,040	23,047,468
	15,916,844	5,663,876
	22,711,840	14,083,872
	285,472	2,162,602
	<b>62,306,196</b>	<b>44,957,818</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	Year ended 31 March 2018	Year ended 31 March 2017
<b>20 Employee benefit expense</b>		
Salaries, wages and bonus	260,234,996	180,760,563
Contribution to provident fund and other funds	11,090,898	11,815,087
Staff welfare expenses	21,315,851	9,675,310
	<b>292,641,745</b>	<b>202,250,960</b>
<b>21 Finance costs</b>		
Interest expenses	585,278,219	234,193,008
Other borrowing costs	24,586,536	19,195,408
	<b>609,864,755</b>	<b>253,388,416</b>
<b>22 Other expenses</b>		
Rates & Taxes	3,672,079	3,628,066
Electricity	3,676,363	2,342,596
Rent	30,401,720	26,162,672
Reversal of input GST Credit	14,578,475	-
Repairs and maintenance -Others	11,890,206	13,065,747
Insurance	1,809,491	970,366
Professional and consultancy	34,053,708	21,863,903
Directors sitting fee	88,000	48,000
Business promotion expenses	4,426,802	608,819
Travelling and conveyance #	61,145,784	37,381,858
Communication costs	11,759,409	8,242,457
Printing and stationery	7,229,524	5,903,005
Commission	568,656	100,000
Verification Expenses	21,689,500	-
Payment to auditors (refer note (a) below)	473,390	856,250
Bank charges	8,186,277	2,539,459
Portfolio loan written off	391,067,635	18,464,948
Provision for non performing assets	89,900,800	23,349,909
Contingent provision against standard assets	7,500,004	11,441,396
Miscellaneous Expenses \$	3,730,945	2,033,576
	<b>707,848,768</b>	<b>179,003,028</b>
# Travelling and conveyance includes expenses of directors Rs. 568,575 (Previous year Rs. 275,120)		
\$ including fee paid for increase in authorised share capital Rs. 990,000 (Previous year Rs. NIL).		
(a) <b>Payment to auditors</b>		
<b>As auditors</b>		
Statutory audit	300,000	756,250
Tax audit	-	100,000
Certification fee *	145,870	-
Reimbursement of Expenses **	27,520	-
	<b>473,390</b>	<b>856,250</b>

\* including certification fee paid to previous auditor Rs. 70870.

\*\* including certification fee paid to previous auditor Rs. 18260.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

		As at 31 March 2018	As at 31 March 2017
<b>23 Earning per equity share</b>			
The following reflects the profit and share data used in the basic and diluted EPS computations:			
<b>Profit for the year</b>	<b>Rs.</b>	<b>62,285,945</b>	<b>368,894,909</b>
Equity Shares Outstanding at the beginning of the year	Numbers	16,361,415	14,667,500
Equity Shares Outstanding at the end of the year	Numbers	16,361,415	16,361,415
Weighted Number of Equity Shares	Numbers	16,361,415	15,284,735
Earning Per Share of Rs. 10 Each			
- Basic	Rs.	<b>3.81</b>	<b>24.13</b>
- Diluted	Rs.	<b>3.81</b>	<b>24.13</b>

### 24 Contingent liabilities not provided for

Claims against the Company not acknowledged as debts	<b>28,600</b>	61,300
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\* Based on the expert opinion obtained by the company, crystallisation of liability on these items is not considered probable.

**25** The Company has given interest free collateral free loan of Rs. 8,05,10,000 (Previous Year Rs. 8,05,10,000) in earlier year to Capital Employee Welfare Trust under the scheme Employee Stock Option Scheme ("ESOP") to purchase equity shares of the company under such scheme. The loan is repayable by the trust under a back to back arrangement by the trust with the employees of the company.

**26** The Company has created ESOP Trust for the welfare of employees in the name of Capital Employees Welfare Trust. That the Trust is holding 143915 Equity shares in the company in the category of Non promoter Non Public. The Trust has not granted any options to the employees yet.

**27** Rs. 65,63,625 ( previous year Rs. 6,20,33,479) received as commission during the year from Yes Bank Limited on account of business correspondent (BC) agreement with the Bank. This BC commission is earned by the company on facilitation of advances in rural as well as urban areas on behalf of Yes Bank Limited. Total exposure of Yes Bank Limited on this portfolio is Nil as on 31 March 2018 (previous year Rs. 34,32,18,281).

### 28 Segment Reporting

The Company operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e., domestic market.

### 29 Operating Lease

Office premises are obtained on operating lease. Lease payments made under cancellable operating lease aggregating to Rs. 3,04,01,720 (previous year: Rs. 2,61,62,672) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	Year ended 31 March 2018	Year ended 31 March 2017			
<b>30 Disclosure as per accounting standard - 15 (Employees' Benefit)</b>					
<b>a) Defined Contribution Plan-</b>					
<b>The company has been recognized following amounts in statement of Profit &amp; Loss for the year</b>					
Contribution to employees Provident fund	9,544,586	6,818,937			
<b>b) Defined benefit plan - gratuity (funded)</b>					
<b>The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005):</b>					
<b>Statement of profit and loss</b>					
<b>i) A reconciliation of opening &amp; closing balances of the present value of defined benefit (DBO)</b>					
Opening DBO	7,261,645	6,693,116			
Past & Current service cost	3,136,498	761,827			
Interest cost	464,745	515,370			
Benefits paid	(28,269)	(1,383,462)			
Actuarial (gain)/losses	(1,890,080)	674,794			
<b>Closing defined benefit obligation</b>	<b>8,944,539</b>	<b>7,261,645</b>			
<b>ii) A reconciliation of opening &amp; closing balances of the fair value of plan assets</b>					
Opening Fair Value of Plan Assets	733,047	1,417,690			
Expected Return on Plan Assets	60,476	127,592			
Actuarial Gain /( loss) on Plan Assets	(989)	(74,398)			
Contributions by the employer	105,364	645,625			
Benefits Paid	(28,269)	(1,383,462)			
<b>Closing Fair Value of Plan Assets</b>	<b>869,629</b>	<b>733,047</b>			
<b>iii) A reconciliation of present value of the defined benefit obligation &amp; the fair value of the plan assets to the assets recognized in the balance sheet</b>					
Present value of defined benefit obligation at the end of the period	8,944,539	7,261,645			
Fair value of plan assets at the end of the year	869,629	733,047			
<b>Liability recognised in balance sheet</b>	<b>8,074,910</b>	<b>6,528,598</b>			
<b>iv) The total expense recognised in the statement of Profit &amp; Loss</b>					
Past & Current service cost	3,136,498	761,827			
Interest cost	464,745	515,370			
Expected return on plan assets	(60,476)	(127,592)			
Actuarial (gain)/loss	(1,889,091)	749,192			
<b>Net Gratuity Cost</b>	<b>1,651,676</b>	<b>1,898,797</b>			
<b>v) Following are the principal actuarial assumptions used as the balance sheet date :</b>					
Discount rate	6.80	6.40			
Expected rate of return on plan assets	8.12	8.25			
Average salary escalation rate	10.00	10.00			
Average remaining working life of the employees(years)	31.35	31.00			
<b>vi) Disclosure as required under Para120(n)</b>					
<b>Amount recognised in current year and previous four years</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Present value of DBO	8,944,539	7,261,645	6,693,116	5,815,540	4,607,123
Fair value of Plan assets	869,629	733,047	1,417,690	1,220,475	1,049,989
Surplus/(deficit) in the plan	(8,074,910)	(6,528,598)	(5,275,426)	(4,595,065)	(3,557,134)
Experience adjustments on plan liabilities loss	(1,890,080)	674,794	73,024	7,545	(108,563)
Experience adjustments on plan assets gain/(loss)	(989)	(74,398)	-	(5,059)	(4,824)

The estimates of the future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 31 Related party disclosure

As per Accounting Standard-18 (Related Party Disclosures) to the extent identified by the Company

#### Name and relationship of related parties :

Key Management Personnel (KMP)	Mr. Yogen Khosla (Managing Director) Mrs. Anju Khosla (Executive Director, Wife of Managing Director)
Relatives of Key Management Personnel	Mr. Vahin Khosla (Son of Managing Director) Mr. Yuv Vir Khosla (Son of Managing Director)
Wholly owned subsidiary	Capital Trust Microfinance Private Limited (Formerly known as Parikarma Investments & Financial Services Private Ltd.) Capital Trust Housing Finance Private Limited (w.e.f. 14 August 2017)
Enterprise over which KMP and their relatives is having significant influence	Indo Crediop Private Limited Moonlight Equity Private Limited Capital Trust Housing Finance Private Limited (upto 13 August 2017) Capital Employee Welfare Trust

#### Note:

- 1 Related party relationship on the basis of requirements of Accounting Standard 18 (AS-18) is identified by the Company.
- 2 Transaction carried out with related parties referred above, in ordinary course of business:

Nature of transactions	Subsidiary	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprise over which KMP & their relatives can exercise significant influence
<b>Loan taken</b>				
Indo Crediop Private Limited	-	-	-	6,500,000
				(86,500,000)
Moonlight Equity Private Limited	-	-	-	37,300,000
				(54,000,000)
Capital Trust Housing Finance Private Limited	109,000,000	-	-	-
	(-)	-	-	-
<b>Loan repaid</b>				
Moonlight Equity Private Limited	-	-	-	38,300,000
				(83,500,000)
Indo Crediop Private Limited	-	-	-	6,500,000
				(86,500,000)
Capital Trust Housing Finance Private Limited	200,000	-	-	-
	(-)	-	-	-
<b>Loan given</b>				
Capital Employee Welfare Trust	-	-	-	-
				(80,510,000)
Capital Trust Microfinance Private Limited	80,000,000	-	-	-
	(150,000,000)	-	-	-

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

Nature of transactions	Subsidiary	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprise over which KMP & their relatives can exercise significant influence
<b>Loan received back</b>				
Capital Trust Microfinance Private Limited	- (150,000,000)	- -	- -	- -
<b>Investment in subsidiary</b>				
Capital Trust Microfinance Private Limited	200,880,000 (191,362,500)	- -	- -	- -
Capital Trust Housing Finance Private Limited	105,099,000 (-)	- -	- -	- -
<b>Equity shares issued</b>				
Capital Employee Welfare Trust	- -	- -	- -	- (80,448,485)
Mr. Yogen Khosla	- -	- (181,350,000)	- -	- (80,448,485)
<b>Interest Paid</b>				
Moonlight Equity Private Limited	- -	- -	- -	743,233 (4,423,889)
Indo Crediop Private Limited	- -	- -	- -	436,566 (656,000)
Capital Trust Housing Finance Private Limited	9,915,002 (-)	- -	- -	- -
<b>Interest received</b>				
Capital Trust Microfinance Private Limited	1,074,411 (197,261)	- -	- -	- (3,397,260)
<b>Service fee received</b>				
Capital Trust Microfinance Private Limited	22,711,840 (11,368,180)	- -	- -	- (2,715,692)
<b>Remuneration</b>				
Mr. Yogen Khosla (Managing Director)	- -	11,905,576 (8,060,962)	- -	- -
Mrs. Anju Khosla	- -	6,735,592 (4,497,787)	- -	- -
Mr. Vahin Khosla	- -	- -	2,958,600 (1,788,656)	- -
Mr. Yuv Vir Khosla	-	-	(-)	-

## Standalone Notes to financial statements

### for the year ended 31<sup>st</sup> March 2018

Nature of transactions	Subsidiary	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprise over which KMP & their relatives can exercise significant influence
<b>Outstanding balance at the year end</b>				
<b>Loans &amp; Advances:</b>				
Capital Employee Welfare Trust	-	-	-	80,510,000
				(80,510,000)
Capital Trust Microfinance Private Limited	80,000,000	-	-	-
	(-)	-	-	-
<b>Unsecured Loans:</b>				
Moonlight Equity Private Limited	-	-	-	-
				(1,000,000)
Capital Trust Housing Finance Private Limited	108,800,000	-	-	-
	(-)	-	-	-
<b>Other receivables:</b>				
Capital Trust Microfinance Private Limited	6,369,293	-	-	-
	(2,140,161)	-	-	-
<b>Interest receivables:</b>				
Capital Trust Microfinance Private Limited	966,970	-	-	-
	(-)	-	-	-
<b>Interest Payable</b>				
Capital Trust Housing Finance Private Limited	-	-	-	3,572,225
				(-)
Indo Crediop Private Limited	-	-	-	92,867
				(-)
Moon Light Equity Pvt. Ltd.	-	-	-	(-)
				(40,044)
<b>Salary payable:</b>				
Mr. Yogen Khosla (Managing Director)	-	1,151,000	-	-
		(400,000)	-	-
Mrs. Anju Khosla	-	693,000	-	-
		(308,000)	-	-
Mr. Vahin Khosla	-	-	310,860	-
			(-)	-
Mr. Yuv Vir Khosla	-	-	194,738	-
			(-)	-

Apart from above Managing director and a director of the company has given corporate guarantees to the bankers to secure loan availed by the company.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 32 Additional disclosures pursuant to the RBI guidelines and notification:

#### 1) Capital

Items	31 March 2018	31 March 2017
Capital to risk / weighted assets ratio (CRAR) (%)	27.43%	46.83%
CRAR-Tier I capital (%)	24.49%	37.97%
CRAR-Tier II capital (%)	6.21%	8.86%
Amount of Subordinate debt raised as Tier-II capital	450,000,000	450,000,000
Amount raised by issue of perpetual debt instruments	-	-

#### 2) Investments

##### (A) Value of investments

i) Gross value of investments		
(a) In india	499,181,410	192,943,604
(b) Outside india	-	-
ii) Provision for depreciation		
(a) In india	81,099	81,099
(b) Outside india	-	-
iii) Net value of Investments		
(a) In india	499,100,315	192,862,505
(b) Outside india	-	-

##### (B) Movement of provisions held towards depreciation on investments

i) Opening balance	81,099	81,099
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off/write-back of excess provisions during the year	-	-
iv) Closing balance	81,099	81,099

#### 3) Derivatives

The Company does not have any derivatives exposure in the current and previous year.

#### 4) Disclosure relating to Securitisation

##### A) The Company does not have any Securitisation exposure in the current and previous year

##### B) Details of Financial assets sold to securitisation / reconstruction Company for assets reconstruction

The Company has not sold any financial assets to Securitisation / Reconstruction Company for assets reconstruction during the current and previous year.

C) Details of Assignment transactions undertaken by applicable NBFCs	for the year ended 31 March 2018	for the year ended 31 March 2017
(i) No. of accounts	12,742	4,653
(ii) Aggregate value (net of provisions) of accounts sold	867,506,368	112,733,354
(iii) Aggregate consideration	867,506,368	103,264,372
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	2,168,748

##### D) Details of non performing financials assets purchased / sold

The Company has not purchased / sold any non-performing financial assets (relating to securitisation) during the current and previous year.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 5) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

Particulars	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	287,752,167	319,817,603	293,479,280	926,762,206	1,794,867,439	3,013,425,132	104,423,444	2,194,115	<b>6,742,721,386</b>
Investments *	-	-	-	-	-	1,758,810	-	497,341,505	<b>499,100,315</b>
Borrowings #	126,473,496	151,741,040	188,163,453	480,340,248	954,996,839	2,355,896,218	625,680,152	450,000,000	<b>5,333,291,446</b>

Maturity pattern of certain items of assets and liabilities as at 31 March 2017

Particulars	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	379,323,445	385,325,609	372,960,821	599,242,512	1,312,217,589	1,346,150,651	317,725,772	19,699,624	<b>4,732,646,023</b>
Investments *	-	-	-	-	-	1,500,000	-	191,362,505	<b>192,862,505</b>
Borrowings #	51,698,605	69,282,595	107,538,260	242,261,043	482,766,246	1,355,195,938	281,237,876	450,000,000	<b>3,039,980,563</b>

\* Net of provision

# excluding interest accrued thereon

### 6) Exposure

#### (a) Exposure to real estate sector

The Company does not have any real estate exposure in the current and previous year.

#### (b) Exposure to capital market

The Company does not have any exposure to capital market in the current and previous year.

#### (c) Details of financing of parent Company products

The Company does not have a parent Company and accordingly no disclosure required.

#### (d) Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the applicable NBFC

The Company does not exceed any limit related to SGL and GBL in the current and previous year.

#### (e) Unsecured advances

All advances given by the Company are unsecured advances to its customers (refer note 15).

### 7) Miscellaneous

#### (a) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- (i) Ministry of Corporate Affairs
- (ii) Ministry of Finance (Financial Intelligence Unit)

#### (b) Disclosures of penalties imposed by RBI and other regulators

No penalties imposed by RBI or other financial sector regulators during the current and previous year.

#### (c) Related party transactions

Details of all material related party transactions are disclosed in note 31.

#### (d) Ratings assigned by credit rating agencies and migration of ratings during the year

The details of ratings assigned by Credit Analysis & Research Limited (CARE) vide their report dated 06 Feb,2018:

Facilities	Rating
Long-term facilities	BBB+

#### (e) Remuneration of directors

Details relating to remuneration of directors are disclosed in note 31.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	31 March 2018	31 March 2017
<b>8) Additional Disclosures</b>		
<b>(a) Provisions and contingencies</b>		
<b>Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss</b>		
Provisions for depreciation on investment	-	-
Provision towards standard assets	7,500,004	11,441,396
Provision towards non performing assets	89,900,800	23,349,909
Provision made towards income tax	69,335,417	193,408,786
Other provision and contingencies (employee benefits)	1,651,676	1,898,797
	168,387,897	230,098,888
<b>(b) Draw down from reserves</b>		
There have been no instances of draw down from reserves by the Company during the current and previous year.		
<b>(c) Concentration of advances, exposures and NPAs (to the extent identified by the management)</b>		
<b>a. Concentration of advances*</b>		
Total advances to twenty largest borrowers	33,818,900	12,400,476
Percentage of advances to twenty largest borrowers to total advances of the Company	0.51%	0.27%
<b>b. Concentration of exposure</b>		
Total advances to twenty largest borrowers	33,818,900	12,400,476
Percentage of exposure to twenty largest borrowers as total exposure	0.51%	0.27%
<b>c. Concentration of non-performing assets *</b>		
Total Exposure to top four non-performing accounts * excluding loans to related parties	2,493,081	2,188,017
<b>d. Sector-wise non-performing assets</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Agriculture and allied activities	-	-
Micro Small and Medium Enterprises *	12.60%	4.74%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-
* Determination based on the information related to the nature & size of activity of the borrower & excluding loans		
<b>e. Movement of non-performing assets</b>		
<b>Particulars</b>	<b>Year ended 31 Mar 2018</b>	<b>Year ended 31 Mar 2017</b>
Net NPA to net Advances (%)	11.19%	4.23%
Movement of non-performing assets (Gross)		
(a) Opening balance	220,308,497	32,418,922
(b) Additions during the year	1,225,408,783	214,790,136
(c) Reductions during the year #	616,356,000	26,900,563
(d) Closing balance	829,361,280	220,308,497

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

Particulars	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Movement of net non-performing assets		
(a) Opening balance	195,209,827	27,848,403
(b) Additions during the year	1,135,507,983	191,440,227
(c) Reductions during the year #	594,162,053	24,078,805
(d) Closing balance	736,555,757	195,209,827
Movement of provisions for non-performing assets (excluding provisions on standard assets)		
(a) Opening balance	25,098,670	4,570,519
(b) Provisions made during the year	89,900,800	23,349,909
(c) Write-off/ write-back of excess provisions	22,193,947	2,821,758
(d) Closing balance	<b>92,805,523</b>	<b>25,098,670</b>
# Reduction includes write-offs and recoveries.		
@ excluding loans to related parties.		

**f. Overseas assets (for those with joint ventures and subsidiaries aboard)**

The company did not have any overseas assets during the current and previous year.

**g. Off-balance sheet SPVs sponsored** (which are required to be consolidated as per accounting norms)

The company did not sponsor any SPVs during the current and previous year.

**9) Disclosure of customer complaints**

Particular	31 March 2018	31 March 2017
a) Number of complaints pending at the beginning of the year	-	-
b) Number of complaints received during the year	-	-
c) Number of complaints redressed during the year	-	-
d) Number of complaints pending at the end of the year	-	-

**10) Information on instances of fraud identified during the year\$\$**

***cash embezzlement and snatching***

Number of cases	2	5
Amount of fraud	912,757	1,534,792
Recovery	-	11,050
Amount provided for	-	-

***Loans given against fictitious documents***

No. of cases	-	-
Amount of fraud	-	-
Recovery	-	-
Amount provided for	-	-

\$\$ as identified by the management



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

**33** Additional disclosure pursuant to Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016(updated as on 09 March, 2017) issued by RBI

	Particulars	Current Year		Previous Year	
		Outstanding	Overdue	Outstanding	Overdue
	<b>Liabilities Side:</b>				
<b>1</b>	<b>Loans and advances availed by the NBFCs</b>				
	(a) Debentures : Secured	-	-	-	-
	: Unsecured (other than falling within the Meaning of public deposits)	-	-	-	-
	(b) Deferred credits	-	-	-	-
	(c) Term loans (including short term borrowings)	5,210,441,446	-	3,088,241,920	-
	(d) Inter-corporate loans and borrowing	122,850,000	-	1,000,000	-
	(e) Commercial paper	-	-	-	-
	(f) Public deposits	-	-	-	-
	(g) Other loans	-	-	-	-
<b>2</b>	<b>Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
	(a) In the form of unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-
	<b>Assets side:</b>				
<b>3</b>	<b>Break-up of loans and advances including bills receivables (other than those included in (4) below:</b>				
	(a) Secured	-	-	-	-
	(b) Unsecured - receivable under financing activity	6,742,721,386	-	4,732,646,023	-
<b>4</b>	<b>Break-up of leased assets and stock on hire and hypothecation loans counting towards EL / HP activities</b>				
	<b>(i) Lease assets including lease rentals under sundry Debtors:</b>				
	(a) Financial Lease	-	-	-	-
	(b) Operating Lease	-	-	-	-
	<b>(ii) Stock on hire including hire charges under Sundry Debtors</b>				
	(a) Assets on hire	-	-	-	-
	(b) Repossessed Assets	-	-	-	-
	<b>(iii) Hypothecation loans counting towards EL/HP activities</b>				
	(a) Loans where assets have been repossessed	-	-	-	-
	(b) Loans other than (a) above	-	-	-	-

## Standalone Notes to financial statements

for the year ended 31<sup>st</sup> March 2018

<b>5</b>	<b>Break-up of investments:</b>				
	<b>Current investments:</b>				
	<b>1. Quoted:</b>				
	(i) Shares: (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
	(ii) Debentures and bonds	-	-	-	-
	(iii) Units of mutual funds	-	-	-	-
	(iv) Government securities	-	-	-	-
	(v) Others (please specify)	-	-	-	-
	<b>(2) Unquoted:</b>				
	(i) Shares: (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
	(ii) Debentures and bonds	-	-	-	-
	(iii) Units of mutual funds	-	-	-	-
	(iv) Government securities	-	-	-	-
	(v) Others (please specify)	-	-	-	-
	<b>(2) Unquoted:</b>				
	(i) Shares: (a) Equity	497,422,605	-	191,443,605	-
	(b) Preference	-	-	-	-
	(ii) Debentures and bonds	-	-	-	-
	(iii) Units of mutual funds	1,758,810	-	1,500,000	-
	(iv) Government securities	-	-	-	-
	(v) Others (please specify)	-	-	-	-
<b>6</b>	<b>Borrower group-wise classification of assets financed as in (3) and (4) above:</b>				
	<b>Particulars</b>	<b>Current Year</b>		<b>Previous Year</b>	
		<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	1. Related parties				
	(a) Subsidiaries	-	80,000,000	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	80,510,000	-	80,510,000
	2. Other than related parties	-	6,582,211,386	-	4,652,136,023
	<b>Total</b>	-	<b>6,742,721,386</b>	-	<b>4,732,646,023</b>
<b>7</b>	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>				
	<b>Category</b>	<b>Current Year</b>		<b>Previous Year</b>	
		<b>Market value/ Break-up or fair value or NAV</b>	<b>Book value</b>	<b>Market value/ Break-up or fair value or NAV</b>	<b>Book value</b>
	1. Related Parties				
	(a) Subsidiaries	-	497,341,500	-	191,362,500
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties				
	Shares	-	1	-	1
	Mutual fund	1,758,810	1,758,810	1,663,650	1,500,000
	<b>Total</b>	<b>1,758,810</b>	<b>499,100,311</b>	<b>1,663,650</b>	<b>192,862,501</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

8	<b>Other information</b>		
	<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
	(i) Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	829,361,280	220,308,497
	(ii) Net Non-performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	736,555,757	195,209,827
	(iii) Assets acquired in satisfaction of debt		
9	<b>Asset Classification</b>		
	<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
	(i) Standard*	5,752,850,106	4,431,827,526
	(ii) Sub-Standard	818,395,286	217,673,826
	(iii) Doubtful	10,965,994	2,634,671
	(iv) Loss Assets	-	-
	* excluding loans to related parties.		

34 Foreign currency outflow on travelling and business promotion expenses are Nil/- (previous year ₹ Nil/-)

### 35 Remittance in foreign currency on account of Dividends

Particulars	For the year ended	
	31 March, 2018	31 March, 2017
Amount of dividend remitted in foreign exchange	26769	18636
Number of Non-Resident Shareholders	68	32
Number of Shares held by such Non-Resident Shareholders	17846	12424

### 36 Disclosures as per schedule V of securities and exchange board of india (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Particulars	Closing Balance		Maximum Outstanding during	
	31 March, 2018	31 March, 2017	Current Year	Previous year
<b>subsidiaries :-</b>				
Capital Trust Microfinance Pvt. Ltd.	80,000,000	-	80,966,970	150,000,000
Capital Employee Welfare Trust	80,510,000	80,510,000	80,510,000	80,510,000

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 37 Disclosures under Section 186(4) of the Companies Act 2013

Particulars	Investment made / Loan given during the year	Balance of Investment / Loan as at 31 March, 2018	Rate of Interest	Purpose	Maturity Period
<b>Investment made</b>					
Capital Trust Microfinance Pvt. Ltd	200,880,000	392,242,500	Not Applicable	Wholly owned Subsidiary	Not Applicable
Capital Trust Housing Finance Pvt. Ltd	105,099,000	105,099,000	Not Applicable	Wholly owned Subsidiary	Not Applicable
<b>Loan given</b>					
Capital Employee Welfare Trust	-	80,510,000	NIL	ESOP Scheme	Not Applicable

**38** Pursuant to the master direction DNBR. PD. 008/03.10.119/2016-17 issued by the Reserve Bank of India, as updated on 9 March 2017, the Company has become Systemically Important Non-Deposit taking Non-Banking Financial Company during the current year.

**39** Previous year's figures have been taken from the accounts audited by previous auditor and figures have been regrouped/ reclassified to conform to current year's figures wherever required.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**B.K. Sipani**  
Partner  
Membership No. 088926

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Hari Baskaran**  
Director  
DIN 02666053

**Place:** New Delhi  
**Date:** May 22, 2018

**Tanya Sethi**  
Company Secretary

**Sukumara Pillai**  
Head Accounts

# Independent Auditor's Report

To the Members of Capital Trust Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Capital Trust Ltd. ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as "the Consolidated Financial Statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions

of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

- a. We did not audit the financial statements of the two Indian wholly owned subsidiary, whose financial statements reflect total assets of Rs. 7495.38 Lakhs as at March 31, 2018, total revenues of Rs. 1200.78 Lakhs and net cash outflows amounting to Rs. 878.36 Lakhs for the period ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our

report in terms of subsection (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditor. Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

- b. The consolidated financial statements of the Company for the year ended March 31, 2017 has been audited by previous auditor who expressed an unmodified opinion on May 23, 2017.

Our Opinion is not qualified in above matters.

### Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that,

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Holding Company and Subsidiary Companies as on March 31, 2018 taken on record by the respective Board of Directors, none of the directors of the Group is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure-A" and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial Statements have been disclosed the impact of pending litigations on consolidated financial position of Group – Refer Note 25 to the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B. K. Sipani**

Partner

Membership No. 088926

Place: New Delhi

Date: May 22, 2018

## Annexure - A to the Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Capital Trust Ltd. (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities

include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India however same needs to be further strengthened.

### Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B. K. Sipani**  
Partner  
Membership No. 088926

Place: New Delhi  
Date: May 22, 2018

# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2018

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
<b>I Equity and liabilities</b>			
<b>(1) Shareholders' funds</b>			
Share capital	4	163,614,150	163,614,150
Reserves and surplus	5	2,024,579,309	2,040,388,086
		<b>2,188,193,459</b>	<b>2,204,002,236</b>
<b>(2) Non-current liabilities</b>			
Long term borrowings	6	3,322,744,382	2,248,933,809
Non current liabilities	7	52,213,870	70,087,430
Long-term provisions	8	129,473,651	41,681,196
		<b>3,504,431,903</b>	<b>2,360,702,435</b>
<b>(3) Current liabilities</b>			
Short-term borrowings	9	49,768,648	49,261,357
Trade payables	10		
Due to micro and small enterprises		-	-
Due to other than micro and small enterprises		7,357,444	6,059,585
Other current liabilities	11	2,280,843,188	1,370,753,435
Short-term provisions	12	37,066,614	152,643,214
		<b>2,375,035,894</b>	<b>1,578,717,491</b>
<b>Total</b>		<b>8,067,661,257</b>	<b>6,143,422,162</b>
<b>II Assets</b>			
<b>(1) Non-current assets</b>			
Fixed assets	13		
Tangible assets		17,216,162	13,663,202
Intangible assets		187,057	121,870
Non-current investments	14	1,758,815	1,500,005
Deferred tax assets (net)	15	29,220,558	17,577,044
Long-term loans and advances	16	3,340,948,028	1,947,171,468
Other non-current assets	17	112,907,264	172,550,000
		<b>3,502,237,884</b>	<b>2,152,583,589</b>
<b>(2) Current assets</b>			
Cash and cash balances	18	399,170,491	406,851,750
Short-term loans and advances	16	4,133,097,998	3,564,190,456
Other current assets	17	33,154,884	19,796,367
		<b>4,565,423,373</b>	<b>3,990,838,573</b>
<b>Total</b>		<b>8,067,661,257</b>	<b>6,143,422,162</b>

## Contingent Liabilities and Capital Commitments

25

### Summary of Significant Accounting Policies and other notes on financial statements.

The accompanying notes 1 to 42 form an integral part of the consolidated financial statements.

As per our report of even date

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.K. Sipani**  
Partner  
Membership No. 088926

**Place:** New Delhi  
**Date:** May 22, 2018

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Tanya Sethi**  
Company Secretary

**Hari Baskaran**  
Director  
DIN 02666053

**Sukumara Pillai**  
Head Accounts



# Consolidated Statement of Profit and Loss

## for the year ended 31<sup>st</sup> March 2018

(All amounts in ₹ unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Revenue</b>			
Revenue from operations	19	1,779,113,021	1,201,048,545
Other income	20	42,028,671	46,717,544
<b>Total revenue</b>		<b>1,821,141,692</b>	<b>1,247,766,089</b>
<b>Expenses</b>			
Employee benefits expense	21	292,641,745	202,250,960
Finance costs	22	648,292,742	285,777,933
Depreciation and amortization expense	13	4,431,842	3,913,685
Other expenses	23	800,453,484	187,140,106
<b>Total expenses</b>		<b>1,745,819,813</b>	<b>679,082,684</b>
<b>Profit before tax</b>		<b>75,321,879</b>	<b>568,683,405</b>
<b>Tax expense</b>			
Current tax		73,320,141	202,700,286
Deferred tax		(11,643,513)	(13,271,805)
Current Tax expenses relating to prior years		(80,814)	683,468
<b>Profit for the year</b>		<b>13,726,065</b>	<b>378,571,456</b>
<b>Earnings per equity share (of Rs. 10 each)</b>			
	24		
(a) Basic		0.84	24.77
(b) Diluted		0.84	24.77

The accompanying notes 1 to 42 form an integral part of these financial statements.

As per our Report of even date.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.K. Sipani**  
Partner  
Membership No. 088926

**Place:** New Delhi  
**Date:** May 22, 2018

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Tanya Sethi**  
Company Secretary

**Hari Baskaran**  
Director  
DIN 02666053

**Sukumara Pillai**  
Head Accounts

# Consolidated Cash flow statement

## for the year ended 31<sup>st</sup> March 2018

(All amounts in ₹ unless otherwise stated)

Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	75,321,879	568,683,405
<b>Adjustments:</b>		
Depreciation and amortisation expense	4,431,842	3,913,685
Interest income on fixed deposit	(24,852,040)	(24,807,005)
Provision for non performing assets	150,296,043	28,913,693
Contingent provision against standard assets	7,593,357	12,070,816
Gain on sale of current investments	(16,883,059)	(5,663,876)
Loan loss written off	417,189,550	18,464,948
<b>Operating profit before working capital changes</b>	<b>613,097,572</b>	<b>601,575,666</b>
(Decrease) / increase in trade payables	1,297,960	2,783,249
(Decrease) / increase in other liabilities and provisions	108,670,910	91,851,472
(Increase) / decrease in other assets and loans and advances	(2,382,398,887)	(3,940,314,475)
<b>Cash used in operating activities</b>	<b>(1,659,332,445)</b>	<b>(3,244,104,088)</b>
Income taxes paid	(193,237,253)	(96,178,592)
<b>Net cash used in operating activities</b>	<b>A (1,852,569,697)</b>	<b>(3,340,282,680)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(8,049,989)	(6,428,173)
Purchase of non current investments	(258,810)	-
Purchase of current investments	(2,940,354,895)	(759,999,550)
(Increase) / decrease in other bank balances	(23,003,673)	(331,881,000)
Proceeds from sale of current investments	2,957,237,955	765,663,426
Interest received	3,661,490	23,173,400
<b>Net cash used in investing activities</b>	<b>B (10,767,922)</b>	<b>(309,471,897)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	3,480	216,460,985
Dividend on equity-preference shares and dividend tax	(29,538,322)	(25,660,848)
Proceeds from long-term borrowings (net)	1,790,992,219	2,918,485,600
Proceeds from short-term borrowings (net)	507,291	(848,826)
Redemption of preference share	-	-
Proceeds from issue of share warrants	-	-
<b>Net cash from financing activities</b>	<b>C 1,761,964,668</b>	<b>3,108,436,911</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(101,372,951)</b>	<b>(541,317,666)</b>
Cash and cash equivalents at the beginning of the year	245,886,961	787,204,627
<b>Cash and cash equivalents at the end of the year (refer note 1)</b>	<b>144,514,010</b>	<b>245,886,961</b>
<b>Note 1:</b>		
Cash and bank balances as per note 18	399,170,491	406,851,750
Less: other bank balances	254,656,481	160,964,789
<b>Cash and cash equivalents</b>	<b>144,514,010</b>	<b>245,886,961</b>

This is the Cash flow statement referred to in our report of even date.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.K. Sipani**  
Partner  
Membership No. 088926

**Place:** New Delhi  
**Date:** May 22, 2018

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**Yogen Khosla**  
CEO & Managing Director  
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Company Secretary

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Director  
DIN 02666053

**Sukumara Pillai**  
Head Accounts

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 1. Basis of preparation

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP"), including the Accounting Standards notified under Section 133 of Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014 (as amended) Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI applicable as per Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, as amended from time to time ('the NBFC Master Directions, 2016').

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current, wherein applicable as per the operating cycle of the Company as per the guidance as set out in the Schedule III of the Companies Act, 2013.

### 2. Principles of consolidation

- The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, and the Accounting Standards referred to in Section 133 and the relevant provisions of the Companies Act, 2013.
- Consolidated Financial Statements relates to M/s Capital Trust Limited (the Company) and its Subsidiaries M/s Capital Trust Microfinance Private Limited and M/s Capital Trust Housing Finance Private Limited, Companies incorporated in India.

The Company's interest in subsidiaries are as follows:

Name of Company	Date of shareholding	Country of incorporation	Percentage of holding
Capital Trust Microfinance Private Limited	26 September 2016	India	100%
Capital Trust Housing Finance Private Limited	14 August 2017	India	100%

The Consolidated Financial Statements are in conformity with the AS-21 referred to in Section 133 and the relevant provisions of the Companies Act, 2013 and prepared on the following basis:

- The financial statements of the company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating inter company balances and transactions.
- The consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except provision for depreciation for some assets, which is not material to the Consolidated Financial Statements.

### 3. Significant accounting policies

#### (a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### (b) Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/ non-current classification of assets and liabilities.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### (c) Property, plant and equipment (including intangible assets)

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure on fixed asset after its purchase or completion would be recognised as an asset, if it is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measure and attributed to the asset reliably.

The carrying amounts are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing, value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

### (d) Depreciation

- i) Depreciation on fixed assets has been charged at Straight Line method with reference to the economic useful life of its fixed assets as prescribed by Schedule II of the Companies Act, 2013. Depreciation on fixed assets disposed off during the year is provided on pro-rata basis with reference to the date of disposal.
- ii) Intangible Assets are amortized on a straight line basis over a period of 3 years from the date when the asset is available for use.

### (e) Investment

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or non-current based on management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment individually. Non-current investments are carried at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment.

### (f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

Interest on loans is recognized on accrual basis. Income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.

Loan processing fee received upfront are considered to be accrued at the time of entering into a binding agreement upon its receipt and are recognised as revenue immediately.

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.

Income from business correspondent activity is recognised on accrual basis as per the terms of arrangement entered into with the client bank. Revenue from Business Correspondent activities to the extent of services rendered but yet to be billed are treated as 'Unbilled revenue' and are disclosed under other current assets.

Dividend income is accounted when the right to receive the dividend is established.

### (g) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### (h) Investment

Investments are classified as Current and Non-current investments. Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made,

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

are classified as current investments. Current Investments are carried at lower of cost or fair value. Non-current investments are stated at cost, provision for diminution in the value is made to recognize a decline other than temporary in the value of such investments.

### (i) Asset classification and provisioning

Loan asset classification of the company is given in the table below:

Particulars	Criteria
Standard asset	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Sub-standard assets	An asset for which, interest/principal payment has remained overdue for more than 3 months and less than 12 months
Doubtful assets	An asset for which, interest/principal payment has remained overdue for a period of 12 months or more.

### (j) Provisioning policy for loan portfolio

Provision for loan portfolio has been made in accordance with the provisioning requirements for NBFC-ND-SI issued by the RBI vide its circular numbered DNBR.PD. 088/03.10.119/2016-17 dated 1 September 2016 updated as on 9 March 2017. The guidelines requires a minimum provision

- (i) 0.40% of the outstanding loan portfolio of standard assets.
- (ii) 10% of the aggregate unsecured loan instalments which are overdue for more than 3 months and less than 12 months and
- (iii) 100% of the aggregate loan instalments which are overdue for 12 months or more.

### (k) Retirement & Employee Benefits

- (i) Define Contribution Plan  
The Company makes specified monthly

contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

### (ii) Define Benefit Plan

Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation as per projected unit credit method made at the end of each financial year. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

### (iii) Share Based Payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The scheme provides that subject to continued employment with the Company, employees of the Company are granted an option to acquire equity shares of the Company that may be exercised within a specified period. The Company follows the intrinsic value method for computing the compensation cost for all options granted which will be amortized over the vesting period. Measurement and disclosure of the employee share-based payment Schemes are done in accordance with the Guidance Note on Accounting for Employee Sharebased Payments, issued by the Institute of Chartered Accountants of India.

### (iv) Other short term benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Expenses relating to other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### (l) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### (m) Current Tax and Deferred Tax

Tax expense comprises of current and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future and the same is reviewed at each balance sheet.

### (n) Foreign Currency Transactions

- i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

### (o) Cash and cash equivalent

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

### (p) Leases

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of profit and loss on a straight line basis over the lease period unless another systematic basis is more representative of the time pattern of the benefit.

### (q) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Primary Segments are identified based on the nature of products, the different risks and returns and the internal business reporting system. Revenue, Expense, Assets and Liabilities which relate to the Company as a whole and could not be allocated to segments on a reasonable basis, has been classified as unallocated. Secondary segment is identified based on geography by location of customers i.e. in India and outside India. Inter-segment revenue have been accounted for based on the transaction price agreed to between the segments, which is primarily market based.

### (r) Earning per equity share

The Company reports basic and diluted earning per share in accordance with Accounting Standard-20 on "Earning Per Share". Basic earning per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 4 Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
<b>(a) Authorised share capital</b>				
Equity shares of ₹10 each	30,000,000	300,000,000	19,000,000	190,000,000
		<b>300,000,000</b>		<b>190,000,000</b>
<b>(b) Issued, subscribed and paid-up capital</b>				
Equity shares of ₹10 each	16,361,415	163,614,150	16,361,415	163,614,150
		<b>163,614,150</b>		<b>163,614,150</b>
<b>(c) Reconciliation of the equity share capital</b>	Number	Amount	Number	Amount
Balance at the beginning of the year	<b>16,361,415</b>	<b>163,614,150</b>	14,667,500	146,675,000
Add: Shares issued during the year	-	-	1,693,915	16,939,150
<b>Balance at the end of the year</b>	<b>16,361,415</b>	<b>163,614,150</b>	<b>16,361,415</b>	<b>163,614,150</b>

#### (d) Terms, rights and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share (previous year Rs. 10 per share). All issued shares rank pari-passu and have same voting rights per share. The Company declares and pays dividend in indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (e) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	Number	%	Number	%
Yogen Khosla	7,942,917	48.55%	7,894,524	48.25%
Indo Crediop Private Limited	2,844,885	17.39%	2,845,885	17.39%
Lighthouse Emerging India Investors Limited	403,481	2.47%	2,825,000	17.27%
India 2020 II Investors Limited	2,421,519	14.80%	-	-
<b>Total</b>	<b>13,612,802</b>	<b>83.21%</b>	<b>13,565,409</b>	<b>82.91%</b>

(f) During the previous year ended 31st March 2017 143,915 equity share were allotted to Capital Employee Welfare Trust at a price of ₹559 aggregating to ₹80,448,490 under the scheme of Capital Trust Employee Option Scheme 2016.

#### (i) Forfeited share warrant

	As at 31 March 2018	As at 31 March 2017
Share warrant application money	-	54,331,875
	-	<b>54,331,875</b>

(h) During the year, no share warrants were pending for conversion into equity shares (previous year, 1,550,000 share warrants held by Managing Director were converted into equal number of equity shares at a price of Rs. 117 per equity share, balance 1,857,500 share warrants aggregating to Rs. 54,331,875 was forfeited).

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

5 Reserve and surplus	31 March 2018	31 March 2017
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	54,559,275	227,400
Add: Forfeiture of 1,857,500 share warrants	-	54,331,875
<b>Balance at the end of the year</b>	<b>54,559,275</b>	<b>54,559,275</b>
<b>(b) Capital redemption reserve</b>		
Balance at the beginning of the year	30,000,000	30,000,000
Add : Amount transfer from statement of profit and loss	-	-
<b>Balance at the end of the year</b>	<b>30,000,000</b>	<b>30,000,000</b>
<b>(c) Securities premium reserve</b>		
Balance at the beginning of the year	1,327,896,635	1,083,037,300
Add: Premium on conversion of share warrant into equity shares	-	165,850,000
Add: Premium on issue of equity shares to Capital Employee Welfare Trust	-	79,009,335
<b>Balance at the end of the year</b>	<b>1,327,896,635</b>	<b>1,327,896,635</b>
<b>(d) General reserve</b>		
Balance at the beginning of the year	3,456,545	3,456,545
Add:/Less: Addition/Deletions	-	-
<b>Balance at the end of the year</b>	<b>3,456,545</b>	<b>3,456,545</b>
<b>(e) Statutory reserve</b>		
under sections 45-IC of RBI Act, 1934		
Balance at the beginning of the year	147,209,138	69,783,716
Add: Additions during the period*	12,457,189	77,425,422
<b>Balance at the end of the year</b>	<b>159,666,327</b>	<b>147,209,138</b>
<b>(f) Surplus/(deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	477,266,493	176,120,459
Profit for the year	13,729,545	378,571,456
Less: Transferred to reserve fund u/s 45 IC of RBI act 1934*	12,457,189	77,425,422
Less: Dividend paid	24,542,123	-
Less: Corporate dividend tax	4,996,199	-
<b>Balance at the end of the year</b>	<b>449,000,527</b>	<b>477,266,493</b>
	<b>2,024,579,309</b>	<b>2,040,388,086</b>

\* Statutory reserve

In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, 20% of the profit after tax for the year has been transferred to the Statutory Reserve.

The Board has recommended dividend of Rs. 0.50 (fifty paise only) per share on 16361415 equity shares (previous year Rs. 1.50 (One Rupee and fifty paise only) per share on 16361415, which is subject to approval by the shareholders in annual general meeting.



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 6. Long-term borrowings

	As at 31 March 2018		As at 31 March 2017	
	Non Current	Current Maturities	Non Current	Current Maturities
<b>Term loans</b>				
<b>Secured</b>				
from banks	1,018,481,332	523,119,226	1,127,267,789	373,683,545
from financial institutions	313,674,424	215,610,788	228,785,212	121,214,788
from corporate entities	1,526,538,626	1,275,748,386	441,880,808	802,398,421
	2,858,694,382	2,014,478,400	1,797,933,809	1,297,296,754
<b>Unsecured</b>				
from corporate entities(related party)	-	-	1,000,000	-
from corporate entities	14,050,000	-	-	-
from corporate entities (subordinate debt)	450,000,000	-	450,000,000	-
	464,050,000	-	451,000,000	-
	3,322,744,382	2,014,478,400	2,248,933,809	1,297,296,754
Less: Current maturities of long-term borrowings	-	2,014,478,400	-	1,297,296,754
<b>Total borrowings</b>	<b>3,322,744,382</b>	<b>-</b>	<b>2,248,933,809</b>	<b>-</b>

#### a. Terms and conditions of loans taken

Name of the lender	Rate of Interest	No. of Installments	Periodicity	Outstanding as at 31 Mar. 2018	Outstanding as at 31 Mar. 2017
AU Financier (india) Limited	15.75%( P.Y 15.75% to 16%)	Nil (P.Y 10)	Monthly	-	13,888,886
Andhra Bank	12.25%( P.Y 12.90%)	17(P.Y 29)	Monthly	70,833,333	120,837,931
Bank of India	12%(P.Y 12%)	36(P.Y 48)	Monthly	166,666,840	88,888,912
Bank of Maharashtra	13.2%( P.Y 13.50%)	17(P.Y 29)	Monthly	31,496,060	53,700,000
DCB Bank Limited	12.29%( P.Y 13.40%)	5( P.Y 17)	Monthly	7,575,800	25,757,600
HDFC Bank Auto Premium Loan	8.14%( P.Y Nil)	38( P.Y Nil)	Monthly	1,972,919	-
Hinduja Leyland Finance Limited	12.02% to 13.17%(P.Y Nil)	13 to 24(P.Y Nil)	Monthly	96,077,401	-
IDBI Bank Limited	12%( P.Y 12.75%)	10( P.Y 22)	Monthly	57,000,000	123,000,000
Karur Vysya Bank	12.25%(P.Y Nil)	26( P.Y Nil)	Monthly	92,857,136	-
Manaveeya Development and Finance Pvt Ltd	15.5%( P.Y 15.5%)	2(P.Y 6)	Quarterly	8,334,000	25,002,000
MAS Financial Services Ltd	14.00% to 14.75%( P.Y 14% to 16.75%)	1 to 12( P.Y 13 to 24)	Monthly	217,500,004	306,458,321
Moneywise Financial Services Pvt Ltd	13.9%( P.Y 13.90%)	3 to 7( P.Y 7)	Quarterly	95,800,000	87,500,000
Muthoot Capital Services Limited	14.25%( P.Y 15%)	2 to 24( P.Y 6)	Quarterly	75,000,004	75,000,000
Nabard Financials Service Limited	13.5%( P.Y 13.5%)	4( P.Y 8)	Quarterly	33,333,336	66,666,668
Nabkishan Finance Limited	12.25%( P.Y 13%)	3 to 7( P.Y 7)	Quarterly	128,409,088	95,454,544
Nabsamruddhi Finance Limited	13%( P.Y 13%)	4( P.Y 8)	Quarterly	33,332,000	66,664,000
Reliance Capital limited	14%(P.Y 14%)	1(P.Y Nil)	Monthly	3,634,621	106,948,267
Shriram City Union Finance Limited	13.48%(P.Y Nil)	22( P.Y Nil)	Monthly	97,932,734	-
Small Industries Development Bank of India	12.40% to 12.75%( P.Y 12.75%)	32( P.Y 44)	Monthly	118,600,000	163,000,000
State Bank of India	11% to 12.10%( P.Y 12.10% to 12.40%)	28 to 31( P.Y 40 to 43)	Monthly	219,698,829	312,500,013
Toyota Financial Services	8.65%(P.Y Nil)	39(P.Y Nil)	Monthly	1,042,926	-
Uco Bank	12.5%(P.Y Nil)	38(P.Y Nil)	Monthly	175,935,970	-
Union Bank of India	11.6%(P.Y Nil)	42(P.Y Nil)	Monthly	194,444,444	-
Capital First Limited	12.70%-13.00%(P.Y Nil)	32-40(P.Y Nil)	Monthly	931,216,936	-
Yes Bank Limited	11.6%( P.Y 11.6%)	Nil (P.Y. 8)	Monthly	-	66,666,667
<b>Bullet Repayment schedule</b>					
Capital First Limited	16%( P.Y 17% to 18%)	At the end of 84th month	Bullet Repayment	450,000,000	450,000,000
VK Consultants Private Limited	15.5%(P.Y Nil)	1	Bullet Repayment	14,050,000	-
Moonlight Equity Private Limited	Nil (P.Y 16%)	Nil (P.Y 1)	Bullet Repayment	-	1,000,000
				<b>3,322,744,382</b>	<b>2,248,933,809</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### b. Terms and conditions of secured loans and nature of security

- a. Term loans from banks and financial institutions except loan from Manaveeya Development and Finance Private Limited, which is secured by way of only hypothecation of loan receivables, are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.
- b. Vehicle loans from HDFC Bank were secured against hypothecation of respective vehicles.
- c. In addition to the above, following loans are also secured by way guarantees:
  1. All term loans from MAS Financial Services Ltd are secured by way of personal guarantee of all directors.
  2. Terms loans from AU Financiers (India) Limited, Bank of India, IDBI Bank Limited and Moneywise Financial Services Private Limited are secured by way of personal guarantee of Managing Director and corporate guarantee of a shareholder.
  3. Term loans from DCB Bank Limited, Andhara Bank, State Bank of India, Small Industries Development Bank of India, Nabkishan Finance Limited and Nabsamruddhi Finance Limited are secured by way of personal guarantee of Managing Director.
  4. Term loan from Manaveeya Development and Finance Private Limited is secured by way of personal guarantee of Managing Director and a Director.

	As at 31 March 2018	As at 31 March 2017
<b>7 Non Current Liabilities</b>		
Recovered Premium Payable to insurance company	52,213,870	70,087,430
	<b>52,213,870</b>	<b>70,087,430</b>
<b>8 Long-term provisions</b>		
<b>Provision for employee benefits (refer note no. 31)</b>	6,486,575	5,244,394
<b>Others:</b>		
Contingent provision against standard assets	9,250,512	11,338,132
Provision for substandard and doubtful assets(refer note no. 33(8)(e))	113,736,564	25,098,670
	<b>129,473,651</b>	<b>41,681,196</b>
<b>9 Short-term borrowings</b>		
<b>Secured</b>		
Cash credit facility from a bank \$	49,768,648	49,261,357
	<b>49,768,648</b>	<b>49,261,357</b>

\$ Cash credit from Bank is secured against assignment of small enterprise finance receivables on first charge in specific book debts and further personal guarantee of Managing Director.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	As at 31 March 2018	As at 31 March 2017
<b>10 Trade Payables</b>		
Dues to micro, small and medium enterprise	-	-
Dues to others **	7,357,444	6,059,484
	<b>7,357,444</b>	<b>6,014,484</b>

\*\* The Company has not received any intimation from any of its suppliers regarding their status under the Micro Small Medium Enterprises Act, 2006, hence, disclosures, relating to amounts unpaid as at the year end along with interest if any payable as required under the said Act have not been given.

	As at 31 March 2018	As at 31 March 2017
<b>11 Other current liabilities</b>		
Current maturities of long-term borrowings (refer note no. 6)	2,014,478,400	1,297,296,754
Interest accrued but not due on borrowings	32,330,721	14,910,677
Advance EMI received	1,604,891	2,247,017
Unpaid dividend*	2,321,808	1,633,789
Statutory dues payable	28,532,553	7,691,690
Interest and principal payable on direct assignment	29,889,814	-
Recovered Premium Payable to insurance company	136,078,843	-
Employees emoluments	32,163,276	20,563,255
Other liabilities	3,442,883	26,410,254
	<b>2,280,843,188</b>	<b>1,370,753,436</b>

\* Not due for deposit in the investor education and protection fund

<b>12 Short-term provisions</b>		
Provision for employee benefits (refer note no 31)	1,588,335	1,284,204
<b>Others</b>		
Provision for taxation (net of advance tax)	19,684,225	139,682,151
Contingent provision against standard assets	15,794,053	11,676,859
	<b>37,066,613</b>	<b>152,643,214</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 13 Tangible assets

Particulars	Plant & equipment	Computer	Furniture & fixtures	Vehicles	Office equipment	Total
<b>Gross block</b>						
At 01 April 2017	1,874,729	7,218,948	7,275,949	4,796,600	1,929,398	<b>23,095,624</b>
Additions	-	214,264	1,517,122	5,153,288	948,315	<b>7,832,989</b>
Disposals	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>1,874,729</b>	<b>7,433,212</b>	<b>8,793,071</b>	<b>9,949,888</b>	<b>2,877,713</b>	<b>30,928,613</b>
<b>Depreciation</b>						
At 01 April 2017	1,022,239	3,632,279	1,241,971	2,930,153	605,780	<b>9,432,422</b>
Charge for the Year	333,127	1,621,705	828,982	1,097,774	398,442	<b>4,280,030</b>
Disposals / Adjustments	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>1,355,365</b>	<b>5,253,984</b>	<b>2,070,953</b>	<b>4,027,927</b>	<b>1,004,222</b>	<b>13,712,451</b>
<b>Net block</b>						
<b>At 31 March 2018</b>	<b>519,364</b>	<b>2,179,228</b>	<b>6,722,118</b>	<b>5,921,961</b>	<b>1,873,491</b>	<b>17,216,162</b>
<b>At 31 March 2017</b>	<b>3,530,870</b>	<b>3,586,669</b>	<b>3,467,739</b>	<b>1,866,447</b>	<b>1,211,477</b>	<b>13,663,202</b>

### Intangible assets

Particulars	Software	Total
<b>Gross block</b>		
At 01 April 2017	385,594	<b>385,594</b>
Additions	217,000	<b>217,000</b>
Disposals	-	-
<b>At 31 March 2018</b>	<b>602,594</b>	<b>602,594</b>
<b>Depreciation</b>		
At 01 April 2017	263,724	<b>263,724</b>
Charge for the Year	151,183	<b>151,183</b>
Disposals / Adjustments	-	-
<b>At 31 March 2018</b>	<b>415,537</b>	<b>415,537</b>
<b>Net block</b>		
<b>At 31 March 2018</b>	<b>187,057</b>	<b>187,057</b>
<b>At 31 March 2017</b>	<b>121,870</b>	<b>121,870</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	As at 31 March 2018	As at 31 March 2017
<b>14 Non-current investments</b>		
<b>Investment in others</b>		
10,000 (Previous Year 10,000) Equity Shares fully paid in Asavi Financial Services Limited	81,100	81,100
2,400 (Previous Year 2,400) Equity Shares fully paid in Indo Deutch Proteins Limited	1	1
3,600 (Previous Year 3,600) Equity Shares fully paid in Tina Electronics Limited	1	1
2,000 (Previous Year 2,000) Equity Shares fully paid in Parasrampur Industries Limited	1	1
14,800 (Previous Year 14,800) Equity Shares fully paid in Naina Semiconductors Limited	1	1
Less: Provision for diminution	81,099	81,099
<b>In mutual funds (Non-trade, unquoted)</b>		
1,50,000 units (Previous Year 1,50,000 units) in Investment SBI Dual Advantage Fund-Series XIV-Reg-Growth-MF	1,758,810	1,500,000
	<b>1,758,815</b>	<b>1,500,005</b>
<b>Aggregate amount of Quoted Investments</b>	<b>1,758,810</b>	<b>1,500,000</b>
<b>Aggregate amount of Unquoted Investments</b>	<b>81,100</b>	<b>81,100</b>
<b>Aggregate market value of Quoted Investments</b>	<b>1,758,810</b>	<b>1,500,000</b>
<b>Aggregate value of provision for dimuntion</b>	<b>81,099</b>	<b>81,099</b>
<b>15 Deferred tax asset (Net)</b>		
Deferred tax liability arising on account of fixed assets	109,136	583,535
<b>Total deferred tax liability</b>	<b>109,136</b>	<b>583,535</b>
<b>Deferred tax assets arising on account of</b>		
Amount allowable on payment basis	4,037,132	3,662,742
Provision against Loan Assests	25,292,563	14,497,837
<b>Total deferred tax assets</b>	<b>29,329,694</b>	<b>18,160,579</b>
<b>Deferred tax assets (net)</b>	<b>29,220,558</b>	<b>17,577,044</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 16 Loans and advances

(Unsecured, unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Long-Term	Short-Term	Long-Term	Short-Term
(a) Loan to customers				
Unsecured, considered good*	2,312,628,105	3,948,513,251	1,506,670,678	3,479,388,756
Unsecured, considered doubtful**	829,361,322	54,483,476	222,454,899	-
(b) Security deposits [refer (i) below]	74,500,000	71,715,496	95,500,000	44,295,496
(c) Loan to related Parties:				
-Capital Employee Welfare Trust	80,510,000	-	80,510,000	-
(d) Other loans & advances				
Prepaid expenses	45,927	1,028,169	-	4,608,447
Unamortised Ancillary cost of arranging the borrowings	43,902,674	29,259,881	42,035,891	19,222,123
Loan to employees	-	-	-	44,310
Loans pending disbursement	-	-	-	101,097
(e) Advances recoverable in cash or kind	-	29,379,236	-	17,811,738
Less: Provision for doubtful advances	-	1,281,511	-	1,281,511
	-	28,097,725	-	16,530,227
	<b>3,340,948,028</b>	<b>4,133,097,998</b>	<b>1,947,171,468</b>	<b>3,564,190,456</b>

\* Represents standard assets classified in accordance with the RBI prudential norms (refer note 16(a))

\*\* Represents non-performing assets classified in accordance with the RBI prudential norms (refer note 16(a))

(i) Represents deposits placed as margin money to avail term loans from financial institutions.

### 16(a) Loan to customers

Loans to customers has been classified in accordance with the directives issued by RBI prudential norms, read with accounting policy.

The details are as follows:

As at 31 March 2018			
Asset Classification	Classification criteria	Amount outstanding	Provision
Standard assets	Outstanding for less than 3 month	6,261,141,356	25,044,565
Non-performing assets	Outstanding for 3 month or more	883,844,798	113,736,564
<b>Total</b>		<b>7,144,986,154</b>	<b>138,781,129</b>

As at 31 March 2017			
Asset Classification	Classification criteria	Amount outstanding	Provision
Standard assets	Outstanding for less than 4 month	4,986,059,434	17,451,208
Non-performing assets	Outstanding for 4 month or more	222,454,899	30,662,453
<b>Total</b>		<b>5,208,514,333</b>	<b>48,113,661</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

17 Other assets	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Bank deposits with maturity over 12 months @	102,550,000	-	172,550,000	-
Interest accrued but not due	10,357,264	26,249,638	-	15,416,353
Input tax credit	-	5,748,624	-	-
Other receivables	-	1,156,622	-	4,380,014
	<b>112,907,264</b>	<b>33,154,884</b>	<b>172,550,000</b>	<b>19,796,367</b>

@ Represents deposits placed as margin money to avail term loans from banks and financial institutions.

18 Cash and bank balances	As at 31 March 2018	As at 31 March 2017
<b>Cash and Cash Equivalents</b>		
- in current accounts	139,458,237	239,302,118
Cash on hand	5,055,774	6,584,843
<b>Earmarked balances with banks</b>		
- Unpaid dividend account	2,321,808	1,633,789
<b>Other bank balances</b>		
Bank deposits with maturity of less than 12 months \$\$	252,334,673	159,331,000
	<b>399,170,491</b>	<b>406,851,750</b>

\$\$ Represents deposits placed as margin money to avail term loans from banks and financial institutions.

19 Revenue from operations	Year ended 31 March 2018	Year ended 31 March 2017
<b>Sale of services</b>		
Interest on loan to customers	1,336,931,325	762,961,872
<b>Other operating revenues</b>		
Loan processing fee	93,758,400	92,389,750
Mortgage and verification fee	253,582,232	72,158,773
Other fee income	56,913,000	63,312,500
Commission income	6,563,625	62,033,479
Portfolio management fee	18,913,522	136,562,377
Interest income on security deposits on loan	12,450,917	11,629,794
	<b>1,779,113,021</b>	<b>1,201,048,545</b>

20 Other income	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on fixed deposit	24,852,040	24,807,005
Gain on sale of current investments	16,883,059	5,663,876
Miscellaneous income	293,572	16,246,663
	<b>42,028,671</b>	<b>46,717,544</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	Year ended 31 March 2018	Year ended 31 March 2017
<b>21 Employee benefit expense</b>		
Salaries, wages and bonus	260,434,996	180,760,563
Contribution to provident fund and other funds	20,513,754	11,815,087
Staff welfare expenses	11,692,995	9,675,310
	<b>292,641,745</b>	<b>202,250,960</b>
<b>22 Finance costs</b>		
Interest expenses	621,624,496	265,782,397
Other borrowing costs	26,668,246	19,995,536
	<b>648,292,742</b>	<b>285,777,933</b>
<b>23 Other expenses</b>		
Rates & Taxes	6,333,118	4,229,281
Electricity	3,676,363	2,342,596
Rent	30,401,720	26,162,672
Reversal of input GST Credit	16,322,430	-
Repairs and maintenance -Others	11,890,206	13,067,347
Insurance	1,809,491	970,366
Professional and consultancy	21,502,888	21,925,103
Directors sitting fee	88,000	48,000
Business promotion expenses	17,151,252	608,819
Travelling and conveyance #	61,145,784	37,383,358
Communication costs	11,759,409	8,242,457
Printing and stationery	7,229,524	5,903,005
Commission	568,656	100,000
Verification Expenses	21,689,500	-
Payment to auditors (refer note (a) below)	533,390	898,750
Bank charges	9,250,507	2,666,528
Portfolio loan written off	417,189,550	18,464,948
Provision for non performing assets	150,296,043	28,913,693
Contingent provision against standard assets	7,593,357	12,070,816
Miscellaneous expenses \$	4,022,296	3,142,367
	<b>800,453,484</b>	<b>187,140,106</b>
# Travelling and conveyance includes expenses of directors Rs. 568,575 (Previous year Rs. 275,120)		
\$ including fee paid for increase in authorised share capital Rs. 990,000 (Previous year Rs. NIL).		
(a) <b>Payment to auditors</b>		
<b>As auditors</b>		
Statutory audit	360,000	788,750
Tax audit	-	110,000
Certification fee *	145,870	-
Reimbursement of expenses **	27,520	-
	<b>533,390</b>	<b>898,750</b>

\* including certification fee paid to previous auditor Rs. 70870.

\*\* including certification fee paid to previous auditor Rs. 18260.



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

		As at 31 March 2018	As at 31 March 2017
<b>23 Basic and Diluted Earning Per Share</b>			
The following reflects the profit and share data used in the basic and diluted EPS computations:			
<b>Profit for the year</b>	<b>Rs.</b>	<b>13,726,065</b>	<b>378,571,456</b>
Less: Minority interest		-	-
Profit attributable to the Equity Shareholders		13,726,065	378,571,456
Equity Shares Outstanding at the beginning of the year	Numbers	16,361,415	14,667,500
Equity Shares Outstanding at the end of the year	Numbers	16,361,415	16,361,415
Weighted Number of Equity Shares	Numbers	16,361,415	15,284,735
Earning Per Share of Rs. 10 Each			
- Basic	Rs.	<b>0.84</b>	<b>24.77</b>
- Diluted	Rs.	<b>0.84</b>	<b>24.77</b>

### 25 Contingent liabilities not provided for

Claims against the Company not acknowledged as debts	<b>28,600</b>	61,300
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\* Based on the expert opinion obtained by the company, crystallisation of liability on these items is not considered probable.

**26** The Company has given interest free collateral free loan of Rs. 8,05,10,000 (Previous Year Rs. 8,05,10,000) in earlier year to Capital Employee Welfare Trust under the scheme Employee Stock Option Scheme ("ESOP") to purchase equity shares of the company under such scheme. The loan is repayable by the trust under a back to back arrangement by the trust with the employees of the company.

**27** The Company has created ESOP Trust for the welfare of employees in the name of Capital Employees Welfare Trust. That the Trust is holding 143915 Equity shares in the company in the category of Non promoter Non Public. The Trust has not granted any options to the employees yet.

**28** Rs. 65,63,625 ( previous year Rs. 6,20,33,479) received as commission during the year from Yes Bank Limited on account of business correspondent (BC) agreement with the Bank. This BC commission is earned by the company on facilitation of advances in rural as well as urban areas on behalf of Yes Bank Limited. Total exposure of Yes Bank Limited on this portfolio is Nil as on 31 March 2018 (previous year Rs. 34,32,18,281).

### 29 Segment Reporting

The Company operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e., domestic market.

### 30 Operating Lease

Office premises are obtained on operating lease. Lease payments made under cancellable operating lease aggregating to Rs. 3,04,01,720 (previous year: Rs. 2,61,62,672) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss. profit and loss.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	Year ended 31 March 2018	Year ended 31 March 2017			
<b>31 Disclosure as per accounting standard - 15 (Employees' Benefit)</b>					
<b>a) Defined Contribution Plan-</b>					
<b>The company has been recognized following amounts in statement of Profit &amp; Loss for the year</b>					
Employer's contribution to provident fund	9,544,586	6,818,937			
<b>b) Defined benefit plan - gratuity (funded)</b>					
<b>The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005):</b>					
<b>Statement of profit and loss</b>					
<b>i) A reconciliation of opening &amp; closing balances of the present value of defined benefit (DBO)</b>					
Opening DBO	7,261,645	6,693,116			
Past & Current service cost	3,136,498	761,827			
Interest cost	464,745	515,370			
Benefits paid	(28,269)	(1,383,462)			
Actuarial (gain)/losses	(1,890,080)	674,794			
<b>Closing defined benefit obligation</b>	<b>8,944,539</b>	<b>7,261,645</b>			
<b>ii) A reconciliation of opening &amp; closing balances of the fair value of plan assets</b>					
Opening Fair Value of Plan Assets	733,047	1,417,690			
Expected Return on Plan Assets	60,476	127,592			
Actuarial Gain /( loss) on Plan Assets	(989)	(74,398)			
Contributions by the employer	105,364	645,625			
Benefits Paid	(28,269)	(1,383,462)			
<b>Closing Fair Value of Plan Assets</b>	<b>869,629</b>	<b>733,047</b>			
<b>iii) A reconciliation of present value of the defined benefit obligation &amp; the fair value of the plan assets to the assets recognized in the balance sheet</b>					
Present value of defined benefit obligation at the end of the period	8,944,539	7,261,645			
Fair value of plan assets at the end of the year	869,629	733,047			
<b>Liability recognised in balance sheet</b>	<b>8,074,910</b>	<b>6,528,598</b>			
<b>iv) The total expense recognised in the statement of Profit &amp; Loss</b>					
Past & Current service cost	3,136,498	761,827			
Interest cost	464,745	515,370			
Expected return on plan assets	(60,476)	(127,592)			
Actuarial (gain)/loss	(1,889,091)	749,192			
<b>Net Gratuity Cost</b>	<b>1,651,676</b>	<b>1,898,797</b>			
<b>v) Following are the principal actuarial assumptions used as the balance sheet date :</b>					
Discount rate	6.80	6.40			
Expected rate of return on plan assets	8.12	8.25			
Average salary escalation rate	10.00	10.00			
Average remaining working life of the employees(years)	31.35	31.00			
<b>vi) Disclosure as required under Para120(n)</b>					
<b>Amount recognised in current year and previous four years</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Present value of DBO	<b>8,944,539</b>	7,261,645	6,693,116	5,815,540	4,607,123
Fair value of Plan assets	<b>869,629</b>	733,047	1,417,690	1,220,475	1,049,989
Surplus/(deficit) in the plan	<b>(8,074,910)</b>	(6,528,598)	(5,275,426)	(4,595,065)	(3,557,134)
Experience adjustments on plan liabilities loss	<b>(1,890,080)</b>	674,794	73,024	7,545	(108,563)
Experience adjustments on plan assets gain/(loss)	<b>(989)</b>	(74,398)	-	(5,059)	(4,824)

The estimates of the future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 32 Related party disclosure

As per Accounting Standard-18 (Related Party Disclosures) to the extent identified by the Company

#### 1. Name of related parties and description of relationship

Key Management Personnel (KMP)	Mr. Yogen Khosla (Managing Director) Mrs. Anju Khosla (Executive Director, Wife of Managing Director)
Relatives of Key Management Personnel	Mr. Vahin Khosla (Son of Managing director) Mr. Yuv Vir Khosla (Son of Managing director)
Enterprise over which KMP and their relatives is having significant influence	Indo Crediop Private Limited Moonlight Equity Private Limited Capital Trust Housing Finance Private Limited (upto 13 August 2017) Capital Employee Welfare Trust

#### 2. Transactions with related parties during the year

Nature of transactions	Subsidiary	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprise over which KMP & their relatives can exercise significant influence
<b>Loan taken</b>				
Indo Crediop Private Limited		-	-	6,500,000
		-	-	(146,500,000)
Moonlight Equity Private Limited		-	-	37,300,000
		-	-	(54,000,000)
<b>Loan repaid</b>				
Moonlight Equity Private Limited		-	-	38,300,000
		-	-	(83,500,000)
Indo Crediop Private Limited		-	-	6,500,000
		-	-	(146,500,000)
<b>Loan given</b>				
Capital Employee Welfare Trust		-	-	-
		-	-	(80,510,000)
Moonlight Equity Private Limited		-	-	-
		-	-	(10,000,000)
<b>Equity shares issued</b>				
Capital Employee Welfare Trust		-	-	-
		-	-	(8,04,48,485)
Mr. Yogen Khosla		1,000	-	-
		(18,13,50,000)	-	-
<b>Interest Paid</b>				
Moonlight Equity Private Limited		-	-	7,43,233
		-	-	(44,23,889)
Indo Crediop Private Limited		-	-	4,36,566
		-	-	(48,51,947)

## Consolidated Notes to financial statements

for the year ended 31<sup>st</sup> March 2018

Nature of transactions	Subsidiary	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprise over which KMP & their relatives can exercise significant influence
<b>Interest received</b>				
Moonlight Equity Private Limited		-	-	-
		-	-	(574,247)
<b>Service fee received</b>				
Capital Trust Microfinance Private Limited		-	-	-
		-	-	(2,715,692)
<b>Remuneration</b>				
Mr. Yogen Khosla (Managing Director)		11,905,576	-	-
		(8,060,962)	-	-
Mrs. Anju Khosla		6,735,592	-	-
		(4,497,787)	-	-
Mr. Vahin Khosla		-	2,958,600	-
		-	(1,788,656)	-
Mr. Yuv Vir Khosla		-	1,347,114	-
		-	(-)	-
<b>Outstanding balance at the year end</b>				
<b>Loans &amp; Advances:</b>				
Capital Employee Welfare Trust		-	-	80,510,000
		-	-	(80,510,000)
<b>Unsecured Loans:</b>				
Moonlight Equity Private Limited		-	-	-
		-	-	(1,000,000)
<b>Interest Payable:</b>				
Indo Crediop Private Limited		-	-	92,867
		-	-	(-)
Moon Light Equity Pvt Ltd		-	-	(-)
		-	-	(40,044)
<b>Salary payable:</b>				
Mr. Yogen Khosla (Managing Director)		1,151,000	-	-
		(400,000)	-	-
Mrs. Anju Khosla		693,000	-	-
		(308,000)	-	-
Mr. Vahin Khosla		-	310,860	-
		-	(-)	-
Mr. Yuv Vir Khosla		-	194,738	-
		-	(-)	-

Apart from above Managing director and a director of the company has given corporate guarantees to the bankers to secure loan availed by the company.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 33 Additional disclosures pursuant to the RBI guidelines and notification:

	31 March 2018	31 March 2017
<b>1) Capital</b>		
<b>Items</b>		
Capital to risk / weighted assets ratio (CRAR) (%)	33.34%	43.04%
CRAR-Tier I capital (%)	27.15%	35.10%
CRAR-Tier II capital (%)	6.19%	7.94%
Amount of Subordinate debt raised as Tier-II capital	450,000,000	450,000,000
Amount raised by issue of perpetual debt instruments	-	-
<b>2) Investments</b>		
<b>(A) Value of investments</b>		
i) Gross value of investments		
(a) In India	1,839,910	1,581,100
(b) Outside India	-	-
ii) Provision for depreciation		
(a) In India	81,099	81,099
(b) Outside India	-	-
iii) Net value of Investments		
(a) In India	1,758,815	1,500,005
(b) Outside India	-	-
<b>(B) Movement of provisions held towards depreciation on investments</b>		
i) Opening balance	81,099	81,099
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off/write-back of excess provisions during the year	-	-
iv) Closing balance	81,099	81,099
<b>3) Derivatives</b>		
The Company does not have any derivatives exposure in the current and previous year		
<b>4) Disclosure relating to Securitisation</b>		
<b>A) The Company does not have any Securitisation exposure in the current and previous year</b>		
<b>B) Details of Financial assets sold to securitisation / reconstruction company for assets reconstruction</b>		
The company has not sold any financial assets to Securitisation / Reconstruction company for assets reconstruction during the current and previous year.		
<b>C) Details of Assignment transactions undertaken by applicable NBFCs</b>		
(i) No. of accounts	12,742	4,653
(ii) Aggregate value (net of provisions) of accounts sold	867,506,368	112,733,354
(iii) Aggregate consideration	867,506,368	103,264,372
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	2,168,748
<b>D) Details of non performing financials assets purchased / sold</b>		
The company has not purchased / sold any non-performing financial assets (relating to securitisation) during the current and previous year		

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

### 5) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

Particulars	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	328,779,786	366,210,325	335,507,064	1,052,186,499	1,946,080,061	3,090,114,860	104,423,444	2,194,115	<b>7,225,496,154</b>
Investments *	-	-	-	-	-	1,758,810	-	5	<b>1,758,815</b>
Borrowings #	147,373,480	172,641,040	209,063,453	538,640,248	1,076,496,838	2,167,096,218	625,680,152	450,000,000	<b>5,386,991,429</b>

Maturity pattern of certain items of assets and liabilities as at 31 March 2017

Particulars	Upto 30/ 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	435,773,239	449,210,268	437,030,421	706,628,840	1,450,742,240	1,391,703,929	317,725,772	19,699,624	5,208,514,333
Investments *	-	-	-	-	-	1,500,000	-	5	1,500,005
Borrowings #	80,865,272	98,449,262	136,704,927	329,761,053	651,516,250	1,517,695,922	281,237,876	450,000,000	3,546,230,563

\* Net of provision

# excluding interest accrued thereon

### 6) Exposure

#### (a) Exposure to real estate sector

The Company does not have any real estate exposure in the current and previous year.

#### (b) Exposure to capital market

The Company does not have any exposure to capital market in the current and previous year.

#### (c) Details of financing of parent Company products

The Company does not have a parent Company and accordingly no disclosure required.

#### (d) Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the applicable NBFC

The Company does not exceed any limit related to SGL and GBL in the current and previous year.

#### (e) Unsecured advances

All advances given by the Company are unsecured advances to its customers (refer note 15).

### 7) Miscellaneous

#### (a) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- (i) Ministry of Corporate Affairs
- (ii) Ministry of Finance (Financial Intelligence Unit)

#### (b) Disclosures of penalties imposed by RBI and other regulators

No penalties imposed by RBI or other financial sector regulators during the current and previous year.

#### (c) Related party transactions

Details of all material related party transactions are disclosed in note 32.

#### (d) Ratings assigned by credit rating agencies and migration of ratings during the year

The details of ratings assigned by Credit Analysis & Research Limited (CARE) vide their report dated 06 feb,2018:

Facilities	Rating
Long-term facilities	BBB+

#### (e) Remuneration of directors

Details relating to remuneration of directors are disclosed in note 32.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

	31 March 2018	31 March 2017
<b>8) Additional Disclosures</b>		
<b>(a) Provisions and contingencies</b>		
<b>Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss</b>		
Provisions for depreciation on investment	-	-
Provision towards standard assets	7,593,357	12,070,816
Provision towards non performing assets	150,296,043	28,913,693
Provision made towards income tax	73,320,141	202,700,286
Other provision and contingencies (employee benefits)	1,651,676	1,898,797
	<b>232,861,217</b>	<b>245,583,592</b>
<b>(b) Draw down from reserves</b>		
There have been no instances of draw down from reserves by the company during the current and previous year.		
<b>(c) Concentration of advances, exposures and NPAs (to the extent identified by the management)</b>		
<b>a. Concentration of advances*</b>		
Total advances to twenty largest borrowers	33,818,900	12,400,476
Percentage of advances to twenty largest borrowers as total exposure	0.47%	0.24%
<b>b. Concentration of exposure</b>		
Total advances to twenty largest borrowers	33,818,900	12,400,476
Percentage of exposure to twenty largest borrowers as total exposure	0.47%	0.24%
<b>c. Concentration of non-performing assets *</b>		
Total Exposure to top four non-performing accounts * excluding loans to related parties	2,493,081	2,188,017
<b>d. Sector-wise non-performing assets</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Agriculture and allied activities	-	-
Micro Small and Medium Enterprises *	12.37%	4.27%
Corporate borrowers	-	
Services	-	
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-
* Determination based on the information related to the nature & size of activity of the borrower & excluding loans		
<b>e. Movement of non-performing assets</b>		
<b>Particulars</b>	<b>Year ended 31 Mar 2018</b>	<b>Year ended 31 Mar 2017</b>
Net NPA to net Advances (%) @	10.78%	3.72%
Movement of non-performing assets (Gross)		
(a) Opening balance	222,454,899	32,418,922
(b) Additions during the year	1,303,867,596	216,494,855
(c) Reductions during the year #	642,477,820	26,458,878
(d) Closing balance	883,844,675	222,454,899

## Consolidated Notes to financial statements

### for the year ended 31<sup>st</sup> March 2018

Particulars	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Movement of net non-performing assets @		
(a) Opening balance	191,792,446	27,848,403
(b) Additions during the year	1,153,571,553	187,581,163
(c) Reductions during the year #	575,255,888	23,637,120
(d) Closing balance	770,108,111	191,792,446
Movement of provisions for non-performing assets (excluding provisions on standard assets)		
(a) Opening balance	30,662,453	4,570,519
(b) Provisions made during the year	150,296,043	28,913,692
(c) Write-off/ write-back of excess provisions	67,221,932	2,821,758
(d) Closing balance	113,736,564	30,662,453
# Reduction includes write-offs and recoveries.		
@ excluding loans to related parties.		

**f. Overseas assets (for those with joint ventures and subsidiaries aboard)**

The company did not have any overseas assets during the current and previous year.

**g. Off-balance sheet SPVs sponsored** (which are required to be consolidated as per accounting norms)

The company did not sponsor any SPVs during the current and previous year.

**9) Disclosure of customer complaints**

Particular	31 March 2018	31 March 2017
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	-	-
c) No. of complaints redressed during the year	-	-
d) No. of complaints pending at the end of the year	-	-

**10) Information on instances of fraud identified during the year \$\$**

***cash embezzlement and snatching***

Number of cases	7	6
Amount of fraud	940,337	1,746,392
Recovery	-	11,050
Amount provided for	27,580	-

***Loans given against fictitious documents***

No. of cases	-	-
Amount of fraud	-	-
Recovery	-	-
Amount provided for	-	-
\$\$ as identified by the management		



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

34 Additional disclosure pursuant to Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016(updated as on 09 March, 2017) issued by RBI

	Particulars	Current Year		Previous Year	
		Outstanding	Overdue	Outstanding	Overdue
	<b>Liabilities Side:</b>				
<b>1</b>	<b>Loans and advances availed by the NBFCs</b>				
	(a) Debentures : Secured	-	-	-	-
	: Unsecured (other than falling within the Meaning of public deposits)	-	-	-	-
	(b) Deferred credits	-	-	-	-
	(c) Term loans (including short term borrowings)	5,372,941,429	-	3,545,230,563	-
	(d) Inter-corporate loans and borrowing	14,050,000	-	1,000,000	-
	(e) Commercial paper	-	-	-	-
	(f) Public deposits	-	-	-	-
	(g) Other loans	-	-	-	-
<b>2</b>	<b>Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
	(a) In the form of unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-
	<b>Assets side:</b>				
<b>3</b>	<b>Break-up of loans and advances including bills receivables (other than those included in (4) below:</b>				
	(a) Secured	-	-	-	-
	(b) Unsecured - receivable under financing activity	7,144,986,154	-	5,208,514,333	-
<b>4</b>	<b>Break-up of leased assets and stock on hire and hypothecation loans counting towards EL / HP activities</b>				
	<b>(i) Lease assets including lease rentals under sundry Debtors:</b>				
	(a) Financial Lease	-	-	-	-
	(b) Operating Lease	-	-	-	-
	<b>(ii) Stock on hire including hire charges under Sundry Debtors</b>				
	(a) Assets on hire	-	-	-	-
	(b) Repossessed Assets	-	-	-	-
	<b>(iii) Hypothecation loans counting towards EL/HP activities</b>				
	(a) Loans where assets have been repossessed	-	-	-	-
	(b) Loans other than (a) above	-	-	-	-

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

<b>5</b>	<b>Break-up of investments:</b>				
	<b>Current investments:</b>				
	<b>1. Quoted:</b>				
	(i) Shares: (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
	(ii) Debentures and bonds	-	-	-	-
	(iii) Units of mutual funds	-	-	-	-
	(iv) Government securities	-	-	-	-
	(v) Others (please specify)	-	-	-	-
	<b>(2) Unquoted:</b>				
	(i) Shares: (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
	(ii) Debentures and bonds	-	-	-	-
	(iii) Units of mutual funds	-	-	-	-
	(iv) Government securities	-	-	-	-
	(v) Others (please specify)	-	-	-	-
	<b>(2) Unquoted:</b>				
	(i) Shares: (a) Equity	81,105	-	81,100	-
	(b) Preference	-	-	-	-
	(ii) Debentures and bonds	-	-	-	-
	(iii) Units of mutual funds	1,758,810	-	1,500,000	-
	(iv) Government securities	-	-	-	-
	(v) Others (please specify)	-	-	-	-
<b>6</b>	<b>Borrower group-wise classification of assets financed as in (3) and (4) above:</b>				
	<b>Particulars</b>	<b>Current Year</b>		<b>Previous Year</b>	
		<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>1. Related parties</b>				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	80,510,000	-	-
	<b>2. Other than related parties</b>	-	7,144,986,154	-	5,160,400,672
	<b>Total</b>	-	<b>7,225,496,154</b>	-	<b>5,160,400,672</b>
<b>7</b>	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>				
	<b>Category</b>	<b>Current Year</b>		<b>Previous Year</b>	
		<b>Market value/ Break-up or fair value or NAV</b>	<b>Book value</b>	<b>Market value/ Break-up or fair value or NAV</b>	<b>Book value</b>
	<b>1. Related Parties</b>				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	<b>2. Other than related parties</b>				
	Shares	-	5	-	5
	Mutual fund	1,758,810	1,758,810	1,663,650	1,500,000
	<b>Total</b>	<b>1,758,810</b>	<b>1,758,815</b>	<b>1,663,650</b>	<b>1,500,000</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

<b>8</b>	<b>Other information</b>		
	<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>(i) Gross non-performing assets</b>		
	(a) Related parties	-	-
	(b) Other than related parties	883,844,675	222,454,899
	<b>(ii) Net Non-performing Assets</b>		
	(a) Related parties	-	-
	(b) Other than related parties	770,108,111	191,792,446
	<b>(iii) Assets acquired in satisfaction of debt</b>		
<b>9</b>	<b>Asset Classification</b>		
	<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
	(i) Standard*	6,261,141,356	4,986,059,434
	(ii) Sub-Standard	827,247,984	218,876,333
	(iii) Doubtful	56,596,814	3,578,566
	(iv) Loss Assets	-	-
	* excluding loans to related parties.		

**35** Foreign currency outflow on travelling and business promotion expenses are Nil/- (previous year ₹ Nil/-)

### **36** Remittance in foreign currency on account of Dividends

Particulars	For the year ended	
	31 March, 2018	31 March, 2017
Amount of dividend remitted in foreign exchange	26769	18636
Number of Non-Resident Shareholders	68	32
Number of Shares held by such Non-Resident Shareholders	17846	12424

### **37** Disclosures as per schedule V of securities and exchange board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Particulars	Closing Balance		Maximum Outstanding during	
	31 March, 2018	31 March, 2017	Current Year	Previous year
<b>Subsidiaries :-</b>				
Capital Employee Welfare Trust	80,510,000	80,510,000	80,510,000	80,510,000

### **38** Disclosures under Section 186(4) of the Companies Act 2013

Particulars	Investment made / Loan given during the year	Balance of Investment / Loan as at 31 March, 2018	Rate of Interest	Purpose	Maturity Period
<b>Loan given</b>					
Capital Employee Welfare Trust	-	80,510,000	NIL	ESPS Scheme	Not Applicable

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2018

**39** Pursuant to the master direction DNBR. PD. 008/03.10.119/2016-17 issued by the Reserve Bank of India, as updated on 9 March 2017, the Company has become Systemically Important Non-Deposit taking Non-Banking Financial Company during the current year.

**40** In consolidated financial statements, the following shall be disclosed by way of additional information:

Particulars	As at 31st March, 2018				As at 31st March, 2017			
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
<b>Parent</b>								
Capital Trust Limited*	79.05%	1,729,731,813	453.78%	62,285,945	90.88%	2,002,963,005	95.29%	368,894,909
<b>Subsidiary Companies</b>								
1. Capital Trust Microfinance Pvt.Ltd.	15.85%	346,925,882	-400.67%	(54,995,647)	9.12%	201,039,231	4.71%	18,232,197
2. Capital Trust Housing Finance Pvt. Ltd.	5.10%	111,535,766	46.89%	6,435,767	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>2,188,193,461</b>	<b>100%</b>	<b>13,726,065</b>	<b>100%</b>	<b>2,204,002,236</b>	<b>100%</b>	<b>387,127,106</b>

\* After eliminating investment in subsidiary Companies

(b) Statement containing salient features of the financial statement of Subsidiary Company, Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Name of Subsidiary Companies	As at 31st March, 2018		As at 31st March, 2017
	Capital Trust Microfinance Private Limited	Capital Trust Microfinance Private Limited	Capital Trust Housing Finance Private Limited
Reporting Period	1st April, 17 to 31st March, 18	1st April, 17 to 31st March, 18	1st April, 16 to 31st March, 17
Reporting Currency	INR	INR	INR
Share Capital	162,000,000	105,099,000	81,000,000
Reserves & Surplus	184,925,061	6,435,706	120,039,231
Total Assets	634,348,875	113,577,700	741,270,697
Total Liabilities	287,422,814	2,041,933	540,231,466
Investments	-	-	-
Turnover (Net)	110,162,984	9,915,003	104,989,448
Profit/(Loss) for the year before tax	(53,323,670)	8,667,700	30,794,930
Tax Expense	1,671,977	2,231,933	12,562,733
Profit/(Loss) for the year after tax	(51,651,693)	6,435,767	18,232,197
Percentage of Shareholding	100%	100%	100%

**41** Disclosures in respect of subsidiary companies have been made to the extent information available from financials statements audited by other auditor.

**42** Previous year's figures have been taken from the accounts audited by previous auditor and figures have been regrouped/reclassified to conform to current year's figures wherever required.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

For and on behalf of the Board of Directors of  
**Capital Trust Limited**

**B.K. Sipani**  
Partner  
Membership No. 088926

**Yogen Khosla**  
CEO & Managing Director  
DIN 00203165

**Hari Baskaran**  
Director  
DIN 02666053

**Place:** New Delhi  
**Date:** May 22, 2018

**Tanya Sethi**  
Company Secretary

**Sukumara Pillai**  
Head Accounts

# Notice

**NOTICE** is hereby given that the 32nd Annual General Meeting (AGM) of the members of Capital Trust Limited (the Company) will be held on Saturday, the 29th day of September, 2018, at 09:00 a.m. at 366 Sultanpur, MG Road, New Delhi-110030 to transact the following business:

## ORDINARY BUSINESS

### ITEM NO. 1 ADOPTION OF FINANCIAL STATEMENTS

To consider and adopt the audited financial statements (both standalone and consolidated) of the Company for the financial year ended March 31, 2018, which include the Statement of Profit & Loss and Cash Flow Statement for the year ended March 31, 2018, the Balance Sheet as on that date, the Auditors' Report thereon.

### ITEM NO. 2 DECLARATION OF DIVIDEND

To declare a dividend at a rate of 5% i.e Rs. 0.50 per equity share for the financial year 2017-18.

### ITEM NO. 3 APPOINTMENT OF DIRECTOR

To appoint a Director in place of Mrs. Anju Khosla (DIN-03496484), who retires by rotation and, being eligible, offers herself for re-appointment.

### ITEM NO. 4 RATIFICATION OF APPOINTMENT OF AUDITORS

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 139, Section 142, and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the appointment of M/s. Singhi & Co, Chartered Accountants (Firm Registration No. FRN 302049E) as Statutory Auditors of the Company to hold office from the conclusion of the 31st Annual General Meeting of the Company to the conclusion of the 36th Annual General Meeting to be held in year 2022, on a remuneration as may be agreed upon by the Board of Directors and the Auditors, be and is hereby ratified."

## SPECIAL BUSINESS

### ITEM NO. 5 APPOINTMENT OF DIRECTOR

To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable

provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR / Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Mr. Nikhel Kochhar (DIN:01021382), who was appointed as an Additional & Independent Director of the Company with effect from August 11, 2018, and whose term expires at this AGM, and in respect of whom the Company has received a notice in writing along with a deposit from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years with effect from September 29, 2018."

### ITEM NO. 6 APPOINTMENT OF DIRECTOR

To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR / Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Mr. Sanjiv Sayal (DIN: 00271256), who was appointed as an Additional & Independent Director of the Company with effect from August 11, 2018, and whose term expires at this AGM, and in respect of whom the Company has received a notice in writing along with a deposit from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years with effect from September 29, 2018."

### ITEM NO. 7 RAISING OF FUNDS THROUGH VARIOUS OPTIONS INCLUDING QUALIFIED INSTITUTIONAL PLACEMENT/ NON CONVERTIBLE DEBENTURES UPTO RS. 1000 CRORES.

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 42 and 62, and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the applicable rules thereunder and also including any relevant provisions of the Companies Act, 1956 to the extent that such provisions of the Companies Act, 1956 have not been

superseded by the Companies Act, 2013 (the **"Companies Act"**), the provisions of the Memorandum of Association and Articles of Association of the Company, and in accordance with any other applicable law or regulation, in India or outside India, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **"SEBI ICDR Regulations"**), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**), the listing agreements entered into with the respective stock exchanges where the shares of the Company are listed (the **"Stock Exchanges"**), the provisions of the Foreign Exchange Management Act, 1999, as amended (**"FEMA"**), including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended (the **"FCCB Scheme"**), the Depository Receipts Scheme, 2014, the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued from time to time by the Government of India (**"GOI"**), the Reserve Bank of India (**"RBI"**), the Securities and Exchange Board of India (**"SEBI"**), the Registrar of Companies (the **"RoC"**), the Stock Exchanges, and/ or any other competent authorities and subject to any required approvals, consents, permissions and/or sanctions from the Ministry of Finance (Department of Economic Affairs), the Ministry of Commerce and Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance), SEBI, the RoC, RBI and any other appropriate statutory, regulatory or other authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions and/or sanctions, the consent of the shareholders of the company be and is hereby accorded to Board of Directors of the Company (hereinafter called the **"Board"** which term shall be deemed to include any committee which the Board has constituted, to create, issue, offer and allot (including with provisions for reservation on firm and /or competitive basis, of such part of issue and for such categories of persons including employees of the Company, as may be permitted under applicable law), either in India or in the course of international offering(s) in one or more foreign markets, equity shares of the Company with a face value of Rs. 10 each (Rupees Ten only) (the **"Equity Shares"**), global depository receipts (**"GDRs"**), American depository receipts (**"ADRs"**), foreign currency convertible bonds (**"FCCBs"**) and/or other financial instruments convertible into or exchangeable for Equity Shares (including warrants, or otherwise, in registered or bearer form), fully convertible debentures, partly convertible debentures, non-

convertible debentures (**"NCDs"**) with warrants and/or any security convertible into Equity Shares with or without voting/special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to Equity Shares pursuant to a green shoe option, if any (all of which are hereinafter collectively referred to as the **"Securities"**) or any combination of Securities, in one or more tranches, whether Rupee denominated or denominated in foreign currency, through public and/or private offerings, including without limitation through a qualified institutions placement (**"QIP"**) (in accordance with Chapter VIII of the SEBI ICDR Regulations), or any combination thereof or by the issue of prospectus and/or placement document and/or other permissible/requisite offer document to any eligible person(s), including but not limited to qualified institutional buyers (as defined in the SEBI ICDR Regulations) (**"QIBs"**) in accordance with Chapter VIII of the SEBI ICDR Regulations, or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternative investment funds, foreign institutional investors, foreign portfolio investors, Indian and/or bilateral and/or multilateral financial institutions, non-resident Indians, stabilizing agents, state industrial development corporations, insurance companies, provident funds, pension funds and/or any other categories of investors whether or not such investors are members of the Company (collectively referred to as the **"Investors"**), as may be decided by the Board at its discretion and permitted under applicable laws and regulations for an aggregate amount not exceeding Rs. 1000 Crores (Rupees One Thousand Crores only) (Out of which Rs. 500 Crores (Rupees Five Hundred Crores) shall be for Fully Convertible Debentures/Partly Convertible Debentures/ Non-Convertible Debentures (**"NCDs"**)/Foreign Currency Convertible Bonds (**"FCCBs"**) or equivalent thereof either in any foreign currency and/or equivalent Indian Rupees, inclusive of such premium as may be fixed on such Securities at such a time or times, in such a manner and on such terms and conditions including security, rate of interest, discount (as permitted under applicable law) etc., as may be deemed appropriate by the Board in its absolute discretion, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with the lead manager(s) and/or underwriter(s) and/or other advisor(s) for such issue. The number and/or price of Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.

**RESOLVED FURTHER THAT** if any issue of Securities is made by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as **"Eligible Securities"**

within the meaning of the SEBI ICDR Regulations), the allotment of the Eligible Securities, or any combination thereof as may be decided by the Board, shall be completed within 12 (twelve) months from the date of approval of the shareholders of the Company by way of a special resolution for approving the QIP or such other time as may be allowed under the SEBI ICDR Regulations, at a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations, provided that the Board may, in accordance with applicable law, offer a discount of not more than 5% (five per cent.) or such percentage as permitted under applicable law, on such price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations. The Eligible Securities shall be allotted as fully paid-up (subject to allottees having the option to pay either full or part consideration for warrants, with the balance consideration being payable at or by the time of exercise of such warrants, where the tenure of any convertible or exchangeable Eligible Securities shall not exceed 60 (sixty) months from the date of allotment), and the aggregate of all QIPs made by the Company in the same financial year shall not exceed five times the net worth of the Company as per the audited balance sheet of the previous financial year.

**RESOLVED FURTHER THAT** in the event that the Equity Shares are issued to QIBs under Chapter VIII of the SEBI ICDR Regulations, the “relevant date” for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares, and in the event that convertible securities (as defined under the SEBI ICDR Regulations) are issued to QIBs under Chapter VIII of the SEBI ICDR Regulations, the “relevant date” for the purpose of pricing of such convertible securities, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities are entitled to apply for Equity Shares or such other time as may be permitted by the SEBI ICDR Regulations, subject to any relevant provisions of applicable laws, rules, regulations, as amended, from time to time.

**RESOLVED FURTHER THAT** the relevant date for the determination of the applicable price for the issue of any other Securities shall be as per the regulations/guidelines prescribed by SEBI, the Ministry of Finance, RBI, Gol through their various departments, or any other regulator, as the case may be, and the pricing of any Equity Shares issued upon the conversion of such Securities shall be made subject to and in compliance with the applicable rules and regulations.

**RESOLVED FURTHER THAT** in pursuance of the aforesaid resolutions:

- a) the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company; and
  - b) any Equity Shares that may be created, offered, issued and allotted by the Company shall rank paripassu with the existing Equity Shares of the Company in all respects.
- RESOLVED FURTHER THAT** in addition to all applicable Indian laws, the Securities issued pursuant to this Resolution shall also be governed by all applicable laws of any foreign jurisdiction where such Securities are or are proposed to be marketed or listed, or that may in any other manner apply in this relation.
- “RESOLVED FURTHER THAT** a Securities Committee constituted by the Board be and is hereby authorized to do such acts, deeds and things in its absolute discretion as it deems necessary or expedient in connection with the creation, offer, issue, allotment, dematerialization or listing of the Securities, etc., including, without limitation, the following:
- (a) appointing managers, arrangers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees, escrow banks and all other agencies, intermediaries or advisors, whether in India or abroad, and finalizing the terms of and entering into or execution of all such agreements, arrangements or other documents with any such agencies, intermediaries or advisors, as may be required or expedient;
  - (b) applying for and obtaining the consent of any relevant regulatory authorities/agencies, the Company’s lenders/creditors, or any other parties (including, without limitation, any experts or persons with whom the Company has entered into commercial or other agreements), as may be required or expedient;
  - (c) finalization and approval, and making arrangements for the submission, of the preliminary and/or draft and/or final placement document/offering circulars/information memoranda/prospectuses/offer documents, and any addenda or corrigenda thereto, with any applicable regulatory authorities or agencies, as may be required;
  - (d) determining the pricing and terms of the Securities (including, in the case of an issuance of FCCBs/ADRs/GDRs in accordance with the relevant provisions of the FCCB Scheme or the Depository Receipts Scheme, 2014; or in case of a QIP, determining the floor price and the final allotment price in accordance with the SEBI ICDR Regulations and/or any other applicable laws, including any discount of up to 5% (five per cent.) of the floor price or such other discount as may be permitted under applicable law), the date for the opening and closure of the subscription period for the Securities (including the extension of such subscription period, as may be necessary or expedient), and all other related matters (including, without limitation, taking any action or decision in relation to two-way fungibility between FCCBs/ADRs/GDRs and underlying Equity Shares or in

relation to payment in calls for the Securities, insofar as may be permitted under applicable law and relevant regulatory approvals);

- (e) approval of the letters of allotment, security certificates, listing applications, engagement letters, memoranda of understanding and any other agreements or documents, placement agreement(s), deposit agreement(s), purchase/subscription/underwriting agreement(s), trust deed(s), indenture(s), escrow agreement(s), etc., including amending, varying or modifying the same, as may be necessary or expedient;
- (f) opening one or more bank accounts in the name of the Company or otherwise, in Indian currency or foreign currency(ies), with such banks in India and/or such foreign countries, as may be necessary or expedient in connection with the issue and allotment of the Securities;
- (g) finalization of the basis of allotment of the Securities on the basis of the subscriptions received (including in the event of over-subscription);
- (h) seeking listing of the Securities on any Indian and/or foreign stock exchanges, submitting listing applications to such stock exchanges and taking all actions that may be necessary in connection with obtaining or ensuring such listing;
- (i) convening any meetings of the shareholders of the Company either by way of an extraordinary general meeting or passing resolutions through postal ballot;
- (j) authorization of any director or officers of the Company, including by the grant of powers of attorney and/or on joint and/or several basis, to do such acts, deeds and things as the authorized persons in his or their absolute discretion may deem necessary or expedient in connection with the offer, issue and allotment of the Securities; and
- (k) all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or expedient, including without limitation to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities."

#### **ITEM NO. 8 ALTERATION IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 13, Section 4 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") including any statutory modifications or re-enactment thereof for the time being in

force and rules made thereunder and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and agreed to by the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include any Committee or one or more Directors), the consent of the members of the Company be and is hereby accorded for alteration of the Object Clause of the Memorandum of Association ("MOA") of the Company by adding Clause III (D) as below:

To lend and advance money and assets of all kinds or give credit on any terms or mode and with or without security to any individual, firm, body corporate or any other entity.

**RESOLVED FURTHER THAT** Board be and is hereby authorized to undertake all such acts, deeds, matters, and things and to execute all such deeds, documents, and writing as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty, or doubt that may arise in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this regulation to any Committee of Directors of the Company or Officer(s) of the Company in order to give effect to this resolution.

#### **ITEM NO. 9 ALTERATION IN MEMORANDUM OF ASSOCIATION OF THE COMPANY TO COMMENSURATE WITH COMPANIES ACT, 2013**

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 13, Section 4 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") including any statutory modifications or re-enactment thereof for the time being in force and rules made thereunder and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and agreed to by the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include any Committee or one or more Directors), the consent of the members of the Company be and is hereby accorded for alteration of the Memorandum of Association ("MOA") of the Company as below :

The words at the beginning of the Memorandum of Association and before Clause I "(THE COMPANIES ACT, 1956)" be and are hereby substituted by the words "(THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE)".



- i. Heading of the Part A of Clause III of Memorandum of Association i.e. "MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:" substituted with the Heading "OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE".
- ii. Heading of Part B of Clause III of Memorandum of Association i.e. "THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE" substituted with the Heading "MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A) ARE".
- iii. Part B of Clause III of Memorandum of Association be and is hereby amended and substituted with the following sub-clause/words:
- Sub clause 9: Subject to Section 58 – A, 292 & 293 of the Companies Act, 1956 shall be replaced by "Subject to Section 73, 74, 179, 180 and 181 of Companies Act, 2013
- Sub clause 17: Subject to section 391 to 394 of the Companies Act, 1956 shall be replaced by "Subject to Section 230-232 of Companies Act, 2013 and Chapter XV of the Companies Act, 2013 as may be applicable,
- Sub clause 28: Subject to section 293A of the Companies Act, 1956 shall be replaced by "Subject to Section 182 of Companies Act, 2013
- Sub clause 31: Subject to section 293A of the Companies Act, 1956 shall be replaced by "Subject to Section 182 of Companies Act, 2013
- Sub clause 38: Subject to section 293A of the Companies Act, 1956 shall be replaced by "Subject to Section 182 of Companies Act, 2013
- iv. Part C of Clause III of Memorandum of Association i.e. "THE OTHER OBJECTS" be and is hereby deleted (all Sub-clauses 1 to 26):
- v. Clause IV of Memorandum of Association of the company be and is hereby amended and substituted with the following Clause:

The liability of the Member(s) is Limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

**ITEM NO. 10 ALTERATION IN ARTICLES OF ASSOCIATION OF THE COMPANY TO COMMENSURATE WITH COMPANIES ACT, 2013.**

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), and subject to the approval

of the members in their General Meeting, the new set of Articles of Association as submitted to this meeting (duly initialled by the Company Secretary for the purpose of identification), be and are hereby approved and adopted in substitution, and to the entire exclusion of the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution."

**ITEM NO. 11**

**PAYMENT OF INCENTIVE TO MR. YOGEN KHOSLA.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 197, 198 and all other applicable provisions of the Companies Act, 2013 ("the Act"), and other applicable statutory provisions, Rules, Regulations, and Guidelines, provisions of the Listing Agreement with Stock Exchanges (including any statutory modification(s), amendments thereto, or re-enactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded for payment by the Company to Mr. Yogen Khosla, Chairman and Managing Director of the company, in addition to the remuneration fixed by the members in Extra Ordinary General Meeting held on 26th July, 2016 or such modification(s), amendments thereto from time to time; such commission as the Board of Directors may from time to time determine in such manner that the overall commission and remuneration shall not exceed 5% of the net profits of the Company in any financial year computed in the manner provided under Section 198 of the Act to be paid quarterly by the Nomination and Remuneration Committee from time to time.

"RESOLVED FURTHER THAT the Board of Directors of the Company including Nomination and Remuneration Committee be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors  
**For Capital Trust Limited**

Sd/-  
**Tanya Sethi**  
Company Secretary

Date: August 11, 2018  
Place: New Delhi

**NOTES**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy, duly completed, must be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. A proxy form is enclosed herewith.
- 2) Corporate members are requested to send a duly certified copy of the board resolution, pursuant to Section 113 of the Companies Act, 2013, authorising their representative to attend and vote on their behalf at the Meeting.
- 3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days of notice in writing is given to the Company.
- 4) Members/Proxies/Authorised Representatives should bring the duly filled Attendance Slips enclosed to attend the meeting.
- 5) Explanatory statement pursuant to section 102(1) of the Companies Act, 2013 forms part of this notice.
- 6) The register of members and the share transfer books of the Company will remain closed from September 23, 2018 to September 29, 2018, (both days inclusive) for the purpose of payment of final dividend for the financial year 2017-18.
- 7) Dividend as recommended by Directors in their Board Meeting held on May 22, 2018, if declared at the meeting, will be paid within 30 days from the date of declaration to those members who hold shares in dematerialised mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on Saturday, September 22, 2018 and in physical mode, if their names appear in the Company's Register of Members after giving effect to all valid transfers in physical form lodged with the Company and / or its Registrar and Transfer Agents on or before Saturday September 22, 2018.
- 8) Members holding shares in electronic form may please note that: (a) the dividend, when declared, will be credited to their respective Bank Accounts as furnished to the respective Depository Participant(s), through Electronic Clearing Service (ECS), where this facility is available; (b) in other cases, Bank details as furnished to the respective Depository Participants will be printed on the Dividend Warrants as per the applicable regulations.
- 9) Members holding shares in electronic form are requested to direct change of address notifications and updates of Saving Bank details to their respective Depository Participant(s). Members, holding shares in physical form, are requested to notify change of address, if any, to the share transfer agent (i.e. MAS services Limited) of the Company on or before Saturday, September 22, 2018.
- 10) Members who wish to claim dividends, which have remained unclaimed, are requested to correspond with the Registrar and Transfer Agent and Company Secretary at the registered office of the company. Pursuant to Section 124 of the Companies Act, 2013, the dividend amounts which remain unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. After such transfer no claim of the members whatsoever shall subsist on the said amount.
- 11) With a view of using natural resources responsibly, we request shareholders to kindly register/update their email address with their respective depository participant(s), where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register their e-mail address by writing to the Registrar and Transfer Agent at T-34, II<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 in order to receive communications through electronic means, including annual reports and notices, members are requested.
- 12) In compliance with provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Companies (Management and Administration) Rules, 2015 and in accordance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Electronic Voting ("e-voting") facility to its Members holding shares in physical or dematerialized form, as on the cut-off date, being Saturday, September 22, 2018, through Electronic platform of National

Securities Depository Limited (NSDL). The facility for casting votes through Polling paper will also be made available at the AGM and members and members attending AGM, who havenot already cast their votes by remote-voting shall be able to vote at the AGM. The instructions to E-voting form part of Notice.

- 13) The E-voting period commences on September 26, 2018 from 09:00 am to September 28, 2018, 05.00 p.m
- 14) Ms. Atima Khanna, A.K. & Associates, Company Secretaries (ACS-28463), will act as the Scrutinizer to scrutinize the e-voting process and conducting the Polling process in a fair and transparent manner.
- 15) Annual Report for the financial year 2017-18 including notice of thirty second AGM and instructions to E-voting , along with Attendance Slips and Proxy Forms are being sent on Email IDs of those members whose E-mail IDs are registered with the Depository Participant(s)/Company, unless a member has requested for a physical copy of the same. The Documents shall be sent through permitted mode to all members holding shares in physical mode.
- 16) Documents referred to in the notice and the explanatory statement shall be kept open for inspection by the members at the registered office of the Company on all working days (Monday to Saturday) from 10.00 a.m. to 01.00 p.m. except holidays, upto the date of the meeting. The Annual Report shall also be available on company's website www.capital-trust.com.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

#### **Item No. 5**

The Non-Executive Directors and the Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas.

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr. Nikhel Kochhar as an Additional (Independent Director) on the Board of the Company with effect from August 11, 2018, to hold office as Director till the date of forthcoming General Meeting, pursuant to Section 161 of the Companies Act, 2013 ("Act") and Articles of Association of the Company.

The details of Mr. Nikhel Kochhar, as required to be given pursuant to the Listing Regulations and the Secretarial Standards, are attached to the Notice.

In respect of Mr. Kochhar, the Company has received a notice in

writing along with a deposit from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation.

The Board of Directors recommend the Ordinary Resolution as set out in Item no. 6 of the Notice for the approval of the shareholders, as in the opinion of the Board, Mr. Nikhel Kochhar fulfils the conditions for appointment as specified in the Companies Act, 2013 and having regard to the qualification, experience and knowledge, his appointment as an Independent Director will be in the interest of the Company.

Mr. Nikhel Kochhar has given his consent to act as Director of the Company and has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. Kochhar fulfills the conditions specified in the Act and the rules framed thereunder for appointment as Independent Director and he is independent of the Management.

Board is of the opinion that having regard to the qualification, experience and knowledge, his appointment as an Independent Director will be in the interest of the Company.

Your Directors recommend the Resolution for your approval as an Ordinary Resolution.

Except Mr. Nikhel Kochhar being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5.

#### **ITEM NO. 6**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr. Sanjiv Sayal as an Additional (Independent Director) on the Board of the Company with effect from August 11, 2018, subject to the shareholders' approval to hold office as Director till the date of forthcoming General Meeting pursuant to Section 161 of the Companies Act, 2013 ("Act") and Articles of Association of the Company.

The details of Mr. Sanjiv Sayal, as required to be given pursuant to the Listing Regulations and the Secretarial Standards, are attached to the Notice.

In respect of Mr. Sayal, the Company has received a notice in writing along with a deposit from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation.

The Board of Directors recommend the Ordinary Resolution as set out in Item No. 6 of the Notice for the approval of the shareholders, as in the opinion of the Board, Mr. Sanjiv Sayal

fulfils the conditions for appointment as specified in the Companies Act, 2013 and having regard to the qualification, experience and knowledge, his appointment as an Independent Director will be in the interest of the Company.

Mr. Sanjiv Sayal has given his consent to act as Director of the Company and has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. Sayal fulfills the conditions specified in the Act and the rules framed thereunder for appointment as Independent Director and he is independent of the Management.

Except Mr. Sanjiv Sayal being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.6.

#### **ITEM NO. 7**

Pursuant to the relevant Sections of the Companies Act, including, without limitation, Section 62 of the Companies Act, 2013, any offer or issue of securities in the Company to persons other than members of the Company requires prior approval of the members by way of Special Resolution.

Your Directors draw your attention to the fact that the Company requires additional capital in the future to meet the needs of its growing business and to augment the Company's capital base and financial position. Accordingly, it is proposed that equity or equity-linked debt capital raising be undertaken by the Company, which would involve creating, offering, issuing and allotting securities to eligible investors, as stated in the resolution at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions as may be deemed appropriate by the Board at its discretion, taking into consideration market conditions and other relevant factors and wherever necessary in consultation with lead managers and other advisors, either in one or more foreign currencies or Indian Rupees inclusive of such premium as may be determined by the Board, all in accordance with applicable laws. The Company intends to issue securities for an aggregate amount not exceeding Rs. 1000 Crores (Rupees One thousand Crores) (Out of which Rs. 500 Crores (Rupees Five Hundred Crores) shall be for Fully Convertible Debentures/Partly Convertible Debentures/ Non-Convertible Debentures ("NCDS")/Foreign Currency Convertible Bonds ("FCCBS") or equivalent thereof or its equivalent in one or more tranches. This is an enabling Resolution and the Company will issue new Securities, subject to applicable law and necessary compliances.

This Special Resolution, among other things, seeks to enable the Board of Directors (including any duly authorized

committee thereof) to undertake a Qualified Institutions Placement to Qualified Institutional Buyers in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009, amended (the "SEBI ICDR Regulations") as prescribed under Chapter VIII of the SEBI ICDR Regulations for the purposes mentioned above, without the need for fresh approval from the shareholders.

**Basis or Justification of Price:** The pricing of the Securities to be issued to Qualified Institutional Buyers pursuant to Chapter VIII of the SEBI ICDR Regulations shall be determined by the Board in accordance with the regulations on pricing of securities determined in accordance with Chapter VIII the SEBI ICDR Regulations. The "Relevant Date" for this purpose, in case of allotment of Equity Shares, will be the date when the Board decides to open the issue, or, in case of convertible securities, the date of the meeting in which the Board or a committee thereof decides to open the issue of the convertible securities. The resolution enables the Board of Directors to, in accordance with applicable laws, offer a discount of not more than 5% (five per cent.) or such percentage as permitted under applicable law on the price determined pursuant to the SEBI ICDR Regulations.

The Special Resolution also enables the Board to issue Securities in tranches, at such times, at such prices and to such person(s) including institutions, bodies incorporated and/or individuals or otherwise as the Board deems fit. The Company with this resolution intends to retain the right and flexibility to issue securities including but not limited to GDRs, ADRs, FCCBs and Equity Shares.

The detailed terms and conditions for the offer will be determined by the Board in consultation with the lead manager(s) and other advisors appointed in relation to the proposed issue and such other authorities as may be required, taking into consideration market conditions and in accordance with applicable law. The Equity Shares allotted or arising out of conversion of any Securities will be listed and traded on stock exchanges where Equity Shares of the Company are currently listed ("**Stock Exchanges**"), subject to obtaining necessary approvals. The offer/issue/allotment/conversion/redemption of Securities would be subject to obtaining regulatory approvals, if any by the Company. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and any provisions of the listing agreements entered into with the Stock Exchanges.

The Board of Directors of the Company commends the Resolution as set out at Item No.7 of the accompanying Notice for approval of the members by way of a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the aforesaid Resolution.

#### ITEM NO. 8

The Board of Directors at their meeting held on August 11, 2018 was informed that present Object clause of the company is exclusively targeted for poor women and men in generation and enhancement of livelihood in India. The present objects thus restrict the company to do other NBFC activities like big ticket loans, Vehicle loans, Consumer Durable loans etc. As the company in future may plan to enter into such businesses, therefore the object clause needs to be changed by adding a new clause as:

“To lend and advance money and assets of all kinds or give credit on any terms or mode and with or without security to any individual, firm, body corporate or any other entity.”

The Board of Directors had approved (subject to the approval of members) the amendment in the Object clause of Memorandum of Association of the Company as aforesaid.

Your Directors commend the Resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the aforesaid Resolution.

#### ITEM 9

Upon enactment of the Companies Act, 2013, (“Act”) the Memorandum of Association of the Company were required to be re-aligned as per the provisions of the new Act. As per the Companies Act, 2013, a Company can have only following objects clause in its Memorandum of Association:

1. The objects to be pursued by the company on its incorporation i.e. main objects.
2. Matters which are necessary for furtherance of the main objects.

It is proposed to amend the Memorandum. It is proposed to delete the other businesses, which were earlier stated in “Other Objects” and not proposed to be carried out by the Company in the near future and also to make it in line with the Companies Act, 2013.

The Board of Directors at their meeting held on August 11, 2018 had approved (subject to the approval of members) the amendment in the Memorandum of Association of the Company as aforesaid.

Your Directors commend the Resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the aforesaid Resolution.

#### Item No. 10

The present articles of association of the company are as per Companies Act, 1956. So, the Articles of Association of the Company needs to be re-aligned as per the provisions of the Companies Act, 2013.

The draft of the new set of Articles proposed for approval can be provided to any member on demand and also available for inspection by the shareholders of the Company during normal business hours at the Registered office of the Company and copies thereof shall also be made available for inspection at the Corporate Office of the Company and also at the place of the meeting on the meeting day.

In terms of Section 14 of the Companies Act, 2013, the consent of the Members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

Your Directors commend the Resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the aforesaid Resolution.

#### Item No. 11

The remuneration of Mr. Yogen Khosla, Chairman and Managing Director of the company was fixed by the members of the company in their Extra Ordinary General Meeting held on 26th July, 2016. The remuneration was fixed as Rs. 5.25 lakhs p.m for 2016-17, Rs. 7.55 lakhs p.m for 2017-18 and Rs. 10.88 Lakhs p.m for 2018-19 onwards. It is now proposed to pay Mr. Yogen Khosla Chairman and Managing Director, the fixed remuneration as determined by shareholders from time to time and pay also commission in such a manner that the total commission and remuneration shall not exceed 5% of the net profit of the Company commencing from Financial year 2018-19. The commission has been recommended by nomination and remuneration committee and the approved by Board of Directors.

Thus, approval of the members of the Company is being sought by way of special resolution proposed under this item.

Mr. Yogen Khosla and Mrs. Anju Khosla are interested in this resolution.

**Information pursuant to the Listing Regulations and Secretarial Standards in respect to Appointment/ Re-appointment of Directors**

1	Name of Director	Mr. Nikhel Kochhar	Mr. Sanjiv Sayal
2	Category	Independent Director	Independent Director
3	DIN No	01021382	00271256
4	Date of birth	01-Nov-57	20-Mar-59
5	Qualification	Chartered Accountant	Chartered Accountant
6	Nature of Expertise/Experience	Finance	Finance
7	Brief Resume	Appended at end of this table	Appended at end of this table
8	Appointment on the Board	11-Aug-18	11-Aug-18
9	Terms & Conditions of Appointment/ re-appointment	Appointment as an Independent Director for 5 years	Appointment as an Independent Director for 5 years
10	Last Drawn Remuneration Details along with remuneration sought to be paid	As a Non-Executive Independent Director, he is entitled to sitting fees for attending meetings of the Board/Committee.	As a Non-Executive Independent Director, he is entitled to sitting fees for attending meetings of the Board/Committee.
11	No. of shares held in the company as at March 31, 2018	Not Applicable	Not Applicable
12	Relationship with other Directors/ Manager/KMP	No Relation	No Relation
13	No. of Board meetings attended out of 5 meetings held during the year	Not Applicable	Not Applicable
14	Directorship details	1. Niche Consultants Private Limited 2. Niche Credit and Capital Services Private Limited 3. Pyramid Cyber Security, America Inc. 4. The Institute of Internal Auditors of India	1. Compro Services (India) Private Limited 2. Compro Technologies Private Limited
15	Committee Positions	Nil	Nil

**Brief Resume of the Directors proposed to be appointed/ reappointed:**
**Mrs. Anju Khosla**

Mrs. Anju Khosla graduated from Delhi University and has a Master's degree in Business Economics. She joined Capital Trust in 1989 and was initially involved with the Consultancy division. Subsequently, she handled an authorized dealership for Honda two wheelers for 3 years, which was acknowledged as the second best dealership in North India.

**Mr. Nikhel Kochhar**

Mr. Nikhel Kochhar is a Practicing Chartered Accountant and at present in CEO - India Internal Auditors Association. He is also Member of the Indian Public Schools Society (IPSS) and Member Selection Committee for appointment of Board Members.

His areas of interest include Internal Controls & Audit, Risk Management, Corporate Governance, Organizational Systems & Processes and Corporate & Institutional Training.

**Mr. Sajiv Sayal**

Mr. Sayal is a practicing Chartered Accountant with an experience spanning over 25 years in consulting and accountancy. Prior to setting up his accountancy practice in 2001, he set up and managed a leasing finance Company ABL Leasing for 9 years. He is also founder & Non-Executive Director in a software development company focused on eLearning solutions Compro Technologies. He has been a catalyst in startup of many successful projects in the BPO, IT & Financial Services space. Some of the successful startups where he has played a role include Yatra online, RAC, Gulliver Travels, DMI Finance & Cisco Systems Capital.

**The procedure and instructions for e-voting:**

- i. In case of Members receiving e-mail from NSDL (for those members whose e-mail addresses are registered with Company/Depositories):
  - a) Open e-mail and then open PDF file viz., "CTL-remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
  - b) Launch internet browser by typing the following URL in the address bar: [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) Click on "Shareholder" – "Login".
  - d) Enter User ID and password as initial password noted in step (a) above. Click "Login".
  - e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits or characters or a combination of both. Note the new password. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
  - f) Home page of 'e-Voting' opens. Click on "e-Voting" icon and select "Active E-voting Cycles".
  - g) Select 'EVEN' of CAPITAL TRUST LIMITED.
  - h) Now you are ready for "e-Voting" as "Cast Vote" page opens.
  - i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - j) Upon confirmation, the message 'Vote cast successfully' will be displayed.
  - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - l) Institutional shareholders (i.e. other than individuals, HUFs, NRIs, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board resolution/authority letter etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer at his e-mail id: [atimakhanna@gmail.com](mailto:atimakhanna@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- ii. In case of Members receiving physical copies of the Notice of Annual General Meeting (for Members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy)
 

Initial password is provided at the bottom of the Attendance slip.
- (b) Please follow all steps from Sl. No. i) (b) to (l) above, to cast your vote.

In case of any queries, you may refer to the "Frequently Asked Questions (FAQs) for Members" and "e-Voting user manual for Members" available at the "downloads" section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or contact NSDL at the following telephone No. 1800-222-990.

If you are already registered with NSDL for e-Voting, then you can use your existing User ID and password for casting your vote and there is no need to register once again.

You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 22, 2018

Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. September 22, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). or RTA, MAS Services Limited.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).

- iii. A member may participate in the AGM even after exercising his right to vote through remote-e-voting but shall not be allowed to vote again at the AGM.
- iv. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date (i.e. September 22, 2018) only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.
- v. Ms. Atima Khanna, Company Secretary in Whole-Time Practice (ACS No. 28463), will be acting as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vi. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- vii. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the company [www.capital-trust.com](http://www.capital-trust.com) and NSDL, immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to BSE Limited, Mumbai.

Road map for the Venue of the Annual General Meeting





**Attendance Slip**

**Capital Trust Limited**

Registered Office:  
366 Sultanpur, MG Road, New Delhi-110030  
Ph:9999074312 Email: cs@capital-trust.com Web:www.capital-trust.com

Client ID\* .....

DP ID No.\* .....

L.F. No.(s).....

No. of Shares Hold.....

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional Attendance slips on request.

Name & Address of Shareholders/ Proxy .....

.....

.....

I hereby record my presence at the Annual General Meeting of the Company to be held on Saturday, September 29, 2018 at 09:00A.M. at 366 Sultanpur, MG Road, New Delhi- 110030.

SIGNATURE OF THE SHAREHOLDER OR PROXY

\* Applicable for members holding shares in electronic form

**Form MGT 11  
Proxy form**

[Pursuant to section 105(6) & rule 19.3 of The Companies (Management and Administrative) Rules, 2014]

CIN: L65923DL1985PLC195299  
Name of the company: Capital Trust Limited  
Registered office: 366 Sultanpur, MG Road, New Delhi-110030

I/We,

Name of the member : .....
Registered Address : .....
E-mail id : .....
Folio No/ Client Id : .....
DP ID : .....

being the member(s) of ..... shares of the above named company, hereby appoint(s)

- Name:.....Address: .....  
E-mail Id:.....Signature: .....or failing him
- Name:.....Address: .....  
E-mail Id:.....Signature: .....or failing him
- Name:.....Address: .....  
E-mail Id:.....Signature: .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual general meeting/ Extraordinary general meeting of the company to be held on Saturday, September 29, 2018 at 09:00 a.m. at 366 Sultanpur, MG Road, New Delhi-110030 and at any adjournment thereof in respect of such resolution(s) as are indicated below:

**Resolution No.**

Signed this..... day of..... 20....

Signature of Shareholder

Signature of Proxy holder(s)



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**





Capital Trust Limited  
CIN-L65923DL1985PLC195299  
366 Sultanpur, MG Road, New Delhi - 110030  
Ph: 09999074312 Email: [info@capital-trust.com](mailto:info@capital-trust.com)  
Web: [www.capital-trust.com](http://www.capital-trust.com)