



31<sup>st</sup> Annual Report 2016-17

Empowering  
enterprises  
Enriching  
lives



INDIA  
SME100  
Awards  
Celebrating SME Achievers of 2015-16

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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 businesses are essential for economic growth

These account for over 95 percent of businesses worldwide and provide more than half of all jobs. Yet, 200 million businesses worldwide do not have the financing necessary to invest and create new jobs. International Finance Corporation (IFC) has analysed that the total financing gap in the SME space is Rs. 2.93 trillion.

Out of the total debt shortfall about 91% shortfall is in MSME Sector. One of the major challenges faced by MSMEs is inadequate access to finance due to lack of financial information and non-formal business practices.

As per the Fourth All India Census of MSME, there are 198.74 Lakh unregistered MSME units employing a more than 408 Lakh employees.

MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.

**This segment represents the 'Missing Middle' which is un-serviced by banks and large NBFCs, who typically prefer to lend to the top or bottom end of the pyramid. Company's vision is to fulfill the funding needs to the 'Missing Middle'.**

## Corporate Snapshot

**Capital Trust Limited is one of the fastest growing NBFCs in India with year on year growth of about 90%.**

### PROFILE

Capital Trust Limited headquartered in New Delhi is a Non-Banking Finance Company (NBFC) incorporated in 1985. It is listed at 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 162 branches in a transparent manner. The company provides loans ranging from Rs. 1 Lakh to Rs. 10 Lakhs.

There is a funding shortfall of Rs. 26 Lakh Crores\* to the MSME Sector. The company is focused on providing financial assistance to those who are excluded from main - stream banking. This segment represents the 'Missing Middle' which is un-serviced by banks and large NBFCs, who typically prefer to lend to the top or bottom end of the pyramid. Company's vision is to fulfill the funding needs to the 'Missing Middle'.

Capital Trust has cutting edge technology to keep operations efficient and at low cost. Company's entire staff is empowered with smart phones, who are able to have live access to data. Loans are on - boarded through Mobile Technology and in-principle approval is granted to clients at ground level within seconds of applying for the loan. Company issues digital receipts for cash collections at the time of repayments ensuring transparency.

(\*Source - IFC Report on Indian MSMEs (2015))

As of March 31, 2017, Capital Trust Limited had assets under management of more than Rs.550 Crores. The Company provides loans from Rs. 15,000 – Rs. 10,00,000 and operates

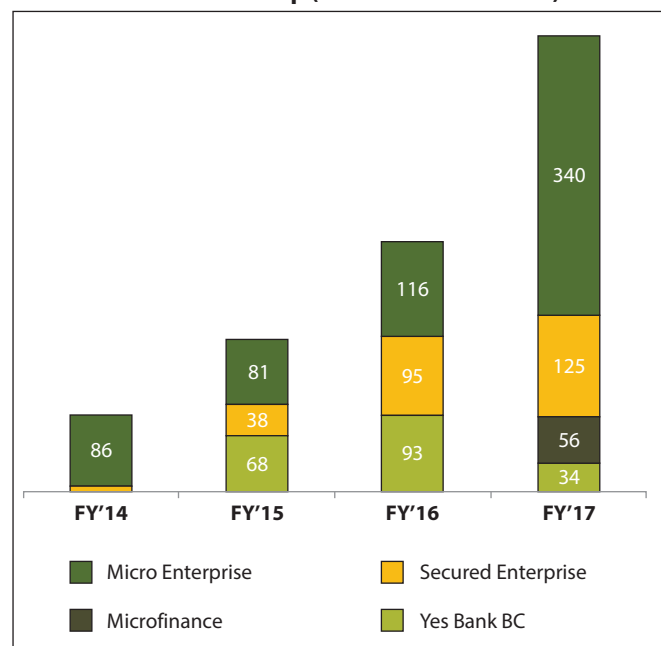
through 162 branches in 6 states and 37 districts. All branches work within an area of 15 km only. The Company provides its clients the required financial literacy right at their doorstep and our branches serve as a one-stop solution for all their financial needs.

The Company makes use of state-of-the-art technology to keep operations efficient and low cost. The technology electronically connects all its branches for online data entry and real time report generation. The Company works on a hub-and-spoke model. The Company is providing the digital receipts to its clients instantly at the time of repayment of their installments.

The company has developed a Mobile Application, which allows the company to go paperless. All our field officers are connected the Mobile App to see their demand sheet, collection report etc.

### BUSINESS HIGHLIGHTS

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



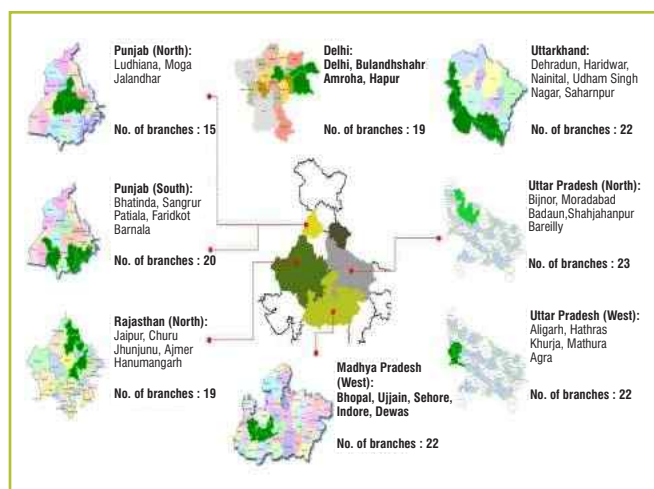


## GEOGRAPHIC REACH

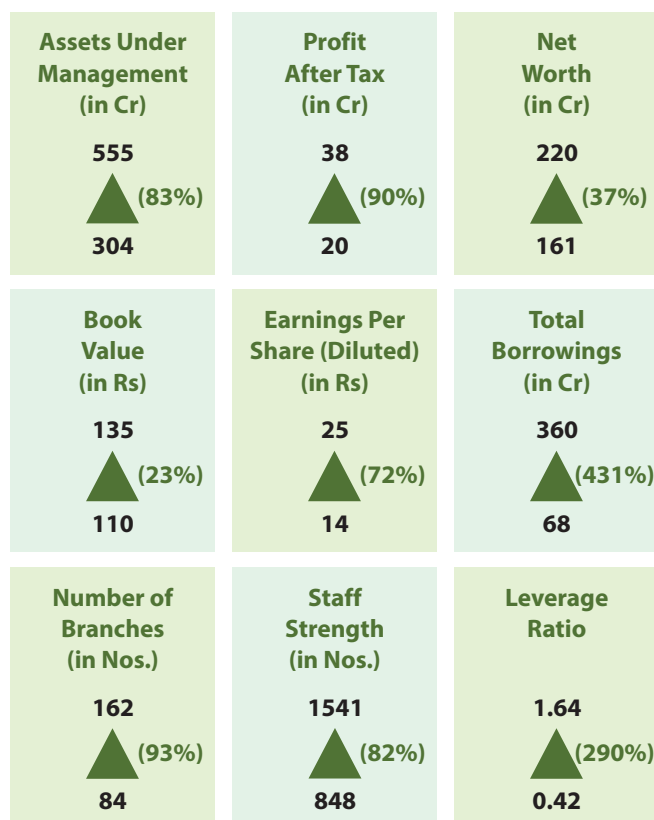
The company follows the hub – and Spoke model of operations through five branches (One in District Level branch and four other block level branches). The maximum distance between the branch and the client is not more than 15 Kms.

The company is presently operating through 162 branches in 37 districts and 6 states. The company is planning to enter in three more states in the current year.

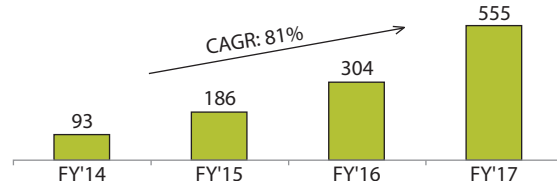
## GEOGRAPHICAL PRESENCE



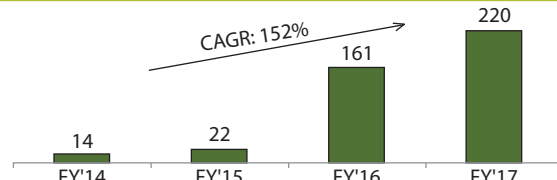
## FINANCIAL HIGHLIGHTS



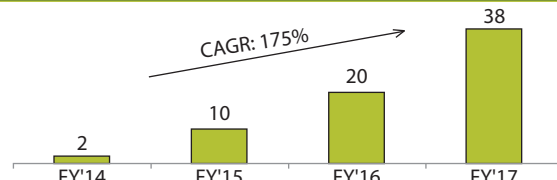
### ASSETS UNDER MANAGEMENT (CR.)



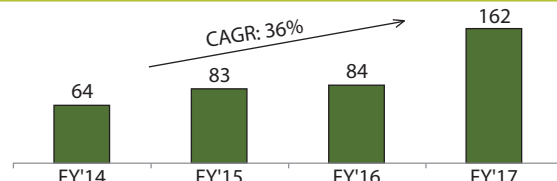
### NET WORTH (CR.)



### PROFIT AFTER TAX (CR.)



### BRANCHES



Cashless Disbursement for all products since April 2015



Operations on customized mobile application



Information available to staff for collections on real-time basis at remotest location in country



Client on-boarding and in-principle approval from scanning of client's Aadhar Card














Paperless Audit and closing of EOD cashbook branch-wise at 6 pm

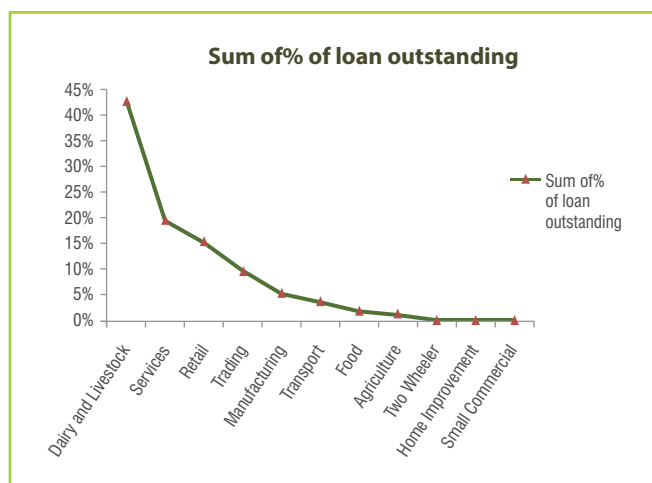


Company experimenting with bank to bank transfer via repayment options through USSD and BHIM

## SECTORS ADDRESSED

The company is providing financial assistance in the form of Micro Finance, Micro Enterprise and Secured Enterprise Loans to the customers in Rural and Semi Urban Areas. The company has changed the lives for better to about 500000 customers till now. Our customers represent the missing middle who are beyond the reach of Microfinance and too small for bank and bigger NBFCs. Our clients are engaged in various activities like farming, dairy livestock, 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, 2017 as given to customers are given hereunder:

Sector	Sum of % of loan outstanding
 Dairy and Livestock	<b>42.81%</b>
 Services	<b>19.65%</b>
 Retail	<b>15.40%</b>
 Trading	<b>9.61%</b>
 Manufacturing	<b>5.41%</b>
 Transport	<b>3.73%</b>
 Food	<b>1.96%</b>
 Agriculture	<b>1.23%</b>
 Two Wheeler	<b>0.13%</b>
 Home improvement	<b>0.07%</b>
 Small Commercial	<b>0.01%</b>
<b>Total</b>	<b>100%</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.

**2017**

Awarded one of the 100 SME companies in India out of 41832 companies by India SME Forum, Axis Bank and Ministry of MSME.



# Empowering Enterprises

## 1

### ENTERPRISE LOANS

#### BUSINESS SNAPSHOT

The company is offering Micro Enterprise Loan and Secured Enterprise Loan under the Enterprise Loan Category.

Total Loan Portfolio for Enterprise Loan as on 31st March, 2017	<b>₹ 465 Crores</b>
% age of the total portfolio	<b>89.42%</b> (Micro Enterprise Loan: <b>65.38%</b> ) (Secured Enterprise Loan: <b>24.04%</b> )
Increase over 31st March 2016	<b>120.38%</b>
Own Portfolio	<b>100%</b>

The Company commenced this business in 2012 with the objective of providing enterprise loans to MSMEs for enabling them to enhance business operations and finance equipments. The credit limit for enterprise loans ranges from Rs. 75,000-Rs. 10,00,000 with a tenure of 30-60 months. All the loans provided by the Company are covered either by joint liability or the client's original property documents. The loan is supported by the guarantee cheques of the borrower and co borrower.

The company will focus on this segment as there is a lot of scope in the business. The company intends to enter new states with the available product line.



## 2

### MICROFINANCE LOANS

#### BUSINESS SNAPSHOT

The company has taken over a NBFC Company during the year and converted the same into Micro Finance Company. The name of the company is Capital Trust Microfinance Private Limited. The Microfinance Company is 100% subsidiary of Capital Trust Limited. The company has till date made a portfolio of Rs. 55 Crores. The credit limit for micro finance loans ranges from Rs. 15,000-Rs. 35,000 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, 2017	<b>₹ 55 Crores</b>
% age of the total portfolio	<b>10.58%</b>
Increase over 31st March 2016	<b>100%</b>
Own Portfolio	<b>100%</b>

In addition to this, the company is Business Correspondent of Yes Bank Limited. The portfolio is Rs. 34 Crores as on 31st March, 2017. The company has brought down this portfolio from Rs.93 crores in year 2016 to Rs. 34 crores in year 2017. The company is building its own microfinance portfolio in Capital Trust Microfinance Pvt. Ltd.



## Message from Chairman & Managing Director

### Dear Shareholders,

I am pleased to present you the 31st Annual Report of the company for the year 2016-17.

### INDIAN ECONOMY

Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. India recorded a growth rate of 7.1 per cent during 2016-17, despite with the fears that demonetisation of high-value currency notes would adversely impact the economic growth. As per Asian Development Bank Outlook, India's GDP is expected to grow up to 7.4 per cent in fiscal year (2017-18) and 7.6 per cent in 2018-19. The growth of the Indian Economy will be due to the fact that, India has taken some economic reforms initiative which includes the Goods and Services Tax (GST) and liberalisation of the FDI regime, Made in India Campaign, ease of doing business with a view to improve business climate and promote growth. The GST is expected to roll out from July. The 'One Nation, One tax' approach will make India an open market helping SMEs explore new markets with no or low entry barriers and experience business expansion.

The year passed has been marked with two major economic decisions which include the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST), and the action to demonetise the two highest denomination notes of Rs. 1000 and Rs. 500. GST, once implemented will turn India into one common market, leading to greater ease of doing business and big savings in logistics costs from companies across all sectors. GST will eliminate multiple levies. It will also allow deeper penetration of digital services.

### NBFC SECTOR

The NBFC sector in India has undergone a significant transformation over the past few years. The sector has been recognized as one of the important component in Financial sector and has shown consistent year-on-year growth. NBFCs play a critical role in the core development of infrastructure, transport, employment generation, wealth creation opportunities, and financial support for economically weaker sections of society.

The contribution by the NBFC Sector has been tremendous and has grown from 8.4% in 2006 to about 15% in 2017. The growth potential of the NBFCs is good as public sector banks are under stress due to mounting bad debt and their appetite to lend in

rural areas. So the growth of NBFCs will ride on stress in Public Sector Banks, Client Outreach, Technology up gradation, increased consumption and deep understanding of Micro and small enterprise needs. Based on all these efforts and market demand, the NBFC sector is expected to grow upto 20% by 2019-20.

The MSME sector has been acknowledged as the backbone of the India economy. The sector is further expected to contribute significantly to India's growing GDP. The sector will inevitably support India to improve nation's financial inclusion and mitigate the urban rural divide. This sector is also expected to generate maximum jobs in India as India will have the largest job ready youth population in the world by year 2020. This sector will create favourable business ecosystem in the manufacturing sector and will not only generate employment of significant level but also become hot bed of entrepreneurial activities.

### IMPACT OF DEMONITISATION

On 8th November, 2016, the Government in a surprise move made a radical governance-cum-social engineering measure by ceasing the legal effect of the two largest denomination notes, Rs 500 and Rs 1000—together comprising 86 percent of all the cash in circulation. These notes were to be deposited in the banks by December 30, while restrictions were placed on cash withdrawals. In other words, restrictions were placed on the convertibility of domestic money and bank deposits. This step taken by the Government was to curb corruption, counterfeiting, the use of high denomination notes for terrorist activities, and especially the accumulation of black money. However this step impacted the business as the company was not authorized to take the old currency notes and the new notes were not available with the clients. The Company traditionally uses cash for recovery operations. The installments on loans have fortnightly 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.

Your company makes disbursements directly into the bank account of the borrowers as per the system adopted more than two years before. The company has not been making any cash disbursements. 100% of our clients are using bank accounts. Despite this the disbursements after the demonstration has fallen down in November, December and January because



clients were unable to get the cash withdrawn from the bank. After various efforts by the company and its employees the disbursement and collection rate has improved.

## HIGHLIGHTS YEAR 2016-17

The year 2016-17 has been a great year for the company. The shares of the company have been listed at the National Stock Exchange, Mumbai. Now the shares are listed at both the National Stock Exchange and Bombay Stock Exchange. This has helped in the liquidity of the shares of the company.

The company has been awarded as one of the Top 100 SME companies in India by India SME Forum. The company has been selected one among 41832 companies competing on financial and non financial parameters. It has been a great achievement for the company to be among top 100 SME companies in India.

The company has acquired the Micro Finance Company in the name of Parikarma Investments and Financial Services Private Limited. The name of the company has been changed to Capital Trust Microfinance Private Limited. The company is wholly owned subsidiary of the Capital Trust Limited and is engaged in the business of Micro Finance.

The assets of the company has also crossed Rs. 500 Crores on consolidated basis, thus the company has become a Systematically Important Non Deposit Taking NBFC. Therefore the provisioning norms has become stricter and therefore the NPA percentage has increased.

During the year the Company witnessed a strong performance as revenues on consolidated basis increased by 103% from Rs. 61.31 Crores in year 2016 to Rs. 124.77 Crores in year 2017, while PAT grew 87% from Rs. 20.24 Crores in year 2016 to Rs. 37.86 Crores in year 2017. The Board of directors has recommended a dividend of Rs. 1.50 per share for the year.

The promoters have inducted additional Rs. 13.60 Crores by conversion of 1550000 warrants into equal No. of equity shares. The company has also allotted 143915 equity shares to Capital Employee Welfare Trust under the ESOP scheme.

The capital adequacy ratio is at a comfortable level of 46.83% providing us enough room for comfortable expansion.

## FUTURE AHEAD

There is a funding shortfall of Rs. 26 Lakh Crores to the MSME Sector. The company is focused on providing financial assistance to those who are excluded from main - stream

banking. This segment represents the 'Missing Middle' which is un-serviced by banks and large NBFCs, who typically prefer to lend to the top or bottom end of the pyramid. Company's vision is to fulfill the funding needs to the 'Missing Middle'.

Capital Trust has cutting edge technology to keep operations efficient and at low cost. Company's entire staff is empowered with smart phones, who are able to have live access to data. Loans are on - boarded through Mobile Technology and in-principle approval is granted to clients at ground level within seconds of applying for the loan. Company issues digital receipts for cash collections at the time of repayments ensuring transparency. The company is far ahead on the Information Technology front and it keeps itself updating with the new technology.

The company is financially sound and its capital adequacy ratio is 46.83%, 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 four to five times the current level. By acquiring the NBFC-MFI, the company has entered into Micro Finance sector. The company is now planning to enter the Housing Finance Sector in near future.

In the near future, the company is planning to consolidate in the existing geographies as well as enter new territories, which has a great potential for the products which we deal into. These regions shall provide steady business over the next couple of years as we leverage our existing strengths to grow with a more concerted effort.

## MESSAGE TO THE 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

## Enriching Lives

### Safar Farsh se Arsh Ka

Dalchand and his wife Virma Devi are residents of Hathras District of Uttar Pradesh, where they have been living since 2009. Unfortunately, with minimal education, both had faced abject poverty and struggled to make ends meet on a daily basis. The Rs. 2500 salary Dalchand earned from being a handicraft worker in a small, local company was not sufficient for the eight-member household. His three sons and three daughters, too young to work, and too underprivileged to be able to attend school, left the parents feeling dejected about their lives.

While on a survey visit in the locality, a Center Manager of the company got the opportunity to meet Virma Devi. Excited to know how an initial capital boost could help the family, Virma Devi asked numerous questions about the loan products and procedures, and talked to people in her neighborhood about this. In the evening, she told Dalchand that their inability to acquire money might have ended. On hearing this, Dalchand decided to visit the district office the following day and understand more about the company, its policies and loans. Over the next few days, Virma Devi assembled a group of 6 members and took a loan of Rs. 10,000 from the company. The loan was sanctioned on 15th July, 2009.

Having previously been unable to work, Virma Devi assisted Dalchand in setting up his own handicraft business. Building on his own skill set and network of people he had worked with previously, he decided to initiate contacts with local vendors and take contracts himself. It was not only a sigh of relief but also a big opportunity for the family when Dalchand and Virma got their first contract from a mid-sized handworks company in Hathras. Over the next few months, his hard work earned him a couple of more contracts, giving him a profit of roughly Rs. 5000 monthly. Realizing that the initial loan was not sufficient to fulfill the orders, Dalchand approached the Company for a bigger loan, having completed 33 installments. He was sanctioned a fresh loan of Rs. 12,000 on 3rd March, 2010. This allowed him to fulfill larger orders he began receiving, which included ones from other regions like Haryana, Agra, Delhi and Jaipur.

Economically better situated, Virma and Dalchand were able to arrange weddings for the two eldest children. The profits they earned from the growing business helped them buy three buffalos that helped add to income. Over the next few years,

having taken subsequent larger loans, on 20th July, 2015 he was sanctioned his biggest loan thus far of Rs. 50,000. The financial discipline inculcated in Dalchand and Virma has been exceptional where they have been able to put aside part of their profit each month to repay the installments on time. They say that they have even accumulated a surplus amount that helps them repay during times of slow business, because they don't want to spoil their credit rating by defaults on even one installment.



Virma and Dalchand have been very happy about their association with the Company. They credit the institution not only for providing the initial capital that helped them escape the poverty cycle but also for other aspects - marriage of their children, putting the younger ones through school, facilitating the recovery of one daughter after hospitalization. Today, they employ six other laborers that help their handicraft business fulfill orders from various parts of the country. They joke that they even have a social media marketing team which their son runs through his extensive use of Whatsapp!



## A ray of hope for sustainable earning and development



This is a story of Shakuntala and Raj Kapoor from Hathras District of Uttar Pradesh towards sustainable earning and development all with the help of Capital Trust Limited. Raj Kapoor and his family including his wife, 4 daughters and one son are engaged in the business of handicraft. In the earlier stage he could earn meager sum of Rs. 2500 from this business which was not sufficient for survival. One day Central Manager of the CTL in his activity of Survey met Raj Kapoor and his wife in their home. There the Central Manager briefs him about the loan procedure of the Company. He was happy and found a ray of hope to grow his business. He decided to take this opportunity immediately, make a group of 20 members and took a loan of Rs. 10,000 from Capital Trust Limited. This enhanced his monthly earnings to Rs.4000- Rs.6000. After availing this loan facility, he decided to expand his business of handicraft by making crown and cloths and contacted local vendors for contracts. In order to meet these contracts he applied for a renewal of Rs. 16,000. His earnings improved and he decided to marry his elder daughter and also providing education to his son. He is known for his perfect work. With this motivation he planned for the business of stone work. His popularity of work among others made a visitor to offer him a contract of handicraft. Raj Kapoor was able to complete the same with the help of borrowed funds from Capital Trust Limited.



Presently he has grown up his business well. Many vendors from different place in India visited his house and placed order. With the hands of Capital Trust now he could make a better living for his livelihood.

## Enriching Lives

### No dream is big to achieve

This is the story of a lady Reshma from Khora Colony near Delhi, who due to her hard work, dedication, commitment and hand holding by Capital Trust has become a successful Kirana Store Owner from a small chips selling vendor. Before tying up with Capital Trust, she was able to make living by selling chips from her small shop cum residence. She could not manage to purchase the stock due to limited income from her shop. One of the Centre Managers visited her and explained the concept of group Lending. She liked the idea and decided to form a group and started dreaming for a better life. The Concept of group Loan as initiated by the Capital Trust Limited, helped her grow her shop and this decision changed her living for better drastically.

With the help of Loan amount sanctioned by Capital Trust Limited, she diversified the stock in number and variety of products moving from dealing in single product i.e chip to 10 products of general need.

This step towards growth was made possible only by her confidence, zeal to do something big and with the help of Capital Trust Limited.

An improvement in the standard of her living motivated her to move to take an increase amount of Loan of Rs. 2 Lakh. Having faith and the confidence on Reshma and based on her creditworthiness by timely payment of installments, Capital Trust Limited lent her an amount of Rs. 2 Lakh to grow her business.

After joining hands with Capital Trust Limited, she could improve the life style of her family and also plan to grow. We at Capital Trust wish her all the best for her Endeavour and will support her for realizing her dreams.





# Corporate Information

## REGISTERED & CORPORATE OFFICE

366 Sultanpur, MG Road, New Delhi- 110030  
New Delhi-110017  
(CIN- L65923DL1985PLC195299)

## 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)  
Mrs. Anju Khosla (Executive Director)

## BOARD COMMITTEES:

### AUDIT COMMITTEE

#### Members:

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

### 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

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

## COMPANY SECRETARY

Ms. Tanya Sethi

## CHIEF FINANCIAL OFFICER

Mr. Nitin Dhingra

## HEAD – COMPLIANCES AND LEGAL

Mr. Vinod Raina

## AUDITORS

M/s Walker Chandio & Co. LLP  
Chartered Accountants  
L-41, Connaught Circus, New Delhi-110001

## 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, IIInd Floor, Okhla Industrial Area, Phase-II  
New Delhi 110020  
Tel. : 011-26387281  
E-mail : info@masserv.com

## PARTNERS



# 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. 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

Mr. 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

Col. Vijay Kumar (Retd.) 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 Banking 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

Mrs. 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. Presently Mrs. Anju Khosla is looking after the training department of the company.

## LEADERSHIP TEAM



### Mr. Karan Singh

Head – Operations

Mr. Karan Singh is a political science graduate from Jamia Millia College, Delhi. He 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.



### Mr. Vinod Raina

Head – Compliances and Legal

Mr. Vinod Raina is a Fellow member of Institute of Company Secretaries of India and Law Graduate with over 15 years experience in the areas of Legal Compliances, Legal Management,

Litigation, Secretarial Functions, Financial Management, Fund Raising, Statutory Compliances, Treasury Management, Listing, Corporate Governance and Liaison Work. He 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. He is 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. Mr. Vinod Raina has got opportunity of working in IT Services, Management Consultancy, Manufacturing, Financial and Banking sector.



### 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.



### Mr. Ram Kumar

AVP - Accounts & Finance

Ram Kumar is a graduate from Delhi University and is a Chartered Accountant. He has his Master's in Business Finance with 8 years of experience in the field of Finance and Accounts within the NBFCs. Ram was

associated with Home Credit Finance Private Limited, Intec Capital Limited & Pioneer Fincap Private Limited prior to his role at Capital Trust.



### Mr. Yuv Vir Khosla

Manager - Operations

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.



### Mr. Sukumara Pillai

Head – Accounts

The longest serving employee of Capital Trust, Mr. 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.



### Mr. Lalit Singh

Head – Internal Audit

Mr. 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.



### Mr. Rakesh K. Saxena

Head – Finance

Mr. Rakesh K. Saxena is an ex-banker with more than 37 years of experience at various senior positions. Before joining Capital Trust, he was Deputy General Manager, Indian Overseas Bank. His expertise

includes fund raising, fund utilisation, resources mobilisation and risk management. Mr. Saxena has received various trainings on leadership grooming, marketing and business development and managing relationships with existing customers and adding new clients.



### Ms. Tanya Sethi

Company Secretary

Ms. Tanya is a qualified Company Secretary with over 5 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.



### Mr. Vahin Khosla

Manager Finance

Having done his schooling from The Doon School, Vahin graduated as a Roberts Day Scholar from Claremont McKenna College, California. Vahin received his Bachelor's degree in Economics and Accounting. He

completed his Master's degree in Finance. Prior to working with Capital Trust, he interned at Davita Healthcare Partners in their Corporate Finance Department in Denver, USA.

# Management Discussion and Analysis Report

## ECONOMIC SCENARIO

### Global Economy

Global GDP growth is projected to pick up modestly to around 3½ per cent in 2018, from just under 3% in 2016, boosted by fiscal initiatives in the major economies. The forecast is broadly unchanged since November 2016. Confidence has improved, but consumption, investment, trade and productivity are far from strong, with growth slow by past norms and higher inequality.

Emerging market and developing economies have become increasingly important in the global economy in recent years. They now account for more than 75 percent of global growth in output and consumption, almost double the share of just two decades ago. The external environment has been important for this transformation. Terms of trade, external demand, and, in particular, external financial conditions are increasingly influential determinants of medium-term growth in these economies as they become more integrated into the global economy. The still-considerable income gaps in these economies vis-à-vis those in advanced economies suggest further room for catch-up, favoring their prospects of maintaining relatively strong potential growth over the medium term.

Moreover, with the global economy in the midst of potentially persistent structural shifts, emerging market and developing economies may face a less supportive external environment going forward than they experienced for long stretches of the post-2000 period. Nevertheless, these economies can still get the most out of a weaker growth impulse from external conditions by strengthening their institutional frameworks, protecting trade integration, permitting exchange rate flexibility, and containing vulnerabilities arising from high current account deficits and external borrowing, as well as large public debt.

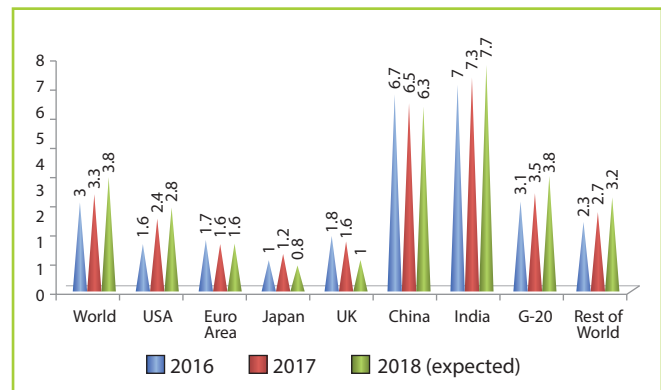
Advanced economies are now projected to grow by 1.9 percent in 2017 and 2.0 percent in 2018, 0.1 and 0.2 percentage points more than in the October forecast, respectively. As noted, this forecast is particularly uncertain in light of potential changes in the policy stance of the United States under the incoming administration. The projection for the United States is the one with the highest likelihood among a wide range of possible scenarios. Growth projections for 2017 have also been revised upward for Germany, Japan, Spain, and the United Kingdom, mostly on account of a stronger-than-expected performance during the latter part of 2016. These upward revisions more

than offset the downward revisions to the outlook for Italy and Korea.

Indian Economy has been the driving force in the global economy followed by China. India economy grew by 7.3% and expected to grow by 7.5% in 2018. India is closely followed by China where the real GDP growth was 6.5% in 2017 and it is expected to be 6.3% in 2018. The Rest of World Economy is expected to be 3.2% in year 2018.

*(Source International Monetary Fund, World Economic Outlook)*

**Real GDP Growth (Year – on – Year, %)**



### India Economy

The economy of India is the sixth-largest in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is classified as a newly industrialised country, and one of the G-20 major economies, with an average growth rate of approximately 7% over the last two decades. Maharashtra is the wealthiest Indian state with an annual nominal GDP of US\$330 billion, roughly equivalent to those of Venezuela and the United Arab Emirates, and accounts for 13.4% of India's GDP followed by the states of Tamil Nadu (US\$170 billion) and Uttar Pradesh (US\$150 billion). India's economy became the world's fastest growing major economy in the last quarter of 2014, surpassing the People's Republic of 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. The Indian economy has the potential to become the world's 3rd-largest economy by the next decade, and one of the two largest economies by mid-century. And the outlook for short-term growth is also good as according to the IMF, the Indian

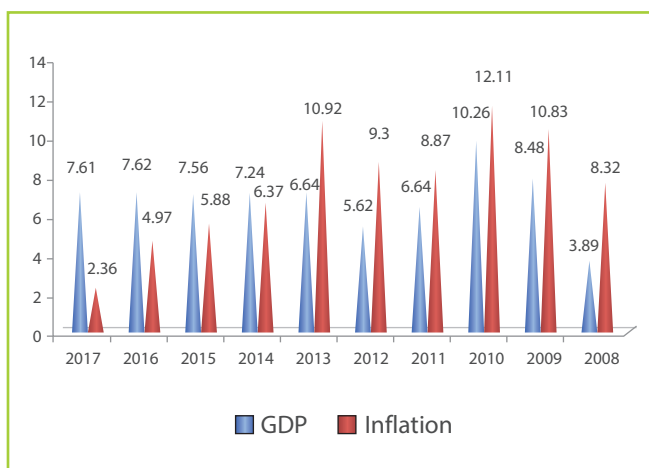


economy is the "bright spot" in the global landscape. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16. According to the International Monetary Fund (IMF), India's growth is expected to rebound to 7.3 per cent in the 2017-18 fiscal and 7.7 per cent in 2018-19.

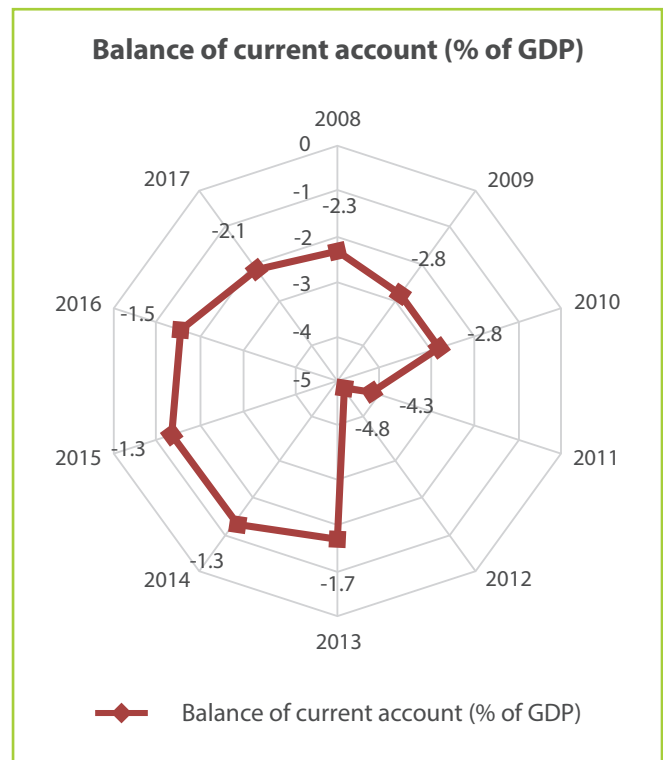
India stands out as a bright spot in the world economic landscape. India's macro-economic stability continues to be the foundation of economic success. CPI inflation declined from 6% in July 2016 to 3.4% in December, 2016 and is expected to remain within RBI's mandated range of 2% to 6%. Favourable price developments reflect prudent macro-economic management, resulting in higher agricultural production, especially in pulses. India's Current Account Deficit declined from about 1% of GDP last year to 0.3% of GDP in the first half of 2016-17. Foreign Direct Investment (FDI) increased from Rs. 1,07,000 crores in the first half of last year to Rs1,45,000 crores in the first half of 2016-17. This marks an increase by 36%, despite 5% reduction in global FDI inflows. Foreign exchange reserves have reached 361 billion US Dollars as on 20th January, 2017, which represents a comfortable cover for about 12 months of imports.

In the last one year, India has witnessed historic and impactful economic reforms and policy making. In fact, India was one of the very few economies undertaking transformational reforms. There were two policy initiatives, namely, passage of the Constitution Amendment Bill for GST and the progress for its implementation ; and demonetisation of high denomination bank notes. The advantages of GST for our economy in terms of spurring growth, competitiveness, indirect tax simplification and greater transparency. Demonetisation has strong potential to generate long-term benefits in terms of reduced corruption, greater digitisation of the economy, increased flow of financial savings and greater formalisation of the economy, all of which would eventually lead to higher GDP growth and tax revenues.

#### India- Annual Average Inflation Viz – a viz GDP

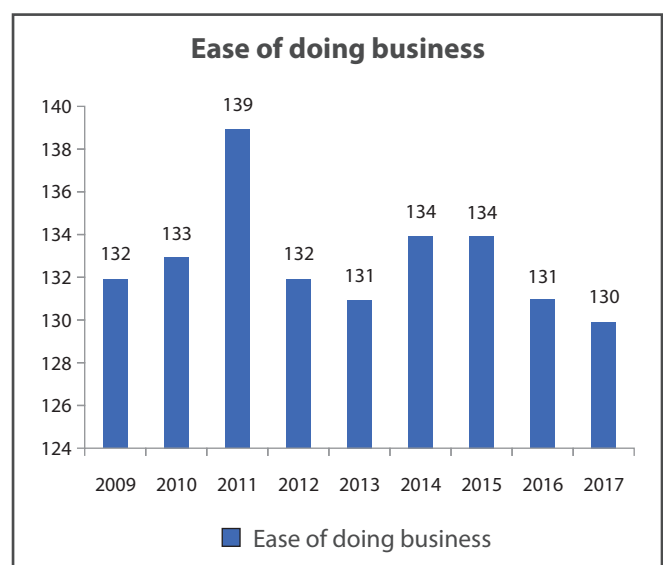


#### India- Balance on current account as a percentage of GDP



The Government of India is focusing on ease of doing business. Among the chosen 189 countries for this index, India was ranked 134 in 2015 on the World Bank's Doing Business index. Since then there has been a remarkable improvement. India is now ranked at 130.

Since 2014, the Government of India launched an ambitious program of regulatory reform aimed at making it easier to do business in India. The program represents a great deal of effort to create a more business-friendly environment. The efforts have yielded substantial results with India jumping 4 places on the World Bank's Doing Business rankings.

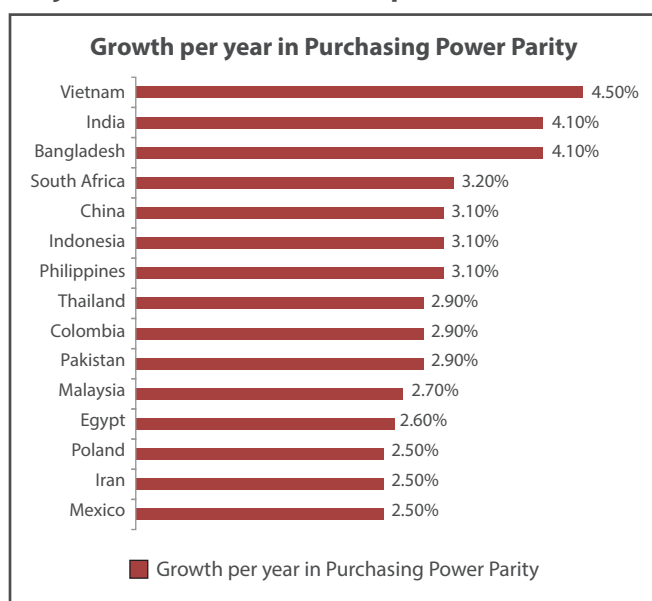


(Source Ease of doing business index – World Bank Group)

India is currently the world's fastest-growing major economy. And before long, it may leapfrog the US on a ranking of the largest. In a new report titled "The World in 2050," consulting firm PwC projects that India's GDP would exceed US GDP in purchasing power parity terms by 2040 (purchasing power parity accounts for the different price levels across countries). This would make India the largest economy in the world after China. As per the report the world economy could more than double in size by 2050, far outstripping population growth, due to continued technology-driven productivity improvements. As a result, six of the seven largest economies in the world are projected to be emerging economies in 2050 led by China (1st), India (2nd) and Indonesia (4th)

Among the 32 largest economies in the world in 2016, only Vietnam is expected to grow faster per capita than India over the next three decades. With this growth, India's economy would go from accounting for 7% of world GDP to 15%.

### Projected GDP Growth Per Capita (2016-2050)



(Source: PWC report "The World in 2050")

## INDUSTRY OVERVIEW

### Indian Financial services Industry

India's financial services sector consists of the capital market, insurance sector, Banking Sector, Co-operative Banks and Non-Banking Financial Companies (NBFCs). Further, the RBI has given license to various companies to set-up of payments bank that is expected to revolutionise the financial sector in India as it focuses to conduct banking activities primarily through mobile phones. As a step forward for the financial inclusion, the Reserve Bank has also given license to various micro-finance companies to setup Small Finance Bank. Banks with a small finance bank license can provide basic banking service of acceptance of deposits and lending. The aim behind these to

provide financial inclusion to sections of the economy not being served by other banks, such as small business units, small and marginal farmers, micro and small industries and unorganised sector entities.

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.

(Source: Indian Brand Equity Foundation, IBEF)

### Market Size

Mergers and acquisition (M&A) activity in India rose 125 per cent year-on-year to US\$ 32.5 billion across 445 deals during January-September 2016. Domestic M&A deal value stood at US\$ 7.3 billion across 137 deals during July-September 2016, which is around 65 per cent of the total M&A deal value of US\$ 11.3 billion during the quarter.

Funds mobilised by Indian companies through non-convertible debentures (NCDs) increased sixteen-fold to Rs. 23,901.4 crore (US\$ 3.58 billion) during April-September 2016 led by growing investor appetite.

The assets under management (AUM) of the mutual fund (MF) industry grew 45 per cent to Rs. 17.89 lakh crore (US\$ 268.35 billion) during March 2016 to February 2017. Mutual fund asset base in India increased by Rs. 3.71 trillion (US\$ 55.65 billion) to reach a total corpus of around Rs. 17 trillion (US\$ 255 billion) in 2016, which is the highest growth recorded in the last seven years.

Prime Minister of India, Mr Narendra Modi has stated that the BHIM (Bharat Interface for Money) mobile application reached the mark of 10 million downloads indicating the widespread acceptance of the app. India's digital payments industry is expected to grow by 10 times to reach US\$ 500 billion by 2020 and contribute 15 per cent of Gross Domestic Product (GDP).

(Source: Indian Brand Equity Foundation, IBEF)

As per Reserve Bank data during the year there had been high bad debt and weak corporate demand, resulting credit growth plunged to a six-decade low of 5.08 per cent in the financial year 2016-17, as against 10.7 per cent a year ago. For the year to March 2017, banks' outstanding credit stood at Rs. 78.81 trillion compared to Rs. 75.01 trillion as of April 1 2016.

### NBFC Sector (Non Banking Finance Company) Industry:

Indian Financial sector is very diversified and comprises of Commercial banks, Non Banking Financial Companies, Co-operatives, Insurance Companies among others. During the year the Government took several measures to strengthen the financial service sector which includes the New Bankruptcy law, Jan Dhan campaign for financial inclusion, liberalization of Foreign Direct Investment, gold monetization scheme and much more.

There are 11,682 Non-Banking Financial Companies (NBFCs) registered with the Reserve Bank of India out of which a lion's share of 98% are non-deposit accepting with the balance 2% being deposit accepting NBFCs. Around 220 non-deposit accepting NBFCs have been classified as systemically important. NBFCs are present in the competing fields of vehicle financing, housing loans, hire purchase, lease and personal loans. NBFCs have emerged as key financial intermediaries particularly for small-scale and retail sectors. With easier sanction procedures, flexibility, low operating cost and focus on core business activity, NBFCs stand on a surer footing vis-a-vis banks.

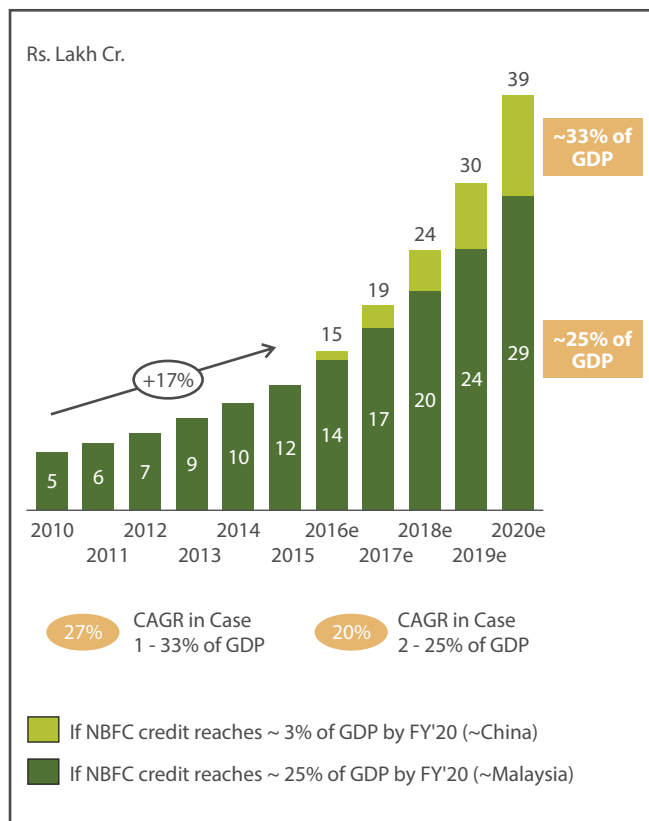
Non-Banking Financial Companies (NBFC) in India made a humble beginning way back in the 1960's to serve the need of the investor whose financial requirements were not sufficiently covered by the existing banking system in India. The NBFCs began to invite fixed deposit from investor and work out leasing deal for big industrial firms. Initially, they operated on a limited scale and could not make a significant impact on the financial system. However, between 1980's and 1990's, NBFCs gained good ground and started to inveigle a huge number of investors owing to them customer friendly reputation.

India Ratings expects NBFCs to account for over 17% of the total credit in the country by FY 2019, compared to 13.1% at the end of the FY 2015 & 9.4% in the FY 2006. Until some years ago, NBFCs were a small part of the financial services business with a small resource base. Today, the equity of leading NBFCs is comparable with or larger than many mid-sized banks. The combined market capitalisation of the top 10 NBFCs is now twice that of mid and small-sized public sector banks.

NBFC credit portfolio in India is relatively under-penetrated at 13% of GDP compared to 25% in Malaysia and Thailand and 33% in China. Thus, the sector has immense scope for rapid growth over the next 5-10 years.

### Expected credit growth in the NBFC sector

Considering the strong rising trend in credit growth from the NBFCs, its share as a percentage of GDP is expected to grow strongly in the medium term scenario. In case 1, if the share of NBFC credit grows from the current 13% to 33% by 2020 then the compounded growth in the credit during 2016-20 would be 27%. While in case 2, if the share of NBFC credit grows from the current 13% to 25% by 2020 then the compounded growth in the credit during 2016-20 would be 20%.



### Demonetization and its Impact

Cash-dependent micro, small and medium enterprises (MSMEs) across the country have borne the brunt of the demonetization exercise.

With about 86 per cent of the currency (Rs.500 and Rs.1,000 bank notes) in circulation being scrapped with effect from November 9, and the replacements in the form of Rs. 2,000 and new Rs. 500 bank notes proving to be grossly inadequate, MSMEs' businesses, especially those in the unorganised space, took a hard knock due to slump in demand.

This led to many micro and small units being temporarily shuttered, leading to job losses.

The demonetisation announcement has come as a bolt from the blue for the unorganised MSMEs, which reportedly account for almost 55 per cent of the total enterprises in the MSME segment.

Diversified financial services firm Edelweiss, in its research report Edel Pulse, said business in the case of SMEs in the unorganised sector was severely impacted in the first week (more than 70 per cent decline in business activity)

This has effected the NBFCs who have lent to Micro Enterprise and Micro Finance Loans.

For the first 2 weeks following the announcement of demonetization, the collection ratio declined to 80%. Subsequent increase in supply of new currencies by RBI had led to increase in collections in the fourth week. But the collections have come down subsequently due to slowdown in business activities of the borrowers and dispensation provided by RBI (earlier by 60 days and later increased to 90 days) to financial institutions in terms of recognizing NPAs. This special consideration was misrepresented to the borrowers by local influential individuals and thus resulted in fall in collection efficiency in few areas of states like Uttar Pradesh, Maharashtra and Madhya Pradesh.

(Source: Care Ratings)

#### Collection efficiency-wise grouping of Districts

Collection Efficiency	Number of Districts	Major Districts
20% to 40%	11	Bulandshahr (UP) Jyotiba Phule Nagar(UP) Hapur (Panchsheel Nagar) (UP) Udham Singh Nagar (UP)
40% to 60%	15	Amravati (MH) Haridwar (UK) Sagar (MP) Bijnor (UP) Saharanpur (UP) Allahabad(UP) Kushinagar (UP)
60% to 80%	59	Deoria(UP) Jaipur (RJ) South 24Parganas(WB) Jaunpur (UP)
80% to 90%	67	
>90%	267	

#### Impact on lending

- Despite the efforts to increase cashless disbursement, majority of the disbursements were still cash based. Because of the withdrawal limits imposed on current accounts, MFIs were not able to withdraw cash for further disbursement and the incremental disbursements were restricted to the collections.
- However the ratio of disbursements to collections fell to around 30% by the second week of December 2016. The main reason for this significant drop in disbursements was due to the focus of MFIs shifting from disbursements to collections and they also adopted a wait and watch approach in order to comprehend the position.

#### Short term Trouble

- Lack of sufficient liquid cash in hand for loan disbursements and fall in collections.
- Non-payment of loans within stipulated time leading to loan defaults possibly leading to their classification as NPAs.
- Negative implications on Credit Ratings of various MFIs and NBFCs with possible downgrading in case of some.

#### Long term Issues

- Rural Economy which is majorly cash based is hit adversely as higher denomination notes are not always practical to use even if available.
- Fight for maintaining market share under present crisis may cause weakening of credit appraisal standards by MFIs.
- Increasing focus of Government towards Digital payments and Direct-To-Account (DTA) payments could demand a change in the collections mechanism.
- The additional 60-day forbearance window provided for deferring NPA recognition could be exploited by end consumers for intentionally deferring payments adding to the cash woes for MFIs.

#### Conclusion- Post Demonitisation

- MFIs are increasingly looking for cashless disbursement and collection through Jan-Dhan accounts and by leveraging technology. With 8 NBFC-MFIs converting into Small Finance Banks (SFBs) by March 2017, the competitive environment is bound to undergo a major shift within the microfinance industry as a whole. As these entities are expected to remain focused on microfinance, cashless disbursement and collection of loans is bound to increase in the future.



- Even though the collections are less, many MFIs are conducting center / group meetings to make borrowers aware of the impact on their credit profile due to default on repayment and the role credit bureaus. These meetings are also used to educate the borrowers to overcome any kind of slowdown in their business activities and to encourage banking habits in order to move towards non-cash based model.
- MFIs with high financial leverage and low collections efficiencies are expected to face deterioration in their credit profile.
- NBFCs play an important role in promoting inclusive growth in the country, by catering to the diverse financial needs of bank excluded customers. The coverage of unbanked (self-employed or small businesses) provides the due impetus to government schemes like Start-up India or Make in India. Many reports on MSMEs and emerging businesses have highlighted the issue of ease and access to credit funding. By ensuring finances to such segments with low or no income proofs, NBFCs have directly or indirectly helped the economic growth and self-sustainability of the country.

(Source: Care Ratings, <https://financetapmi.wordpress.com>)

### Outlook and Opportunities:

The Non-Banking Financial companies (NBFCs) sector forms an integral part of the Indian financial system. The sector plays a vital role in India's economic growth and development. It aids in boosting 'Financial Inclusion' initiative by lending services to the unbanked population in rural/ semi-rural or few urban areas, also provide services to the Micro, Small and Medium Enterprises (MSMEs) segment. They provide product and services such as personal loans, housing loan, gold loan, insurance and loan for purchasing commercial vehicles, machinery, and farm equipment amongst others. NBFCs ability to understand their customer profile, their credit portfolio and deliver on customised products and services makes them as one of the fastest growing sectors providing innovation in financial products.

NBFCs are rapidly gaining importance as financial intermediary in the retail finance. Their contribution to the economy has significantly improved standing at 15% as on FY17. The growth is driven not only by the traditional NBFC products like commercial vehicle financing but also in the areas of loans financing like personal and housing etc. The success of the sector is attributed to the cost efficiency, bad debt control, customised products and better customer services. Along with on-going stress in the public sector banks due to mounting debts, the lending potential of the banks are going to deteriorate further, thereby providing opportunity for NBFCs to increase their reach.

The various opportunities available to the NBFCs include:

- While the Bank credit to SMEs is witnessing a decline, the NBFCs at the same time are ramping up efforts to reach out to the SMEs. NBFCs, typically, offer loans against property, consumer durable loans and business loans, among other products, to SME customers or self-employed professionals. With the appetite of banks to extend credit likely to remain weak in the future as well, this offers opportunities to NBFCs to address the gap.
- Increasing Internet and mobile penetration, growing acceptability of online payments and favourable demographics are expected to lead the e-commerce sector in India to a record revenue of 120 billion USD by 2020. This explosion of e-commerce, Internet and social media usage in India has led to the emergence of a new breed of online lending platforms in India and abroad that leverage social media and Internet browsing data to assess the creditworthiness of customers.
- Large scale housing and urbanisation projects by the government – 100 smart cities to be built over 5 years at an investment of USD 7-8 bn, 20 million houses to be constructed under 'Housing for All' by 2022, Low Cost Housing and developing 500 cities under the AMRUT development scheme.
- Massive expected investments of USD 600 bn over the next five years towards infrastructure development
- Digital India initiative to enable investments worth USD 68 billion and create 1.8 million jobs. Over 1 million MSMEs are expected to resort digital platform over the next five years.
- NBFCs has opportunity for emerging Fintech start-ups as they offer far more agility and flexibility when compared to many of their banking counterparts.
- Digital trend to provide disruptive opportunities for innovation and partnerships.
- Demand from geographic areas and customer segments that traditional banks do not cater to.

### Threats

- The change in policies and regulations by the Government from time to time pose threats to the Banks and NBFCs e.g. Andhra Pradesh Microfinance Institution Laws 2011, Demonetization of high currency notes.

- Natural Calamities like flood, drought, earthquake–The business and the credit risk of the proposed bank can be affected by local conditions, natural calamities and others.
- High cost of funds for NBFCs pose threat to the NBFC sector more particularly when RBI is issuing license for small finance Banks.

## BUSINESS OUTLOOK

Capital Trust Limited headquartered in New Delhi is a Non-Banking Finance Company (NBFC) incorporated in 1985. It is listed at the National Stock Exchange and Bombay Stock Exchange. 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 162 branches in 38 districts of 6 states in a transparent manner. The company provides loans ranging from Rs. 1 Lakh to Rs. 10 Lakhs.

### Key strengths:

- **Strong Technology:** The Company makes use of state-of-the-art technology to keep operations efficient and low cost. The technology electronically connects all its branches for online data entry and real time report generation. The Company works on a hub-and-spoke model. The Company is providing g the digital receipts to its clients instantly at the time of repayment of their installments.
- **Extensive Knowledge of the region:** The Company operates in the 6 states in Northern India. Thus there is no language barrier for the clients. The company has wide experience in the region and has started from Microfinance and gradually increased the portfolio to Micro Enterprise and Secured Enterprise Loans.
- **Strong Human Capital:** The Company has strong business development, compliance and managerial team. The business development team ensures extensive market coverage to generate leads which are thoroughly examined by the compliance team to minimize bad accounts to the best extent. The managerial team devises strategies and undertake planning to enable the Company maintain its growth.
- **Efficient Internal Audit:** The company has efficient Internal Audit system where every branch is being audited on regular intervals. This helps the company in filling the gaps, if any, and monitoring the frauds.
- **Deep Penetration :** The Company has a strong branch network of 162 branches in 38 districts on a hub

and spoke model of operations. The maximum radius between the branches is not more than 15 Kms which helps in better control on the clients and proper contact with the customers.

- **Strong Financials:** The company is having a steady growth on year to year basis. This is reflected in the Company's healthy balance sheet. As on March 31, 2017 the Company's total asset under management surged to Rs. 555 crores with a capital adequacy ratio of 46.83 % and net worth of Rs. 220.40 cr. Its robust operational efficiency enabled it to achieve a PAT margin of 30.33 % in 2016-17.
- **Varied no. of Products :** The company provides loan from Rs. 15,000 – Rs. 10,00,000 based on the need of the client. With the takeover of the Microfinance Company, the company now provides Microfinance, Micro Enterprise and Secured Enterprise Loans to its clients. The company is catering clients of different sectors, thus minimizing the risk of polarization in one sector.
- **Mitigating Risks:** The company is making all the disbursements to its clients in their bank accounts. No cash disbursements are being made to the clients. The clients need to have Adhaar card and the Bank Account before applying for the loan. So 100% clients of the company are KYC compliant. The company is also exploring the cash less repayments from clients.
- **Systems and Processes:** The company has extremely robust systems and processes, which have evolved over a period of 30 years, experience as an NBFC. The current processes are well adapted to business needs and extremely stable. Further, the company have a large body of staff trained in these systems and processes.
- **Liquidity :** The shares of company are listed at National Stock Exchange and the Bombay Stock Exchange. This allows ease in raising capital, according to the requirements of the company
- **Renowned Board of Directors :** The board of directors of the company is independent and consists of renowned bankers and professionals.

## OPERATING & FINANCIAL PERFORMANCE

### Income from operations

The year under review was a tough year for the Financial Sector companies. In this year the Government announced demonetization which effected the business of the company. Upto October, there was increase in disbursement on month on month basis. After demonitisation there has been effect in the collections and disbursements.

Nevertheless the revenue of the company increased from Rs. 61.31 crs. in 2015-16 to Rs. 124.77 crs in Year 2016-17 growing by 103%. The Profit of the company increased to Rs. 37.86 crs. The capital of the company also increased from Rs. 14,66,75,000 to Rs. 16,36,14,150 during the year due to conversion of 15,50,000 warrants into equity and allotment of 143,915 equity shares to Capital Employee Welfare Trust.

Owing to profits and the induction of capital, the network of company increased from Rs. 160.90 crores as on 31st March 2016 to Rs. 220.40 Crores as on 31st March 2017. The Capital Adequacy ratio as on 31st March 2017 is 46.83% as compared to 77.50% as on 31st March, 2016. The capital adequacy ratio has reduced because company's borrowings has increased to Rs. 360 Crores as on 31st March 2017 from Rs. 68 Crores as on 31st March, 2016.

### Portfolio Performance

The gross Asset under Management of the Company grew 83 % from Rs. 304.16 crs. as on March 31, 2016 to Rs. 555 crs. as on March 31, 2017. The Micro Enterprise loan Portfolio increased from 116 Crs in 2016 to Rs. 340 Crs. in year 2017 showing increase of 193%. During the year the Secured Enterprise Loan also increased by 32% reaching Rs. 125 Crs. as on 31st March 2017. The company entered into Microfinance business through its wholly owned subsidiary Capital Trust Microfinance Private Limited and has a portfolio of Rs. 55 Crores.

### Investment in Subsidiary

During the year under review, the Company has taken over a Microfinance Company in the name of Parikarma Investments and Financial Services Pvt. Limited and changed its name to Capital Trust Microfinance Private Limited. The company was taken over at a cost of Rs. 7.08 crores and the company subsequently invested Rs. 12.04 crores in the form of equity shares by subscription of 510000 equity shares at a price of Rs. 236.25 per equity share.

### Award for Top 100 SMEs in India:



The Company was awarded as one of the top 100 SMEs in India for the year 2017. The award was based on stringent evaluation processes & criteria laid down by the Jury Board of the 4th Edition of India SME 100 Awards and the winners have been chosen based on their score in the financial as well as non financial parameters of the evaluation format, from among 41832 firms nominated. The Award was handed over in a Ceremony in the august presence of Shri. Kalraj Mishra, Hon'ble Minister of MSME, Govt. of India, Shri. Surendra Nath Tripathi, Addl. Secretary and Development Commissioner Ministry of MSME, Govt of India and Smt. Shikha Sharma, MD & CEO, Axis Bank.

## OPERATIONAL DATA

As on 31st March, 2017, the company operates through 161 branches in 38 Districts. The company operates in 6 states of Delhi, Rajasthan, Madhya Pradesh, Uttar Pradesh, Punjab and Uttarakhand. In the year 2016, 90% of the portfolio was from the state of Uttar Pradesh. The company has entered into new territories of Rajasthan and Madhya Pradesh during the year. The company has brought down the portfolio in Uttar Pradesh to 59%. The detail of statewide portfolio is given hereunder:

State wise %age of portfolio		
State	As on 31st March 2017	As on 31st March 2016
Delhi	3.29%	2.19%
Madhya Pradesh	5.90%	-
Punjab	15.26%	4.41%
Rajasthan	5.83%	-
Uttar Pradesh	59.67%	89.14%
Uttarakhand	10.05%	4.26%

## INTERNAL CONTROL SYSTEMS

The Company has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. The Company has internal control systems commensurate to the size and nature of business it operates in. The internal control and systems form a part of good governance and is implemented to check that the proper checks and balances are in place. The internal controls are framed in such a way to minimize the risk of fraud and safeguard of Company's assets.

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 disbursal audit. Under the post disbursal 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 internal audit reports are placed before the Audit Committee for review. The Audit Committee reviews the adequacy and effectiveness of the internal audit function, including the structure of the internal audit department, annual audit plan, staffing etc., and ensures effective and independent review process. 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.

## Human Resources

Capital Trust Limited is a multicultural company, operating in six states within India. The company is market-driven, and technology-based, serving customers six states of India with financial products, and services.

People are Capital Trust's main resource in realizing its ambition. Therefore, Human Resources Management (HRM) is an integral part of the business strategy and an important line responsibility. The company conducts its diversified activities through business units, which report directly to the Board of Directors.

The main objective of Company HR policy is to create a winning match between individual needs and organizational demands. The company continuously aims to have the right person, with the right experience, at the right time, in the right place, offering the right compensation. The company fosters



leadership, individual accountability and teamwork. The employees are professionals whose entrepreneurial behavior is result-oriented and guided by personal integrity. They strive for the success of their own units, in the interest of the whole of Capital Trust. In return, the employees can count on opportunities for individual and professional development, in a multicultural working environment. The Company offers rewarding and challenging assignments with room for initiative. In this respect, policies have been established and common HRM issues have been defined. The Company's HR Policy provides for:

- **Equal opportunity:**

The employees are recruited, selected and promoted on the basis of objective, non-discriminatory criteria.

- **Career advancement:**

The Company practices to a high degree "promotion from within" at unit level and Company-wide, taking account of both meeting job requirements and preferred profile, and individual ambition in future career prospects.

- **Education & Training:**

The Company provides Education and Training with the view that the knowledge, attitude and skills of the employees are among the most important assets to realize the ambition. As a consequence, Education & Training is an essential part of the Company's HRM policy.

- **Meeting place:**

The company uses training programs to create meeting places for exchange of experience and networks for managers from different Business Units, disciplines and cultural backgrounds, and to offer opportunities for benchmarking to the outside world.

- **Compensation & Benefits:**

Capital Trust's Compensation & Benefits are based on the view that fair remuneration packages including performance-related pay, matching with individual needs and local practice, contribute to the motivation of the employees

- **Accountability:**

The Company fosters target setting, for individual and team performance with periodical reviews.

- **Encouragement:**

The Company encourages individual and team performance by practicing open and motivating appraisal procedures.

As on 31st March, 2017 the company has 1541 employees out of which 1178 are field employees. The business per field staff is Rs. 47 Lakhs as on 31st March, 2017 and per employee is Rs. 36 Lakhs

## **INFORMATON TECHNOLOGY:**

The IT Infrastructure in the company is one of the best in the industry. The IT infrastructure enables the company to efficiently manage operations on the real time basis. All the operations are conducted through a web-based application that captures comprehensive details of all accounts and operations, and generates reports in real time. Each branch staff is provided with Smart Phones that are loaded with in-house Mobile Application that enables them to get all necessary data in real time. They are also able to make entry in the system through the Mobile Phones. The Company's works on open source web server (Tomcat) along with implementing a strong firewall to protect critical data and client information. All data is backed-up on cloud network for effective disaster recovery.

The Company has a customized state-of-the-art MIS Centre that is loaded with Micap (a proprietary software platform of the Company) and other important business application software that enables efficient data management, analysis and reporting. These applications cater to various business products such as secured enterprise loans and Micro enterprise loans. Extensive MIS and Dashboards developed in Micap serve as key decision and support tools. For accounting purpose, the Company uses a customized version of Tally in which some of the modules are developed in the Micap applications.

The company has started giving digital receipts to its clients on real time basis at the time of payment of the installments.

## **Segment-wise or product-wise performance**

The company has only one business segment "Financing" so there is no segment wise or product wise performance available.

## **RISKS MANAGEMENT**

Risks are an inherent feature of any business that can negatively impact the growth of the Company if not handled properly. The risk management techniques and processes enable early identification of problematic loans. These include early default analysis, product analysis, and probability of default. The company works with strong analytic data to leverage areas of opportunity in a highly competitive industry scenario.

As a lending entity, the Company is exposed to various risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk and operational risk. The Company is conscious of these factors and places emphasis on risk management practices to ensure an appropriate balance between risks and returns.

The Company's Risk Management Committee continuously works towards identifying various risks that can impact its business and undertakes necessary actions to mitigate them. These risks and mitigations are periodically reviewed to determine its effectiveness. Some of the risks identified by the Company include:

### **Liquidity Risk Management and measures for mitigation**

The Company may face an asset-liability mismatch caused by difference in maturity profile of its assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner at a reasonable price. This risk may also arise due to inability of the Company to procure liquid funds, as per expected terms, as and when required that could result in lack of adequate funds to provide financing, thus impacting the overall business growth.

The Company actively monitors its liquidity position to ensure that it can meet all borrowers and lenders related funds requirement. The Risk Management Committee comprising of senior management lays down policies and quantitative limits and appraises the Audit Committee periodically on the asset-liability mismatch and liquidity issues.

The company has also strong equity backing from various leading private equity players. Further, it maintains all the financial parameters within the specified norms to enhance safety.

### **Interest Rate Risk Management and measures for mitigation**

The Company being a NBFC leverage on its capital and largely depends on resources raised from the banking system, NBFCs and market instruments to carry on its operations. The company is therefore significantly vulnerable to interest rate movement in the market and has to closely align with the directions of key benchmark rates.

The risk also includes inability of the Company to source low-cost funds and provide them on credit at higher rates can lead to losses and decline in net fund availability over the years.

The Company, being engaged in financing MSMEs that do not have the required asset backing or income charges high interest rates for providing credit resulting in higher net interest margins (17.2% as on March 31, 2017). Besides, the Company follows the policy of measuring the interest rate risk by the duration gap method.

### **Credit Risk Management and measures for mitigation**

Credit risk is a risk of loss due to failure of a borrower/co-borrower to meet the contractual obligation of repaying debt as per agreed terms. This risk is due to lack of stringent scrutiny and inability of the Company to judge the creditworthiness of the borrowers may result in rising NPAs and impact the cash flows.

The Company, through years of experience in the field, has established detailed procedures, guidelines and norms that it stringently follows for determining the creditworthiness of the customer. The Company assesses every customer personally and through an external compliance team before committing to a credit exposure. Moreover, it regularly updates these guidelines and procedures to ensure the safety of its credit exposure.

### **Operational Risk Management and measures for mitigation**

Operational risk can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training and employee errors. Inefficiency in operations and lower turnaround time due to various internal (inadequate or failed

internal processes, people and systems) and external factors may result in decline in growth and profitability.

Operational risk is mitigated by maintaining a comprehensive system of internal controls. Additionally, establishing systems and procedures to monitor transactions, maintain key back-up procedures, by undertaking regular contingency planning and providing employees with continuous training.

The Company has invested significantly in developing a robust IT infrastructure to achieve enhanced operational efficiencies. Process improvements, quality control and people training is a continuous process that enables the Company to strengthen operations. Further, a well-defined set of rules and policies reduces repetition and elimination on unnecessary processes.

## 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 First 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, 2017.

## 1. FINANCIAL RESULTS

The Company's financial performance for year ended 31st March, 2017 is summarized below:

(Rs. In lakhs)

Particulars	Standalone		%age of Change	Consolidated		%age of Change
	2016-17	2015-16		2016-17	2015-16	
Total Income from operation	11875.9	6131.56	94%	12477.7	6131.56	103%
EBIDTA	7870.88	4341.11	81%	8383.31	4341.11	93%
Less:						
Interest	2341.43	1217.85	92%	2657.33	1217.85	118%
Depreciation	39.14	20.91	87%	39.14	20.91	87%
Profit Before Tax	5490.31	3102.35	77%	5686.84	3102.35	83%
Profit/(Loss) after tax	3688.94	2024.52	82%	3785.72	2024.52	87%
Available for appropriation	3688.94	2024.52	82%	3785.72	2024.52	87%
Transfer to Reserve fund u/s 45IC of RBI Act, 1934	737.79	404.9	82%	757.14	404.9	87%

The year under review was affected by demonetization of high currency notes, which has affected the business as a whole in general and NBFCs dealing in microfinance and micro credit loans in particular. After demonetization, the disbursements had dried up and the collection was also affected due to no availability of legal currency notes with the clients. The situation improved a bit only after January, 2017. However due to elections in UP and false propaganda by political parties, the collection was low as compared to other states in India. In spite of these difficulties the company has done exceptionally well and has increased its assets under Management to Rs. 55500 Lakhs in year 2017 from Rs. 30400 Lakhs in year 2016. During the year the company has takeover a NBFC-MFI company and has started the Microfinance business under that company. The results given above are therefore consolidated as well as standalone. The consolidated income from operations has increased from Rs. 6131.56 Lakhs in year ending 31st March 2016 to Rs. 12477.67 Lakhs in year ending 31st March, 2017 increasing by 103%. The net profit has also increased from Rs. 2024.52 Lakhs in year ending 31st March, 2016 to Rs. 3785.72 Lakhs in year ending 31st March, 2017 increasing by 87%.

Your company has opened branches in two more states of Rajasthan and Madhya Pradesh. In the current year the company is planning to expand in new 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. 360 crs 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.

## 2. FUNDRAISING

During the year under review, the company has converted 1550000 warrants issued to Mr. Yogen Khosla into equal number of equity shares at the rate of Rs. 117/- per equity share. The company has allotted 143915 equity shares to Capital Employee Welfare Trust under Capital Trust Employee Stock Option Scheme, 2016. Pursuant to these developments, the paid up capital of the company has increased to Rs. 16,36,14,150 divided into 1,63,61,415 fully paid equity shares of Rs. 10/- each.



**3. DIVIDEND**

Keeping the tradition of paying dividend, your Directors have recommended a dividend of Rs. 1.50/- per Equity Share of the company for the financial year ended March 31, 2017 amounting to Rs 2.45 crores. The Dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend payout for the year under review has been formulated to pay sustainable dividend linked to long term growth objectives of the Company.

**4. RESERVE FUNDS**

As per section 45 IC of RBI Act 1934, the Company has transferred Rs. 757.14 Lakhs in reserve fund i.e aggregating of 20% of its net profit.

**5. 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.

**6. SUBSIDIARY COMPANIES**

During the year under review, the company tookover 100% shareholding of a Microfinance Company registered with RBI in the name of Parikarma Investments and Financial Services Private Limited and subsequently changed its name to Capital Trust Microfinance Private Limited.

During the year, the Board of Directors reviewed the affairs of company's subsidiary.

The Policy for determining material subsidiaries has been approved by the Board.

**7. COMPLIANCE WITH RBI GUIDELINES:**

During the year the assets of the company have crossed Rs. 500 Crores and the company has become Systematically important NBFC. The company has thus started complying the provisions as applicable to NBFC-ND-SI regulations set by Reserve Bank of India.

During the year your company has complied with all applicable regulations of the Reserve Bank of India. As per Non Banking Finance Companies RBI Directions, 1998, the directors hereby report that the company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

**8. CAPITAL ADEQUACY**

The Capital Adequacy Ratio of the company was 46.83% as of March 31, 2017 as compared to 18.50% in year 2015 as against the minimum capital adequacy requirements of 15% by RBI.

**9. THE CHANGE IN NATURE OF BUSINESS**

There has not been any change in the nature of business.

**10. 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, 2017, 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, 2017 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.

**11. CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements 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 uploaded the same on the website of the company.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## **12. 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 as also the Board for approval. Information on transaction with related parties pursuant Particulars of contracts or arrangements with related parties referred to in Section 188(1) in the prescribed form AOC -2 is annexed to the Board's Report.

## **13. 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.

## **14. 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.

## **15. 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.

## **16. NO. OF MEETINGS OF THE BOARD DURING THE FY 2016-17**

During the Financial Year 2016-17, your Board met sixteen times on 26.04.2016, 10.06.2016, 12.07.2016, 26.08.2016, 26.09.2016, 28.09.2016, 30.09.2016, 13.10.2016, 02.11.2016, 09.11.2016, 19.11.2016, 24.11.2016, 01.12.2016, 08.12.2016, 09.02.2017 and 06.03.2017. As per Companies Act, 2013 minimum four meetings are required to be held in a year. The details of these meetings are given in Corporate Governance Report, which forms part of directors' report.

## **17. NOMINATION AND REMUNERATION POLICY**

Capital Trust Limited believes in the manner of its affairs in a fair and transparent view by adopting the ethical behavior standards, integrity, and professionalism and in compliance of laws towards the society, government & its stakeholders. In terms of Section 178 of the Companies Act, 2013, the company has formulated and adopted the Nomination & Remuneration policy. This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors and Key Managerial Personnel.

The policy is available on the website of the company [www.capital-trust.com](http://www.capital-trust.com).

## **18. RISK MANAGEMENT POLICY**

The Company has a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that an organization like ours faces such as strategic, financial, credit, market, liquidity, , interest rate risk, equity price, security, , IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. 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.

## 19. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operations were observed.

## 20. CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

During the year under review following changes took place on the Board:

- Cessation of directorship of Mr. Manpreet Singh Chawla at the Annual General Meeting as his name was not proposed for directorship.
- Appointment of Mr. Sachin Kumar Bhartiya as a Nominee Director pursuant to section 152 of the Companies Act, 2013.
- Appointment of Mr. Joginder Pal Dua as additional director in the capacity of Independent Director
- Reappointment of Mrs. Anju Khosla as Executive Director after retiring by rotation.
- Appointment of Mr. Nitin Dhingra as CFO of the company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Listing Regulations.

## 21. BOARD EVALUATION

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes 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 has carried 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 evaluation was placed before the board of directors in their meeting held on 6th March, 2017. The Board performance is evaluated on the basis of number of Board and Committee meeting attended by individual director, participation of director in the affairs of the company, duties performed by each director during the year.

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.capital-trust.com](http://www.capital-trust.com).

## 22. EMPLOYEE STOCK OPTION SCHEME

The company has allotted shares to Capital Employee Welfare Trust under Capital Trust Employee Stock Option Scheme, 2016. The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution was passed by the members in the Extra Ordinary General Meeting 24th October, 2016.

## 23. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company includes:

Name	Design.	Category
Mr. Hari Baskaran	Chairman	Independent Director
Mr. Surendra Mahanti	Member	Independent Director
Col. Vijay Kumar (Retd.)	Member	Independent Director

## 24. VIGIL MECHANISM

The company has adopted Vigil Mechanism policy with a view to provide a mechanism for directors and employees of the Company to report genuine concerns. 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.

## 25. AUDITORS AND AUDITORS' REPORT

### a) Statutory Auditors

M/s. Walker Chandiok & Co LLP, Chartered Accountants, who are the Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

However the company has received a letter dated 30.06.2017 from M/s Walker Chandiok and Co. LLP, Chartered Accountants showing their unwillingness to continue as statutory auditors of the company.

It is now proposed to appoint M/s Singhi and Co. Chartered Accountants (Firm Registration No. 302049E) as statutory auditors of the company to hold office from conclusion of this Annual General Meeting till the conclusion of thirty sixth Annual General Meeting in the year 2021-22.

### 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 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 forms part of this Report. The Report does not contain any qualification, reservation or adverse remark.

### c) Internal Auditor

The company has appointed M/s D P Bhardwaj and Associates, Chartered Accountants as the Internal Auditors to present a fair and true view on the affairs of the Company.

## 26. 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.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### (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.

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

The company is of the view that it is working for the upliftment of poor people and also imparting financial literacy. The Company has provided training to people at Rural and semi urban areas in various fields in finance and credit sector free of cost and have provided employment to deserving candidates among them. So the Company feels that there is no additional CSR expenditure required.

## 28. 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, 2017.



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

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 Inflow: Nil

Foreign Exchange Outflow: Nil

## 30. PARTICULARS OF EMPLOYEES

The statement showing the name of every employee of the company, who if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees is not required to be given as Company does not have any such employee. Further company does not have any employee who is employed for part of the year and drawing remuneration of Rupees Five Lakhs per month. Further there is no employee in receipt of remuneration, 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.

**Your Directors state that no disclosure or reporting is required in respect of the following items as there were non applicability/ no transactions on these items during the year under review:**

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 31. ACKNOWLEDGMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, employees and field staff.

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

Sd/-

**Yogen Khosla**

Chairman and Managing Director  
DIN-00203165

Dated : 15th July, 2017

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 2016-2017.

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.

S.No.	Particulars	Details
	Name (s) of the related party &	Mr. Vahin Khosla
	Nature of contracts/arrangements/transaction	Remuneration
	Duration of the contracts/arrangements/transaction	On going
	Salient terms of the contracts or arrangements or transaction including the value, if any	In the Ordinary Course of Business
	Date of approval by the Board	June 10, 2016
	Value of Transactions	17,88,656 as salary

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 23rd May, 2017

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, 2017

[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

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

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	100%	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>									
<b>1)</b>	<b>Indian</b>									
	a) Individual/ HUF	2252024	4092500	6344524	43.26	7894524	0	7894524	48.25	4.99
	b) Central Govt	0	0	0	0	0	0	0	0	0
	c) State Govt(s)	0	0	0	0	0	0	0	0	0
	d) Bodies Corp	2845885		2845885	19.4	2845885	0	2845885	17.39	(2.01)
	e) Banks / FI	0	0	0	0	0	0	0	0	0
	f) Any Other	0	0	0	0	0	0	0	0	0
	Sub-total (A)(1):-	<b>5097909</b>	<b>4092500</b>	<b>9190409</b>	<b>62.66</b>	<b>10740409</b>	<b>0</b>	<b>10740409</b>	<b>65.64</b>	<b>2.98</b>
<b>2)</b>	<b>Foreign</b>									
	a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
	b) Other Individuals	-	-	-	-	-	-	-	-	-
	c) Bodies Corp.	-	-	-	-	-	-	-	-	-
	d) Banks / FI	-	-	-	-	-	-	-	-	-
	e) Any Other....	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2):-	<b>5097909</b>	<b>4092500</b>	<b>9190409</b>	<b>62.66</b>	<b>10740409</b>	<b>0</b>	<b>10740409</b>	<b>65.64</b>	<b>2.98</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.	Public Shareholding									
1.	Institutions									
	a) Mutual Funds	1100	100	1200	0.01	15100	100	15200	0.09	0.08
	b) Banks / FI	0	100	100	0	0	100	100	0	0
	c) Central Govt	-	-	-	-	-	-	-	-	-
	d) State Govt(s)	-	-	-	-	-	-	-	-	-
	e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f) Insurance Companies	-	-	-	-	-	-	-	-	-
	g) FIs -	-	-	-	-	-	-	-	-	-
	h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i) Others (Overseas Corporate Bodies)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1)	1100	200	1300	0.01	15100	200	15300	0.09	0.08
2.	Non Institutions									
	a) Bodies Corp.									
	(i) Indian	316087	377798	693885	4.73	320734	127198	447932	2.75	(1.99)
	(ii) Overseas									
	b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.2 lakh	882581	655033	1537614	10.48	1017557	607286	1624843	9.93	(0.55)
	(ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	268448	-	268448	1.83	436778		436778	2.67	0.84
	c) Others(Specify) Trust	250		250	0	250		250	0	0
	OCBs	2825000		2825000	19.26	2825000	-	2825000	17.27	(1.99)
	Non Resident Indian	11257	2000	13257	0.09	21491	2000	23491	0.14	0.05
	Clearing Member	137337	-	137337	0.94	103497	-	103497	0.63	(0.31)
	Other	-	-	-	0	-	-	-	-	0
	Sub-total(B)(2)	4440960	1034831	5475791	37.33	4725307	736484	5461791	33.38	(3.95)
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	4442060	1035031	5477091	37.34	4740407	736684	5477091	33.48	(3.86)
C.	Non Promoter Non Public Shareholding	-	-	-	-	-	-	-	-	-
	Shares heldby Custodianfor GDRs&ADRs	0	0	0	0	0	0	0	0	0
	Other (Employee Benefits Trust [Share Based Employee Benefit] Regulations, 2014)	0	0	0	0	143915	0	143915	0.88	0.88
	Grand Total (A+B+C)	6714969	7952531	14667500	100	15624731	736684	16361415	100	0

## 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	6344524	43.26	-	7894524	48.25	-	4.99
2.	Indo Credip Private Limited	2845885	19.4	-	2845885	17.39	-	2.01
<b>Total</b>		<b>9190409</b>	<b>62.66</b>	<b>-</b>	<b>10740409</b>	<b>65.64</b>	<b>-</b>	<b>7</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 01.04.2016		Date	Reason	Increase/ Decrease in Share-holding	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	6344524	43.26	19-11-2016	Conversion of 1550000 Warrants into equal numbers of equity shares	Increase	7894524	48.25
2.	Indo Credip Private Limited	2845885	19.4		No Change in Shareholding, change in percentage due to conversion of warrants into equity to Mr. Yogen Khosla		2845885	17.39



## 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 01.04.2016		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.	Light House Emerging India Investors Ltd	2825000	19.26	NA	No increase / decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased	-	2825000	17.27
	At the end of the year						2825000	17.27
2.	EmkayFincap Limited	125000	0.85	NA	No increase / decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased	-	125000	0.76
	At the end of the year						125000	0.76
3.	Seven Hills Capital	125000	0.85	NA	No increase / decrease in no. of shares held during the year; however on account of issue of new shares by the Company during the year, the shareholding % has decreased	-	125000	0.76
	At the end of the year						125000	0.76
4.	Capital Employee Welfare Trust	-	-	19-11-2016	Allotment of Shares	143915	143915	0.88
	At the end of the year						143915	0.88
5.	Rohinton Soli Screwvala	0	0	16-09-2016	Purchase of Shares	885	885	0.01
				23-09-2016	Purchase of Shares	510	1395	0.01
				26-09-2016	Purchase of Shares	19269	20664	0.13
				30-09-2016	Purchase of Shares	108	20772	0.13
				07-10-2016	Purchase of Shares	2249	23021	0.14
				17-10-2016	Purchase of Shares	20380	43401	0.27
				21-10-2016	Purchase of Shares	1504	44905	0.27
				11-11-2016	Purchase of Shares	12492	57397	0.35
				18-11-2016	Purchase of Shares	38556	95953	0.59
	At the end of the year						95953	0.59

S.No	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2016		Date of change, if any	Reason	Increase/ Decrease in Share- holding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
6.	Indiabulls Ventures Limited	6000	0.04	20-05-2016	Purchase of Shares	10025	16025	0.1
				27-05-2016	Purchase of Shares	2695	18720	0.11
				15-07-2016	Purchase of Shares	5000	23720	0.14
				29-07-2016	Purchase of Shares	20469	44189	0.27
				05-08-2016	Purchase of Shares	7014	51203	0.31
				12-08-2016	Purchase of Shares	3671	54874	0.34
				19-08-2016	Sale of Shares	(1038)	53838	0.33
				07-10-2016	Purchase of Shares	6369	60207	0.37
				21-10-2016	Purchase of Shares	703	60910	0.37
				28-10-2016	Purchase of Shares	1000	61910	0.38
				11-11-2016	Purchase of Shares	2981	64891	0.4
				25-11-2016	Purchase of Shares	1689	66580	0.41
				13-01-2017	Sale of Shares	(5000)	61580	0.38
				03-02-2017	Purchase of Shares	3558	65138	0.4
				10-02-2017	Purchase of Shares	4851	69989	0.43
At the end of the year							69989	0.43
7.	Brightlight Agency Private Limited	39403	0.27	06-05-2016	Purchase of Shares	21817	61220	0.37
At the end of the year							61220	0.37
8.	Nischal Maheshwari	32000	0.22	16-12-2016	Purchase of Shares	11800	43800	0.27
				10-03-2017	Purchase of Shares	5100	48900	0.3
				31-03-2017	—	—	48900	0.3
At the end of the year							48900	0.3
9.	Ankur Jhunjunwala	26057	0.18	29-04-2016	Purchase of Shares	1500	27557	0.17
				06-05-2016	Purchase of Shares	1500	29057	0.18
				27-05-2016	Purchase of Shares	600	29657	0.18
				10-06-2016	Purchase of Shares	428	30085	0.18
				17-06-2016	Purchase of Shares	500	30585	0.19
				30-06-2016	Purchase of Shares	5600	36185	0.22
				19-08-2016	Purchase of Shares	354	36539	0.22
				26-08-2016	Purchase of Shares	500	37039	0.23
				16-09-2016	Purchase of Shares	500	37539	0.23
				30-09-2016	Purchase of Shares	1000	38539	0.24
				09-12-2016	Purchase of Shares	1000	39539	0.24
				03-02-2017	Purchase of Shares	500	40039	0.24
				03-03-2017	Purchase of Shares	200	40239	0.25
At the end of the year							40239	0.25
10.	Nirav M Sapani	43077		23-12-2016	Sale of Shares	2077	41000	0.25
				17-02-2017	Sale of Shares	1000	40000	0.24
				17-03-2017	Sale of Shares	4000	36000	0.22
At the end of the year							36000	0.22

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

S.No	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2016		Date of change, if any	Reason	Increase/Decrease in Shareholding	Shareholding at the end of the year as on 31.03.2017	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
A.	Yogen Khosla Managing Director	6344524	43.26	19-11-2016	Conversion of 1550000 Warrants into equal numbers of equity shares	Increase	7894524	48.25
B.	Anju Khosla 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 CFO	-	-	-	-	-	-	-
I.	Tanya Sethi Company Secretary	-	-	-	-	-	-	-

**vii. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Total Deposits	Total Deposits
<b>Indebtedness at the beginning of the financial year (01-04-2016)</b>				
I. Principal Amount	6473.55	305.00	-	-
II. Interest due but not paid	-	-	-	-
III. Interest accrued but not due	28.89	38.25	-	-
<b>Total (I + II + III)</b>	<b>6502.44</b>	<b>343.25</b>	<b>-</b>	<b>-</b>
<b>Changes in Indebtedness during the financial year</b>				
Addition	23796.75	6405.00		
Reduction	3887.90	2200.00		
Net Change	19908.87	4205.00		
<b>Indebtedness at the end of the financial year (31-03-2017)</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>		

**viii. 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	80,62,462	44,97,787	1,25,60,249
	(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)	80,62,462	44,97,787	1,25,60,249
	Ceiling as per the Act (@ 5% of profits calculated under section 198 of the Companies Act, 2013)		48,03,90,423	

**B. Remuneration to other directors**

Particulars of Remuneration	Surendra Mahanti	Col. Vijay Kumar (Retd.)	Hari Baskaran	Manpreet Singh Chawla	Joginder Pal Dua	Total Amount (in Rs.)
a. Fee for attending board / committee meetings	18,000	12,000	4,000	4,000	5,000	43,000
b. Commission	-	-	-	-	-	-
c. Others, please specify	-	-	-	-	-	-
<b>Total (1)</b>	<b>18,000</b>	<b>12,000</b>	<b>4,000</b>	<b>4,000</b>	<b>5,000</b>	<b>43,000</b>
Other Non-Executive Directors Sachin Kumar Bhartiya						
Nominee Director						
a. Fee for attending board / committee meetings	5,000					5,000
b. Commission	-					-
c. Others, please specify	-					-
<b>Total (2)</b>	<b>5,000</b>					<b>5,000</b>
<b>Total (B)=(1+2)</b>						<b>48,000</b>
Total Managerial Remuneration						48,000
Overall ceiling as per the Act (sitting fees not to exceed 1,00,000 per meeting)						



S.No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (in Rs)
		Company Secretary	Chief Financial Officer		
		Ms. Tanya Sethi	Mr. Mukesh Sehgal 01-04-2016 to 25-11-2016	Mr. Nitin Dhingra 25-11-2016 to 31-03-2017	
1.	Gross Salary	538,549	443,031	966,000	19,47,580
	(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)		538,549	443,031	966,000	1,947,580
Ceiling as per the Act (@ 5% of profits calculated under section 198 of the Companies Act, 2013 is Rs. 48,03,90,423)					

## viii. 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 2017

[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, 2017 complied with the statutory provisions listed hereunder. 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, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 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;
- 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;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- Not applicable to 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 (RBI) Act, 1934.

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 and 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.

I further report that during the audit period:

1. The Company had allotted 75,00,000 warrants convertible into equal number of Equity Shares to Mr. Yogen Khosla, promoter on 22nd May, 2015. Out of which 40,92,500 warrants have already been converted in previous years. The company made allotment of 15,50,000 Equity Shares pursuant to conversion of equal number of warrants on 19th November, 2016. Further, the remaining 18,57,500 warrants has lapsed.

2. The Company has made allotment of 1,43,915 Equity shares to Capital Employee Welfare Trust at a price of Rs. 559/- under the scheme of Capital Trust Employee Option Scheme, 2016.
3. In accordance with subsection 5 of Section 135 of the Companies Act, 2013, the Company needs to spend 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy for undertaking the CSR activities. The company has clarified that it is working for the upliftment of poor people and also imparting financial literacy. The company has provided training to rural and semi-urban people in various fields in finance and credit sector free of cost and employment to deserving candidates among them. So the company feels that there is no additional CSR expenditure required.
4. The Company during the year, has acquired 100 % shareholding of an Non-Banking Finance Company-MFI Capital Trust Micro Finance Private Limited (formerly known as Parikarma Investments & Financial Services Private Limited).

The Company had applied for listing of its Equity Shares at National Stock Exchange and got the shares listed with effect from 16th January, 2017 with symbol CAPTRUST.

Shashank Sharma & Associates  
Practicing Company Secretaries  
Shanshank Sharma  
ACS No.19311  
CP No.:7221

Place: New Delhi  
Date: 23.05.2017

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.

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.

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.

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.

I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

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.

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  
ACS No.19311  
CP No.:7221

Place: New Delhi  
Date: 23.05.2017

# Corporate Governance Report

## 1. Company's Philosophy on Code of Governance

Corporate Governance is implemented in a manner as to increase the efficiency of operation and flow of information to all the stakeholders of the company.

At Capital Trust, the philosophy of Corporate Governance is based on creating and sustaining a deep relationship of trust and transparency with all stakeholders.

We consider stakeholders as partners in our journey forward and we are committed to ensure their wellbeing, despite business challenges and economic volatilities.

The Company has designed policies and committee to strengthen the ability of the Board of Directors to supervise the management and to enhance long-term shareholder value.

Adequate and timely information is critical to accountability which enhances transparency.

Our Corporate Governance norms reflect our commitment to disclose timely and accurate information regarding our financial and operational performance, as well as the Company's leadership and governance structure.

We believe that Corporate Governance gives an opportunity to the company to share with various stakeholders about the Company's policies, ethics, accountability, structure and future outlook of company. It also gives insight to the outsiders, about the company, its policies, values and practices adopted so that they decide their further course of action.

## 2. Board of Directors

The Board is constituted in conformity with the Regulation of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has formulated a number of committee and introduced several governance practices in order to be complied with the statutory requirement in connection with the following:

- the Board of Directors (the "Board");
- the Independent Directors on the Board;
- the Audit Committee;
- the Shareholders' Grievance Committee;
- the Nomination and Remuneration Committee; and
- the Corporate Social Responsibility Committee
- the Risk Management Committee
- Whistle Blower Policy

## I. Board Composition

The Board comprises of an optimum combination of Executive and Non- Executive Director with the right element of Independency. The Independent Directors are of eminent personalities with significant expertise in the fields of accountancy, banking, finance and strategy. As on March 31, 2017, the Company's Board of Directors consisted of seven members. Out of the seven members of the Board, four are Independent Directors, two are Executive Directors including the Chairman cum Managing Director and one is Nominee Director. The Company board is also 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.

### Composition of the Board of Directors

S.No.	Name of the Director	DIN	Category
1.	Mr. Yogen Khosla	00203165	Chairman and Managing Director
2.	Mrs. Anju Khosla	03496484	Executive Director
3.	Mr. Joginder Pal Dua	02374358	Non-Executive, Independent Director
4.	Mr. Sachin Bhartiya	02122147	Non- Executive, Nominee Director
5.	Col. Vijay Kumar (Retd.)	05300541	Non-Executive, Independent Director
6.	Mr. Surendra Mahanti	01077614	Non- Executive, Independent Director
7.	Mr. Hari Baskaran	02666053	Non- Executive, Independent Director

- No Director is related to each other except Mrs. Anju Khosla, who is wife of Mr. Yogen Khosla.
- Not less than one-half of the board of directors of the Company comprise of Non-Executive Directors.
- All the directors have given information in MBP -1 about their other directorship or membership in committees in other companies.



- d) As per the information no director holds directorship in more than 10 (ten) public companies and no director holds more than 10 (ten) memberships in committees across all companies where he/she holds directorship.
- e) None of the directors of the Company is a Chairman of more than five committees across all public limited companies in which he is a director.
- f) The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company [www.capital-trust.com](http://www.capital-trust.com).
- g) In terms of Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI (LODR) Regulations 2015, the Independent Directors in their meeting held on 6th March, 2017 have inter – alia reviewed the performance of Non-Independent Directors.
- h) The company has in place the familiarization program for the Independent Directors where Senior Management is involved to appraise the directors about the company and its policies. The same is available on [www.capital-trust.com](http://www.capital-trust.com).
- i) None of the Non- Executives Directors hold any shares or convertible instruments in the Company.

### Attendance of Directors

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, 2017 are given herein below :

Name of the Director	Number of Board Meetings attended during the year 2016-17 out of 16 held	Attendance at the last AGM held on September 26, 2016	Number of Directorships in other Public Companies		No. of Committee position held in other Public Companies	
			Chairman	Member	Chairman	Member
Mr. Yogen Khosla	16	Yes	Nil	Nil	Nil	Nil
Mrs. Anju Khosla	16	Yes	Nil	Nil	Nil	Nil
Col. Vijay Kumar (Retd.)	16	Yes	Nil	Nil	Nil	Nil
Mr. Surendra Mahanti	10	No	Nil	Nil	Nil	Nil
Mr. Hari Baskaran	15	Yes	Nil	1	Nil	Nil
Mr. Sachin Kumar Bhartiya	1	No	Nil	2	Nil	2
Mr. Joginder Pal Dua**	1	NA	Nil	2	Nil	Nil
Mr. Manpreet Singh Chawla*	3	NA	Nil	Nil	Nil	Nil

\*Manpreet Singh Chawla has ceased to be director with effect from 26th September, 2016.

\*\*Mr. Joginder Pal Dua, Independent Director of the Company was appointed w.e.f 9th February, 2017.

Note: The other directorships do not include directorships in:

- Foreign companies
- Private Limited Companies
- Section 8 of the Companies Act, 2013

Sixteen Board Meetings were held during the financial year 2016-2017. The details are given hereunder:

26th April, 2016	10th June, 2016	12th July, 2016	26th August, 2016
26th September 2016	28th September, 2016	30th September, 2016	13th October, 2016
2nd November, 2016	9th November, 2016	19th November, 2016	24th November, 2016
1st December, 2016	8th December, 2016	9th February, 2017	6th March, 2017

The gap between two board meetings is not more than 120 days as stipulated by Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") & Section 173 (1) of the Companies Act, 2016.

In two meetings presence of Mr. Yogen Khosla and Mrs. Anju Khosla was not counted for the purpose of quorum. These meetings were held on 10th June, 2016 and 19th November, 2016.

## Shareholding of Directors

Details of shareholding of directors is given hereunder:

Name of Director	Category	No. of equity shares
Mr. Yogen Khosla	Chairman and Managing Director	78,94,524

During the year 15,50,000 warrants allotted to Mr. Yogen Khosla were converted into equity shares and balance 18,57,500 warrants were lapsed. The initial amount of 25% paid on those shares by Mr. Yogen Khosla was forfeited by the company.

None of the Non – Executive Directors holds shares in the company.

## II. BOARD COMMITTEE

### A) Audit Committee

With a view to comply with various requirements under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR)

Regulations"), the Audit Committee consisting of Independent Directors is already in place. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and NBFC Regulations. The terms of reference are extensive and go beyond what is mandated in Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the Companies Act and under NBFC Regulations. These broadly include review of financial statements, review of compliances and review of systems and controls.

### Composition of Audit Committee

Name of the Committee Members	Designation	Category
Mr. Hari Baskaran	Chairman	Independent Director
Mr. Surendra Mahanti	Member	Independent Director
Col. Vijay Kumar (Retd.)	Member	Independent Director

### Attendance of Audit Committee Meeting during the year 2016-2017

Name of the Director	Category and Designations	Audit Committee Meetings attended	Number of Audit Committee Meetings attended
Mr. Hari Baskaran	Non Executive Independent Director (Chairman)	6	6
Col. Vijay Kumar (Retd.)	Non Executive Independent Director (Member)	6	6
Mr. Surendra Mahanti	Non Executive Independent Director (Member)	6	5

- In compliance with the SEBI (LODR) Regulations and the Companies Act, 2013 all the members of the audit committee are Financially literate. The Chairman of the committee is Financial Expert.
- During the year the members of the Audit Committee met on the following dates to discuss and review the finance and management related transactions: April 26, 2016, July 12, 2016, August 20, 2016, November 9, 2016, November 25, 2016 and February 9, 2017.
- The Company Secretary of the Company acts as the Secretary of the Audit Committee.

### Review of Information by the Audit Committee

- The terms of reference of the Audit Committee include the following:
  - 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;
  - recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
  - 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 sub-section (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 & 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 2016-17 along with 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) Terms 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 10th June, 2016 and 25th November, 2016. The meeting was attended by all the eligible members.
- c) Terms 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 evaluate 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 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.
- g) Attendance at the meeting of the Board of Directors and Committee thereof.
- h) Active participation in the meetings.
- i) Proactive, strategic and lateral thinking.
- j) Professionalism towards the company and the other independent directors.
- k) Director is easily accessible when needed.
- l) Work effectively with a diverse group of people.
- m) Assist the board in achieving consensus on important issues.
- 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 : 44.44:1 Executive Director : 34.22:1
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: 135% Executive Director: 310%  Mr. Mukesh Sehgal, CFO of the company resigned during the year and there was no increase in his salary.  Mr. Nitin Dhingra, CFO joined the company during the year, there was also no increase in salary.
3	The percentage increase in the median remuneration of employees in the financial year;	12.5%
4	The number of permanent employees on the rolls of Company	1541
5	The explanation on the relationship between average increase in remuneration and company performance	The year 2016-17 was impacted by demonetization in November, 2016. The profit of the company increased by 82%. The number of staff increased to 1541. 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	The profits of the company increased by 82% and the turnover increased by 94%. There was no increase in remuneration of 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.

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	<p>The market capitalization of the company as on 31st March 2016 was Rs 246.07 Crores. It increased to Rs. 734.54 Crores on 31st March, 2017 showing an increase of 198.50%. During the year the company's shares were listed at NSE giving liquidity to the stock. During the year the share touched all time high of Rs. 655 per equity share on 8th November, 2016. The share price took a hit due to demonetization after that. The Price Earning Ratio as on 31st March 2017 was Rs. 29.63 as compared to Rs. 20.97 as on 31st March, 2016 thereby showing an increase of 41%. The market price of the equity shares of the company as on 31st March 2016 was Rs. 289.5 which increased to Rs. 448.95 showing a net increase of 55%</p> <p>The percentage increase in market price of shares in comparison with the last public offer was 4248%.</p>
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 18% whereas average increase in salary of KMPs was 148%.</p> <p>There has not been any 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.</p>
10	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	The profits of the company have increased by 82% over the last year. 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 148%.
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 Directors of the company.
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

## D. SHAREHOLDERS' GRIEVANCE COMMITTEE

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 year are 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	Managing Director (Member)	4	4

During the year, the committee held four meetings on April, 26, 2016, July 12, 2016, November 9, 2016 and February 9, 2017.

### Name and Designation of Compliance Officer:

Ms. Tanya Sethi  
Company Secretary  
Capital Trust Limited

### Details of Shareholders' Complaints:

Number of shareholders' complaints received for the year 2016-17:	10
Number of shareholders' complaints solved during the year to the satisfaction of shareholders:	10
Number of complaints not solved to the satisfaction of shareholders:	-
Number of pending complaints :	-

## E. RISK MANAGEMENT COMMITTEE

Although the formation of Risk Management Committee is applicable to top 100 companies based on market capitalization, we, at Capital Trust Limited have 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 have been timely monitoring and reviewing the risk management plan in order to overcome risk related issues at appropriate time.

## 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 recommends 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.

## 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.	2013-14	Tuesday, 30th day of September, 2014	MCD Community Centre, GautamPuri, Badarpur, New Delhi-110044	9:00 A.M	Yes <ul style="list-style-type: none"> <li>• Approval for redemption of Preference Shares</li> <li>• Approval Under Section 180(1)(C) of The Companies Act, 2013 to increase the limits of borrowing powers</li> </ul>
2.	2014-15	Wednesday, 30th day of September, 2015	MCD Community Centre, GautamPuri, 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>
3.	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>

- Any resolution passed through Postal Ballot during in the year 2016-17 : 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 held two Extra Ordinary General Meetings on Tuesday, July 26, 2016 and Monday, October 24, 2016 in the year 2016-17.

## 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 National Stock Exchange and the 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 Redressal System (SCORES), where the shareholders can raise their grievances.

### Presentation to the Institutional Investors or to the Analysts

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

## I. GENERAL SHAREHOLDER INFORMATION

- a. Annual General Meeting – Date, Time and Venue
  - Date: Thursday, August 10, 2017
  - Time: 09:00 a.m.
  - Venue: 366 Sultanpur, MG Road, New Delhi- 110030
- b. Financial year is from April 1 to March 31.
- c. Dividend at the rate of Rs.1.50 per equity share, if declared, will be paid within 30 days of AGM.
- d. 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 2016-17 has been paid by the company within due date to both the Stock Exchanges.

- e. 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.**

- f. 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-16	-	-	-
May-16	-	-	-
Jun-16	-	-	-
Jul-16	-	-	-
Aug-16	-	-	-
Sep-16	-	-	-
Oct-16	-	-	-
Nov-16	-	-	-
Dec-16	-	-	-
Jan-17	511.00	412.10	27536
Feb-17	537.40	442.00	57951
Mar-17	474.95	408.70	117266

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

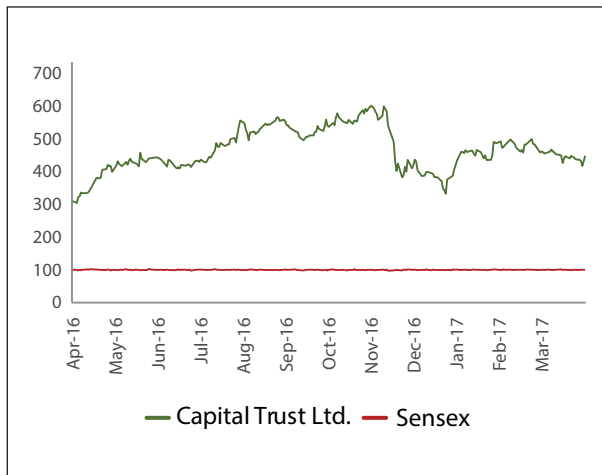
Month	High Price	Low Price	Volume
Apr-16	434.50	291.00	333203
May-16	475.00	390.00	167257
Jun-16	455.00	403.00	117087
Jul-16	565.70	425.00	246960
Aug-16	580.00	491.25	114197
Sep-16	584.00	475.00	154883
Oct-16	630.00	530.00	110512
Nov-16	655.00	352.00	177749
Dec-16	440.00	322.90	140867
Jan-17	509.00	421.00	105069
Feb-17	520.00	455.00	54187
Mar-17	475.00	415.00	77288



- 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, 2016)

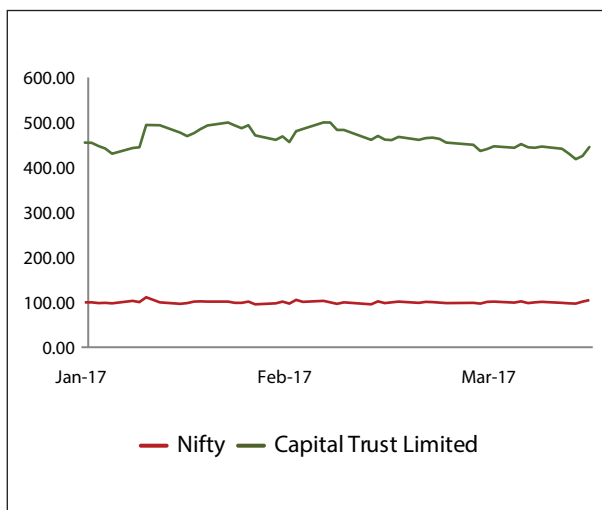
Capital Trust Share performance vis-a - viz BSE Sensex



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 January 16, 2017)



Note: The shares of the company were listed at NSE on January 16, 2017.

- h. No shares were suspended from trading by the Stock Exchange in year 2016-17.

- i. Registrar and Transfer Agent and Address for correspondence

MAS Services Limited

T-34, IIInd 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, 2017

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, 2017

No. of share holders	% to Total	Shareholding of Nominal Value of Rs.	No. of Share	% to Total
6714	93.03	1 to 5000	842288	5.148
255	3.533	5001 to 10000	191875	1.173
111	1.538	10001 to 20000	168359	1.029
36	0.499	20001 to 30000	91089	0.557
18	0.249	30001 to 40000	63104	0.386
12	0.166	40001 to 50000	55458	.339
40	0.554	50001 to 100000	293196	1.792
31	0.43	100001 and above	14656046	89.577
7217	100	Total	16361415	100

- m) Dematerialisation of Shares: As on March 31, 2017 95.50% of the total number of equity shares were held in dematerialized form.

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

However the company had 3407500 warrants convertible into equal number of equity shares on or before 21st November, 2016. Out of the these 15,50,000 warrants were converted into equity shares on 19th November, 2016. The balance 1857500 warrants were lapsed.

- 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:  
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.

## J. OTHER DISCLOSURES

- a. The Company has not entered into any material related party transaction. Other related party 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 a Wholly Owned Subsidiary in the name of Capital Trust Microfinance Private Limited.
- f. Policy on the related party is available on [www.capital-trust.com](http://www.capital-trust.com).
- g. The company is not dealing in any commodity, so there is no commodity hedging required.

- h. The Company is compliance with the corporate 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 move 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, Non-Executive Directors 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 a declaration of compliance with the code of conduct as applicable to them from the Senior Management Team of the Company and the Members of the Board for the year ended March 31, 2017. For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary.

For **Capital Trust Limited**

**Yogen Khosla**  
Managing Director

Date: May 23, 2017  
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 2016-17 and that to the best of their 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 and the Audit committee
  - a. significant changes in internal control over financial reporting during the year;
  - b. 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: 23.05.2017  
Place: New Delhi

**Nitin Dhingra**  
Chief Financial Officer

# Certificate on Corporate Governance

TO THE MEMBERS OF  
CAPITAL TRUST LIMITED

1. We have examined the compliance of conditions of Corporate Governance by CAPITAL TRUST LIMITED (the company), for the year ended on 31st March, 2017 as stipulated in SEBI(Listing and Disclosure Requirements) Regulations, 2015.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the Compliance with the conditions of the Corporate Governance; it is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI(Listing and Disclosure Requirements) Regulations, 2015.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India in respect of Shareholders/ Investors Grievances, the Registrar of the Company, who have maintained the records pertaining to Shareholders/ Investors Grievances, have certified that there were no investor grievance remaining unattended/pending for more than 30 days.

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 **Shashank Sharma & Associates**  
Practicing Company Secretaries

**Shanshank Sharma**  
ACS No.19311  
C P No. 7221

Place: New Delhi  
Date: 23.05.2017

# Independent Auditor's Report

TO THE MEMBERS OF CAPITAL TRUST LIMITED

## Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Capital Trust Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 (as amended) and the applicable directions issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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.
5. 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 controls relevant to the Company's preparation of the standalone 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.
7. 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

8. 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 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 state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

## Other Matter

9. The audit of financial statements for the year ended 31 March 2016 included in the statements were carried out and reported by SGR & Associates, Chartered Accountants vide their unmodified audit report dated 26 April 2016 whose audit report have been furnished to us and which has been relied upon by us for the purpose of our audit of the standalone financial results. Our audit report is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.



11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a. We have sought and; except for the information and explanations required in respect of the matter described in paragraph (g)(iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 standalone financial statements 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 (as amended);
  - e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 23 May 2017 as per annexure B expresses an unqualified opinion; 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. as detailed in Note 36 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. the Company has provided disclosures in Note 28 to the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts, total payments, withdrawal from banks and total amount deposited in banks are in accordance with the books of account maintained by the Company. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between specified bank notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments', 'Non-permitted payments' and 'Amount deposited in banks' as disclosed in Note 28.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
FRN - 001076N/N500013

per **Lalit Kumar**  
Partner  
M.No.-095256

Place: New Delhi  
Date: 23 May 2017

## Annexure A

### Independent Auditor's Report of even date to the members of Capital Trust Limited, on the standalone financial statements for the year ended 31 March 2017.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account & other records examined by us in the normal course of audit, & to the best of our knowledge & belief, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- ii) The Company does not have any inventory. Accordingly, 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 Act; and with respect to the same:
  - a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
  - b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;
  - c) there is no overdue amount in respect of loans granted to such Company.
- iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or Government during the year. The Company did not have any outstanding debentures during the year.
- ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end-use.
- x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit except for five instances of misappropriation of cash collected from customers amounting to Rs. 1,534,792. The Company has terminated the services of such employees and also initiated legal action against such employees.
- xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable accounting standards.
- xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment/private placement of convertible debentures.
- xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
FRN - 001076N/N500013

per **Lalit Kumar**  
Partner  
M.No.-095256

Place: New Delhi  
Date: 23 May 2017

# Annexure B

## Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of Capital Trust Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is 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 (the "Guidance Note") 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 the Company's 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 Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. 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 IFCoFR.

## Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
FRN - 001076N/N500013

per **Lalit Kumar**  
Partner  
M.No.-095256

Place: New Delhi  
Date: 23 May 2017

# Standalone Balance Sheet

as at 31<sup>st</sup> March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
<b>I Equity and liabilities</b>			
(1) <b>Shareholders' funds</b>			
Share capital	4	163,614,150	146,675,000
Reserves and surplus	5	2,030,711,539	1,362,625,420
Money received against share warrant	6	-	99,669,375
		<b>2,194,325,689</b>	<b>1,608,969,795</b>
(2) <b>Non-current liabilities</b>			
Long-term borrowings	7	2,086,433,825	315,573,065
Long-term provisions	8	35,732,665	4,025,802
		<b>2,122,166,490</b>	<b>319,598,867</b>
(3) <b>Current liabilities</b>			
Short-term borrowings	9	49,261,357	115,943,526
Trade payables	10		
Dues to micro, small and medium enterprises		-	-
Dues to others		6,014,484	9,990,298
Other current liabilities	11	1,080,881,711	360,598,284
Short-term provisions	12	153,439,610	-
		<b>1,289,597,162</b>	<b>486,532,108</b>
<b>Total</b>		<b>5,606,089,341</b>	<b>2,415,100,770</b>
<b>II Assets</b>			
(1) <b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	13,663,202	11,270,584
Intangible assets	13	121,870	-
Non-current investments	14	192,862,505	1,500,005
Deferred tax assets (net)	15	17,577,044	4,305,239
Long-term loans and advances	16	1,791,108,190	773,544,475
Other non-current assets	17	172,550,000	-
		<b>2,187,882,811</b>	<b>790,620,303</b>
(2) <b>Current assets</b>			
Trade receivables	18	-	35,724,526
Cash and bank balances	19	285,620,917	787,204,627
Short-term loans and advances	16	3,114,771,791	801,551,314
Other current assets	20	17,813,822	-
		<b>3,418,206,530</b>	<b>1,624,480,467</b>
<b>Total</b>		<b>5,606,089,341</b>	<b>2,415,100,770</b>

The accompanying notes 1 to 41 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Lalit Kumar**  
Partner

**Place:** New Delhi  
**Date:** 23 May 2017

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 Bhaskaran**  
Director  
DIN 02666053

**Nitin Dhingra**  
Chief Financial Officer

# Standalone Statement of Profit and Loss

## for the year ended 31<sup>st</sup> March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>Revenue</b>			
Revenue from operations	21	1,142,630,160	544,647,467
Other income	22	44,957,818	68,508,858
<b>Total revenue</b>		<b>1,187,587,978</b>	<b>613,156,325</b>
<b>Expenses</b>			
Employee benefits expense	23	202,250,960	105,189,482
Finance costs	24	253,338,588	121,784,792
Depreciation and amortization expense	25	3,913,685	2,090,774
Other expenses	26	179,052,855	73,856,141
<b>Total expenses</b>		<b>638,556,088</b>	<b>302,921,189</b>
<b>Profit before tax</b>		<b>549,031,890</b>	<b>310,235,136</b>
<b>Tax expense</b>			
Current tax		193,408,786	109,131,166
Deferred tax		(13,271,805)	(1,347,883)
<b>Profit for the year</b>		<b>368,894,909</b>	<b>202,451,853</b>
<b>Earnings per equity share</b>			
			30
(a) Basic		24.13	24.46
(b) Diluted		24.13	14.37

The accompanying notes 1 to 41 form an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Lalit Kumar**  
Partner

**Place:** New Delhi  
**Date:** 23 May 2017

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 Bhaskaran**  
Director  
DIN 02666053

**Nitin Dhingra**  
Chief Financial Officer



# Standalone Cash flow statement

## for the year ended 31<sup>st</sup> March 2017

(All amounts in ₹ unless otherwise stated)

Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	549,031,890	310,235,136
<b>Adjustments:</b>		
Depreciation and amortization expense	3,913,685	2,090,774
Loan loss provision and provision against standard assets	34,791,305	4,440,611
Interest expenses	-	121,784,792
Gain on sale of current investments	(5,663,876)	-
Loan loss written off	18,464,948	-
Dividend income from current investments	-	(20,000)
<b>Operating profit before working capital changes</b>	<b>600,537,952</b>	<b>438,531,313</b>
(Decrease) / increase in trade payables	2,738,249	(5,091,798)
(Decrease) / increase in other liabilities and provisions	77,833,922	131,290,320
(Increase) / decrease in other bank balances	(311,881,000)	-
(Increase) / decrease in other assets and loans and advances	(3,334,160,194)	(658,751,948)
<b>Cash used in operating activities</b>	<b>(2,964,931,071)</b>	<b>(94,022,113)</b>
Income taxes paid	(87,907,078)	(107,783,283)
<b>Net cash used in operating activities</b> <b>A</b>	<b>(3,052,838,149)</b>	<b>(201,805,396)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(6,428,173)	(4,687,634)
Investment in subsidiary	(191,362,500)	(1,500,000)
Purchase of current investments	(759,999,550)	-
Proceeds from sale of current investments	765,663,426	-
Dividend received	-	20,000
<b>Net cash used in investing activities</b> <b>B</b>	<b>(192,126,797)</b>	<b>(6,167,634)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid to banks and financial institutions	(121,784,792)	-
Proceeds from issue of equity shares	216,460,985	1,146,097,500
Dividend on equity-preference shares and dividend tax	(23,797,523)	(28,950,413)
Proceeds from long-term borrowings	2,970,504,600	-
Repayment of long-term borrowings	(558,269,000)	(339,162,979)
Repayment of short-term borrowings (net)	(848,826)	-
Redemption of preference share	-	(30,000,000)
Proceeds from issue of share warrants	-	99,669,375
<b>Net cash from financing activities</b> <b>C</b>	<b>2,604,050,236</b>	<b>725,868,691</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(640,914,710)</b>	<b>517,895,661</b>
Cash and cash equivalents at the beginning of the year	787,204,627	269,308,966
<b>Cash and cash equivalents at the end of the year (refer note 1)</b>	<b>146,289,917</b>	<b>787,204,627</b>
<b>Note 1:</b>		
Cash and bank balances as per note 19	285,620,917	787,204,627
Less: other bank balances	139,331,000	-
<b>Cash and cash equivalents</b>	<b>146,289,917</b>	<b>787,204,627</b>

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

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Lalit Kumar**  
Partner

**Place:** New Delhi  
**Date:** 23 May 2017

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 Bhaskaran**  
Director  
DIN 02666053

**Nitin Dhingra**  
Chief Financial Officer

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 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. 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) and applicable directions issued by RBI. The financial statements have been prepared on accrual basis. 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.

### 3. Significant accounting policies

#### (a) Use of estimates

- i) The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the year.
- ii) Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.
- iii) The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An

impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

#### (b) Fixed assets (including intangible assets)

Fixed assets are stated at cost, net of depreciation or amortisation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

#### (c) Depreciation

Depreciation on all tangible assets is provided on straight line method over the useful lives of assets prescribed under Schedule II of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation.

Intangible assets are amortized over a period of 5 years on straight line method.

Block of Assets	Useful life of asset as per Schedule II (in years)
Plant and Machinery	15
Computer including softwares	3
Furniture and fixtures	10
Office equipments	5
Vehicles	8

#### (d) 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.

#### (e) 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. In the case of non-performing assets ("NPAs"), interest is recognized upon realization in accordance with the

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

directives of the Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

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

### (f) Leases

#### Operating lease

Lease rentals in respect of assets taken on operating lease is charged to the statement of profit and loss on straight line basis over the term of the lease.

### (g) Taxes

Tax expense comprises of current and deferred 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 income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### (h) 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.
Non-performing asset	An asset for which, interest / principal payment has remained overdue for a period of 120 days or more.

#### Provision 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) 0.35% of the outstanding loan portfolio of standard assets which are overdue for less than 4 months (ii) 10% of the aggregate unsecured loan instalments which are overdue for more than 4 months and less than 14 months and 100% of the aggregate loan instalments which are overdue for 14 months or more.

#### Loans write off

Under the following circumstances, loans are written off:

- Under extraordinary circumstances such as the death of a customer who has not received life insurance coverage or his/her spouse and/or any other incident where in the opinion of the management, the loan amount is not recoverable.
- Where the balance outstanding at the time of closure of loan is insignificant and in the opinion of the management, the cost of collection is not economically viable.
- All loss assets as identified in terms of Directions issued by Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

### (i) Earning per equity share

The Company reports basic and diluted earning per

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

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.

### (j) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with the notified Accounting Standard 15, 'Employee Benefits (Revised 2005)' ('Revised AS 15').

#### (i) Provident fund

The Company makes contributions to independently constituted trusts recognized by income-tax authorities and regional provident fund. In terms of the Guidance note on implementing the Revised AS 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

#### (ii) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

#### (iii) Other short term benefits

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.

### (k) 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.

### (l) Transaction in foreign currency

All incomes or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

### (m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset is capitalizes as part of the cost of that asset wherever applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### (n) Cash and cash equivalent

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash to be cash equivalents.

### (o) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### (p) Impairment of assets

At the balance sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered an impairment loss and provides, if any.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 4 Share capital

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
(a) <b>Authorised share capital</b>				
Equity shares of ₹10 each	19,000,000	190,000,000	19,000,000	190,000,000
		<b>190,000,000</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	14,667,500	146,675,000
		<b>163,614,150</b>		<b>146,675,000</b>
(c) <b>Reconciliation of the equity share capital</b>				
Balance at the beginning of the year	14,667,500	146,675,000	7,500,000	75,000,000
Add: Shares issued during the year	1,693,915	16,939,150	7,167,500	71,675,000
<b>Balance at the end of the year</b>	<b>16,361,415</b>	<b>163,614,150</b>	<b>14,667,500</b>	<b>146,675,000</b>
(d) <b>Reconciliation of the preference share capital</b>				
<b>Preference shares</b>				
At the beginning of the period	-	-	3,000,000	30,000,000
Less : Redemption of preference shares	-	-	(3,000,000)	(30,000,000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(e) During the year 1,550,000 share warrants (previous year: 4,092,500) held by Mr. Yogen Khosla have been converted into equity shares of ₹10 each at a price of ₹117 aggregating to ₹181,350,500 (previous year: ₹478,422,500) and balance 1,857,500 share warrants have been forfeited aggregating to ₹54,331,875. There are no outstanding share warrants as on 31 March 2017.

(f) During the year 143,915 equity share 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.

(g) **Terms and rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹10 per share (previous year ₹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.

(h) **Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	Number	%	Number	%
Yogen Khosla	7,894,524	48.25%	6,344,524	43.26%
Indo Crediop Private Limited	2,845,885	17.39%	2,845,885	19.40%
Lighthouse Emerging India Investors Limited	2,825,000	17.27%	2,825,000	19.26%
<b>Total</b>	<b>13,565,409</b>	<b>82.91%</b>	<b>12,015,409</b>	<b>81.92%</b>

(i) <b>Forfeited share warrant</b>	As at 31 March 2017	As at 31 March 2016
Share warrant application money	54,331,875	-
	<b>54,331,875</b>	<b>-</b>

(j) During the current year, the members of the Company passed a resolution to offer, issue and grant options not exceeding 143,915 under Capital Trust Employee Stock Option Scheme, 2016 through Capital Employee Welfare Trust. 143,915 equity were allotted to Capital Employee Welfare Trust at a value of ₹559 per equity share, including a premium of ₹549 per equity share.

(k) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue and bought back during the last 5 years.



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

5 Reserve and surplus	31 March 2017	31 March 2016
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	227,400	227,400
Add: Forfeiture of 1,857,500 share warrants (refer note 4(ii))	54,331,875	-
<b>Balance at the end of the year</b>	<b>54,559,275</b>	<b>227,400</b>
<b>(b) Capital redemption reserve</b>		
Balance at the beginning of the year	30,000,000	-
Add: Amount transfer from statement of profit and loss	-	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 account</b>		
Balance at the beginning of the year	1,083,037,300	8,614,800
Add: Premium on conversion of share warrant into equity shares	165,850,000	437,897,500
Add: Premium on issue of equity shares to non promoter group	-	636,525,000
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>1,083,037,300</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 section 45-IC of RBI Act, 1934		
Balance at the beginning of the year	69,783,716	29,293,345
Add: Additions during the period *	73,778,982	40,490,371
<b>Balance at the end of the year</b>	<b>143,562,698</b>	<b>69,783,716</b>
<b>(f) Surplus/(deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	176,120,459	73,109,390
Profit for the year	368,894,909	202,451,853
Less: Transferred to reserve fund under section 45-IC of RBI Act, 1934*	73,778,982	40,490,371
Less: Dividend paid	-	1,000,000
Less: Dividend paid on preference shares	-	1,050,411
Less: Corporate dividend tax	-	419,815
Less: Proposed dividend	-	22,001,250
Less: Corporate dividend tax	-	4,478,937
Less: Transfer to capital redemption reserve on redemption of 3,000,000 preference shares of ₹10 each	-	30,000,000
<b>Balance at the end of the year</b>	<b>471,236,386</b>	<b>176,120,459</b>
	<b>2,030,711,539</b>	<b>1,362,625,420</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.

6 Money received against share warrants	31 March 2017	31 March 2016
Money received against share warrants	-	99,669,375
	<b>-</b>	<b>99,669,375</b>

During the current year, out of 3,407,500 warrants, the Company received ₹ 136,012,500 towards balance 75% of conversion of 1,550,000 share warrants issued to Mr. Yogen Khosla (Managing Director). The remaining amount received against 1,857,500 share warrants has been forfeited and credited to capital reserve.

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 7 Long-term borrowings

#### Term loans

##### Secured

from banks  
from other parties

##### Unsecured

from related parties  
from others

Less: Current maturities of long-term borrowings

#### Total borrowings

	31 March 2017	31 March 2016
from banks	1,161,368,001	337,760,730
from other parties	1,427,612,562	193,650,890
	2,588,980,563	531,411,620
from related parties	1,000,000	30,500,000
from others	450,000,000	-
	451,000,000	30,500,000
	3,039,980,563	561,911,620
Less: Current maturities of long-term borrowings	953,546,738	246,338,555
<b>Total borrowings</b>	<b>2,086,433,825</b>	<b>315,573,065</b>

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

Name of the lender	Amount borrowed (₹)	Rate of interest	Repayment schedule	Outstanding as at 31 Mar. 2017	Outstanding as at 31 Mar. 2016
AU Financiers (India) Limited TL 1	50,000,000	16.00%	30 monthly instalments starting from February 2015	6,428,669	26,568,682
AU Financiers (India) Limited TL 2	50,000,000	15.75%	36 monthly instalments starting from February 2016	30,555,554	47,222,222
MAS Financial Services Ltd TL 18	30,000,000	16.75%	24 monthly instalments starting from March 2015	-	13,750,000
MAS Financial Services Ltd TL 19	50,000,000	16.25%	24 monthly instalments starting from March 2015	-	22,916,671
MAS Financial Services Ltd TL 20	50,000,000	16.25%	24 monthly instalments starting from April 2015	-	25,000,004
MAS Financial Services Ltd TL 21	60,000,000	15.50%	24 monthly instalments starting from October 2015	15,000,000	45,000,000
MAS Financial Services Ltd TL 22	50,000,000	14.75%	24 monthly instalments starting from November 2015	14,583,339	39,583,335
MAS Financial Services Ltd TL 23	30,000,000	14.75%	24 monthly instalments starting from January 2016	11,250,000	26,250,000
MAS Financial Services Ltd TL 24	50,000,000	14.75%	24 monthly instalments starting from April 2016	25,000,004	50,000,000
MAS Financial Services Ltd TL 25	100,000,000	14.50%	24 monthly instalments starting from October 2016	74,999,998	-
MAS Financial Services Ltd TL 26	100,000,000	14.50%	24 monthly instalments starting from October 2016	74,999,998	-
MAS Financial Services Ltd TL 27	75,000,000	14.50%	24 monthly instalments starting from January 2017	65,625,000	-
MAS Financial Services Ltd TL 28	120,000,000	14.00%	24 monthly instalments starting from May 2017	120,000,000	-
MAS Financial Services Ltd TL 29	135,000,000	14.00%	24 monthly instalments starting from April 2017	135,000,000	-
Moneywise Financial Services Private Limited	150,000,000	13.90%	12 quarterly instalments starting from February 2017	137,500,000	-
Muthoot Capital Services Limited	150,000,000	15.00%	12 quarterly instalments starting from December 2016	125,000,000	-
Nabard Financials Service Limited	100,000,000	13.50%	12 quarterly instalments starting from June 2017	100,000,000	-
Nabkishan Finance Limited	150,000,000	13.00%	11 quarterly instalments starting from June 2017	150,000,000	-
Nabsamruddhi Finance Limited	100,000,000	13.00%	12 quarterly instalments starting from June 2017	100,000,000	-
State Bank of India TL 1	200,000,000	12.40%	60 monthly instalments starting from August 2016	173,333,333	201,784,003
State Bank of India TL 2	250,000,000	12.10%	60 monthly instalments starting from November 2016	229,166,668	-
HDFC	700,000	9.00%	60 monthly instalments starting from October 2013	-	396,550
HDFC	1,575,719	9.65%	47 monthly instalments starting from April 2013	-	434,821
HDFC	300,000	9.00%	60 monthly instalments starting from February 2014	-	190,675
Small Industries Development Bank of India	200,000,000	12.75%	54 monthly instalments starting from June 2017	200,000,000	-
Capital First Limited	250,000,000	18.00%	Payable at the end of 84th month, disbursed on April 2016	250,000,000	-
Capital First Limited	200,000,000	17.00%	Payable at the end of 84th month, disbursed on May 2016	200,000,000	-
Moonlight Equity Private Limited	25,000,000	16.00%	Payable at any time within the period of one year in parts or in full, disbursed on 3 February 2017	1,000,000	30,500,000
Andhra Bank	150,000,000	12.90%	36 monthly instalments starting from September 2017	150,000,000	-
Bank of India	100,000,000	12.00%	54 monthly instalments starting from October 2017	100,000,000	-
Bank of Maharashtra	100,000,000	13.50%	54 monthly instalments starting from March 2016	75,928,600	98,148,000
DCB Bank Limited	50,000,000	13.40%	33 monthly instalments starting from December 2016	43,939,400	-
IDBI Bank Limited	200,000,000	12.75%	36 monthly instalments starting from January 2017	189,000,000	-
Manaveeya Development & Finance Private Ltd.	50,000,000	15.50%	12 quarterly instalments starting from December 2016	41,670,000	-
Reliance Commercial Finance Limited	200,000,000	14.00%	24 monthly instalments starting from April 2017	200,000,000	-

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

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

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. Vehicle loans from HDFC Bank were secured against hypothecation of respective vehicles.

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 Mr. Yogen Khosla (Managing Director) and corporate guarantee of Indo Crediop Private Limited (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 Mr. Yogen Khosla (Managing Director).
4. Term loan from Manaveeya Development and Finance Private Limited is secured by way of personal guarantee of Mr. Yogen Khosla (Managing Director) and Mrs. Anju Khosla (Executive Director).

### c. Terms and conditions of unsecured loans

Term loans from Capital First Limited and Moonlight Equity Private Limited are unsecured and carry interest in the range of 16.00% per annum to 18.00% per annum

(31 March 2016: 18.00% per annum)

### d. Repayment details of borrowings

	As at 31 March 2017	As at 31 March 2016
Upto 1 year	953,546,749	246,338,555
Over 1 to 3 years	1,355,195,938	258,146,411
Over 3 to 5 years	281,237,876	123,259,997
Over 5 years	450,000,000	-
	<b>3,039,980,563</b>	<b>627,744,963</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	As at 31 March 2017	As at 31 March 2016
<b>8 Long-term provisions</b>		
<b>Provision for employee benefits:</b>		
Provision for gratuity (refer note 27)	5,244,394	4,025,802
<b>Others:</b>		
Contingent provision against standard assets	5,389,601	-
Provision for substandard and doubtful assets	25,098,670	-
	<b>35,732,665</b>	<b>4,025,802</b>
<b>9 Short-term borrowings</b>		
<b>Secured</b>		
Cash credit facility from bank	49,261,357	50,110,183
<b>Unsecured</b>		
Term loan from others	-	65,833,343
	<b>49,261,357</b>	<b>115,943,526</b>
<b>a. Terms and conditions of cash credit facility from bank</b>		
Cash credit from State Bank of India is secured against assignment of small enterprise finance receivables on first charge in specific book debts and personal guarantee of Mr. Yogen Khosla (Managing Director).		
<b>10 Trade Payables</b>		
Dues to micro, small and medium enterprises	-	-
Dues to others	6,014,484	9,990,298
	<b>6,014,484</b>	<b>9,990,298</b>
Dues to micro and small enterprise as defined under the Micro , Small and Medium Enterprise Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro , Small and Medium Enterprise Development Act (MSMED), 2006, details are mentioned below:		
<b>Particulars</b>		
Principal amount remaining unpaid to any supplier	Nil	Nil
Interest due thereon remaining unpaid to any supplier	Nil	Nil
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	Nil	Nil

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	As at 31 March 2017	As at 31 March 2016
<b>11 Other current liabilities</b>		
Current maturities of long-term borrowings	953,546,738	246,338,555
Interest accrued but not due on borrowings	12,645,061	-
Advance EMI received	2,247,017	-
Unpaid dividend*	1,633,789	814,450
Statutory dues payable	6,871,518	4,188,854
Premium payable	61,027,636	12,974,338
Proposed dividend and dividend tax	-	26,480,187
Payable to employees	16,508,341	-
Other liabilities	26,401,611	25,874,931
<b>Provision</b>		
Provision for gratuity (refer note 27)	-	1,249,624
Provision for bonus	-	1,891,533
Provision for income-tax (net of advance tax)	-	32,476,989
Provision for salary	-	8,308,823
	<b>1,080,881,711</b>	<b>360,598,284</b>
* Not due for deposit in the investor education and protection fund		
<b>12 Short-term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 27)	1,284,204	-
Provision for bonus	4,054,914	-
<b>Others</b>		
Provision for income-tax (net of advance tax)	137,978,697	-
Contingent provision against standard assets	10,121,795	-
	<b>153,439,610</b>	<b>-</b>



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 13 Fixed assets

#### Tangible assets

Particulars	Plant & equipment	Computer	Furniture & fixtures	Vehicles	Office equipment	Total
<b>Gross block</b>						
Balance as on 1 April 2015	796,827	3,664,789	2,137,433	4,796,600	652,890	<b>12,048,539</b>
Additions	2,830,268	1,248,718	61,875	-	546,773	<b>4,687,634</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2016</b>	<b>3,627,095</b>	<b>4,913,507</b>	<b>2,199,308</b>	<b>4,796,600</b>	<b>1,199,663</b>	<b>16,736,173</b>
Additions	926,014	2,305,441	2,510,401	-	617,595	<b>6,359,451</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2017</b>	<b>4,553,109</b>	<b>7,218,948</b>	<b>4,709,709</b>	<b>4,796,600</b>	<b>1,817,258</b>	<b>23,095,624</b>
<b>Accumulated depreciation</b>						
Balance as on 1 April 2015	188,740	1,023,469	863,860	1,426,674	137,536	<b>3,640,279</b>
Additions	65,625	1,080,252	308,808	457,327	78,144	<b>1,990,156</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2016</b>	<b>254,365</b>	<b>2,103,721</b>	<b>1,172,668</b>	<b>1,884,000</b>	<b>215,680</b>	<b>5,630,434</b>
Additions	767,874	1,528,558	69,303	1,046,153	390,100	<b>3,801,988</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2017</b>	<b>1,022,239</b>	<b>3,632,279</b>	<b>1,241,971</b>	<b>2,930,153</b>	<b>605,780</b>	<b>9,432,422</b>
<b>Net block</b>						
<b>Balance as on 31 March 2016</b>	<b>3,372,730</b>	<b>2,809,786</b>	<b>1,026,640</b>	<b>2,912,600</b>	<b>983,983</b>	<b>11,105,739</b>
<b>Balance as on 31 March 2017</b>	<b>3,530,870</b>	<b>3,586,669</b>	<b>3,467,738</b>	<b>1,866,447</b>	<b>1,211,478</b>	<b>13,663,202</b>

#### Intangible assets

Particulars	Software	Total
<b>Gross block</b>		
Balance as on 1 April 2015	316,872	<b>316,872</b>
Additions	-	-
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2016</b>	<b>316,872</b>	<b>316,872</b>
Additions	68,722	<b>68,722</b>
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2017</b>	<b>385,594</b>	<b>385,594</b>
<b>Accumulated depreciation</b>		
Balance as on 1 April 2015	51,409	<b>51,409</b>
Additions	100,618	<b>100,618</b>
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2016</b>	<b>152,027</b>	<b>152,027</b>
Additions	111,697	<b>111,697</b>
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2017</b>	<b>263,724</b>	<b>263,724</b>
<b>Net block</b>		
<b>Balance as on 31 March 2016</b>	<b>164,845</b>	<b>164,845</b>
<b>Balance as on 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 2017

	As at 31 March 2017	As at 31 March 2016
<b>14 Non-current investments</b>		
<b>In equity instruments (Trade, unquoted)</b>		
<b>Investment in subsidiary</b>		
810,000 equity shares (31 March 2016 - Nil) fully paid in Capital Trust Microfinance Private Limited	191,362,500	-
<b>Investment in others</b>		
10,000 equity shares (31 March 2016 - 10,000) fully paid in Asavi Financial Services Limited	81,100	81,100
2,400 equity shares (31 March 2016 - 2,400) fully paid in Indo Deutch Proteins Limited	1	1
3,600 equity shares (31 March 2016 - 3,600) fully paid in Tina Electronics Limited	1	1
2,000 equity shares (31 March 2016 - 2,000) fully paid in Parasrampur Industries Limited	1	1
14,800 equity shares (31 March 2016 - 14,800) fully paid in Naina Semiconductors Limited	1	1
Less: Provision for diminution	81,099	81,099
<b>In mutual funds (Non-trade, unquoted)</b>		
150,000 units (31 March 2016 - 150,000 units) in SBI mutual fund	1,500,000	1,500,000
	<b>192,862,505</b>	<b>1,500,005</b>
Aggregate value of unquoted investment	192,862,505	1,500,005
<b>15 Deferred tax asset (Net)</b>		
Deferred tax liability arising on account of fixed assets	583,535	721,908
<b>Total deferred tax liability</b>	<b>583,535</b>	<b>721,908</b>
<b>Deferred tax assets arising on account of</b>		
Provision for bonus	1,403,325	654,623
Provision for gratuity	2,259,417	1,825,719
Provision for doubtful debts	14,497,837	2,546,805
<b>Total deferred tax assets</b>	<b>18,160,579</b>	<b>5,027,147</b>
<b>Deferred tax assets (net)</b>	<b>17,577,044</b>	<b>4,305,239</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 16 Loans and advances

(Unsecured, unless otherwise stated)

	As at 31 March 2017		As at 31 March 2016	
	Long-Term	Short-Term	Long-Term	Short-Term
(a) Loan to customers	1,382,753,802	3,049,073,724	741,125,553	1,341,924,195
Unsecured, considered good*	220,308,497	-	32,418,922	-
Unsecured, considered doubtful**	-	-	-	-
Less: Assignment of receivables by way of managed portfolio	-	-	-	761,628,749
Less: Contingent provision against standard Assets	-	-	-	8,640,519
	1,603,062,299	3,049,073,724	773,544,475	571,654,927
(b) Security deposits [refer (i) below]	65,500,000	24,295,496	-	185,266,232
(c) Loan to related parties:				
-Capital Employee Welfare Trust	80,510,000	-	-	-
(d) Other loans & advances				
Prepaid expenses	42,035,891	20,045,936	-	36,188,934
Loan to employees	-	44,310	-	-
Loans pending disbursement	-	101,097	-	-
Service tax receivable	-	-	-	1,510,943
	42,035,891	20,191,343	-	37,699,877
(e) Advances recoverable in cash or kind	-	22,492,739	-	8,211,789
Less: Provision for doubtful advances	-	1,281,511	-	1,281,511
	-	21,211,228	-	6,930,278
	<b>1,791,108,190</b>	<b>3,114,771,791</b>	<b>773,544,475</b>	<b>801,551,314</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 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>

As at 31 March 2016			
Asset Classification	Classification criteria	Amount outstanding	Provision
Standard assets	Outstanding for less than 5 month	1,321,420,999	4,070,000
Non-performing assets	Outstanding for 5 month or more	32,418,922	4,570,519
<b>Total</b>		<b>1,353,839,921</b>	<b>8,640,519</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	As at 31 March 2017	As at 31 March 2016
<b>17 Other non-current assets</b>		
Bank deposits with maturity over 12 months [refer (i) below]	172,550,000	-
	<b>172,550,000</b>	-
(i) Represents deposits placed as margin money to avail term loans from banks and financial institutions.		
<b>18 Trade receivables</b>		
(Unsecured, unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	-
Other debts:		
Interest accrued but not due on loans	-	13,105,895
Interest accrued but not due on security deposits & fixed deposit	-	7,470,518
Other receivables	-	15,148,113
	-	<b>35,724,526</b>
<b>19 Cash and bank balances</b>		
<b>Balances with banks</b>		
- in current accounts	144,366,410	349,377,967
- in bank deposit accounts (with original maturity upto 3 months)	-	436,950,000
Cash on hand	289,718	62,210
<b>Earmarked balances with banks</b>		
- Unpaid dividend account	1,633,789	814,450
<b>Other bank balances</b>		
Bank deposits with maturity of less than 12 months [refer (i) below]	139,331,000	-
Bank deposits with maturity over 12 months [refer (i) below]	172,550,000	-
	<b>458,170,917</b>	<b>787,204,627</b>
Less: Bank deposits with maturity over 12 months [refer (i) below]	172,550,000	-
	<b>285,620,917</b>	<b>787,204,627</b>
(i) Represents deposits placed as margin money to avail term loans from banks and financial institutions.		
<b>20 Other current assets</b>		
(Unsecured, unless otherwise stated)		
Interest accrued but not due	12,137,108	-
Receivable from related party	2,140,161	-
Other receivables	3,536,553	-
	<b>17,813,822</b>	-
<b>21 Revenue from operations</b>	<b>Year ended 31 March 2017</b>	<b>Year ended 31 March 2016</b>
<b>Sale of services</b>		
Interest on loan to customers	697,831,735	283,419,456
Processing fee	89,379,350	68,571,940
<b>Other operating revenues</b>		
Loan utilisation fee	63,312,500	-
Commission income	62,033,479	105,739,049
Portfolio management fee	136,562,377	70,237,543
Mortgage and verification fee	72,158,773	-
Other incomes	21,351,946	16,679,479
	<b>1,142,630,160</b>	<b>544,647,467</b>

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
<b>22 Other income</b>		
Interest income on fixed deposit	23,047,468	9,511,469
Dividend income from long-term investments	-	20,000
Gain on sale of current investments	5,663,876	-
Miscellaneous income	16,246,474	58,977,389
	<b>44,957,818</b>	<b>68,508,858</b>
<b>23 Employee benefit expense</b>		
Salaries, wages and bonus	180,760,563	93,511,113
Contribution to provident fund and other funds	11,815,087	7,145,975
Staff welfare expenses	9,675,310	4,532,394
	<b>202,250,960</b>	<b>105,189,482</b>
<b>24 Finance costs</b>		
Interest expenses	234,143,180	105,739,653
Other borrowing costs	19,195,408	16,045,139
	<b>253,338,588</b>	<b>121,784,792</b>
<b>25 Depreciation and amortization expenses</b>		
Depreciation of tangible assets (refer note 13)	3,801,988	1,990,156
Amortization of intangible assets (refer note 13)	111,697	100,618
	<b>3,913,685</b>	<b>2,090,774</b>
<b>26 Other expenses</b>		
Listing and filing fee	1,178,023	323,126
Electricity expenses	2,342,596	1,077,255
Rent paid	26,162,672	16,858,189
Repairs and maintenance		
-Others	13,065,747	9,333,322
Insurance	970,366	428,233
Professional and consultancy charges	21,863,903	3,417,520
Directors sitting fee	48,000	37,000
Travelling and conveyance	36,461,131	18,699,733
Payment to auditors (refer note (a) below)	856,250	231,500
Loan loss written off	18,464,948	6,577,942
Loan loss provision	23,349,909	4,064,329
Provision against standard assets	11,441,396	376,282
Miscellaneous expense	22,847,914	12,431,710
	<b>179,052,855</b>	<b>73,856,141</b>
<b>(a) Payment to auditors</b>		
<b>As auditors</b>		
Statutory audit	756,250	200,000
Tax audit	100,000	25,000
Out of pocket expense audit	-	6,500
	<b>856,250</b>	<b>231,500</b>



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	Year ended 31 March 2017	Year ended 31 March 2016			
<b>27 Employee benefits</b>					
During the year, the Company has recognised the following amounts in the statement of profit and loss:					
<b>a) Provident and other fund:</b>					
Employer's contribution to provident fund	6,818,937	3,951,557			
Employer's contribution to employee's state insurance	4,996,150	2,741,493			
<b>b) Defined benefit plan - gratuity (funded)</b>					
<b>Statement of profit and loss</b>					
<b>Net employee benefit expense recognised in the employee cost</b>					
Current service cost	761,827	759,073			
Past service cost	-	-			
Interest cost on benefit obligation	515,370	453,612			
Expected return on plan assets	(127,592)	(109,843)			
Net actuarial (gain)/loss	749,192	(46,936)			
<b>Net benefit expense</b>	<b>1,898,797</b>	<b>1,055,906</b>			
Actual return on plan assets	(127,592)	(109,843)			
<b>Balance sheet</b>					
<b>Benefit asset/liability</b>					
Present value of defined benefit obligation	7,261,645	6,693,116			
Fair value of plan assets	733,047	1,417,690			
<b>Net liability recognised in balance sheet</b>	<b>6,528,598</b>	<b>5,275,426</b>			
<b>Changes in the present value of the defined benefit obligation are as follows:</b>					
Opening defined benefit obligation	6,693,116	5,815,540			
Current service cost	761,827	759,073			
Past Service cost	-	-			
Interest cost	515,370	453,612			
Benefits paid	(1,383,462)	(288,173)			
Actuarial (gain)/losses	674,794	(46,936)			
<b>Closing defined benefit obligation</b>	<b>7,261,645</b>	<b>6,693,116</b>			
<b>Changes in the fair value of plan assets during the period</b>					
Fair Value of Plan Assets at the beginning of the period	1,417,690	1,220,475			
Acquisition Adjustments	-	-			
Expected Return on Plan Assets	127,592	109,843			
Contributions	645,625	375,545			
Benefits Paid	(1,383,462)	(288,173)			
Actuarial Gain /(loss) on Plan Assets	(74,398)	-			
<b>Fair Value of Plan Assets at the end of the period</b>	<b>733,047</b>	<b>1,417,690</b>			
<b>The principal assumptions used in determining gratuity benefit obligations for the Company's plan are shown below:</b>					
Discount rate	6.40	7.70			
Expected salary escalation rate	10.00	10.00			
Retirement Age	58.00	58.00			
Mortality table	Indian Assured Lives Mortality (2006-2008) (modified)	Indian Assured Lives Mortality (2006-2008) (modified)			
Withdrawal rate(%)	55.00% per annum	17.78% per annum			
All ages					
<b>Amounts for the current and previous years are as follows:</b>					
<b>Gratuity</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
Defined benefit obligation	7,261,645	6,693,116	5,815,540	4,607,123	3,932,870
Plan assets	733,047	1,417,690	1,220,475	1,049,989	1,039,966
<b>Surplus/(deficit)</b>	<b>(6,528,598)</b>	<b>(5,275,426)</b>	<b>(4,595,065)</b>	<b>(3,557,134)</b>	<b>(2,892,904)</b>
Experience adjustments on plan liabilities	(1,929,094)	73,024	7,545	(108,563)	(32,945)
Experience adjustments on plan assets	(74,398)	-	(5,059)	(4,824)	-

## Standalone Notes to financial statements

### for the year ended 31<sup>st</sup> March 2017

- 28** During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:-

Particular	SBNs		Other denomination notes		Total	
	Denom-ination	Amount	Denom-ination	Amount	Denom-ination	Amount
Closing balance as at 8 November 2016	1,000	30,931,000	-	-	1,000	30,931,000
	500	11,309,000	-	-	500	11,309,000
	-	-	100	13,800	100	13,800
	-	-	50	19,750	50	19,750
	-	-	20	800	20	800
	-	-	10	1,830	10	1,830
	-	-	5	190	5	190
	-	-	1	150	1	150
Transactions between 9 Nov. 2016 and 30 Dec. 2016						
Add : Withdrawal from bank accounts	-	-	2,000	970,000	2,000	970,000
	-	-	500	152,000	500	152,000
Add: Receipts for permitted transactions	-	-	-	203,690,542	-	203,690,542
Add : Receipts for non-permitted transactions (if any)	-	-	-	-	-	-
Less : Paid for permitted transactions	-	-	-	637,590	-	637,590
Less: Paid for non-permitted transactions (if any)	-	-	-	-	-	-
Less: Deposited in bank accounts	1,000	30,931,000	-	-	1,000	30,931,000
	500	11,309,000	-	-	500	11,309,000
	-	-	-	198,204,748	-	198,204,748
	-	-	-	36,520	-	36,520
<b>Closing balance as at 30 December 2016</b>	-	-	-	<b>5,970,204</b>	-	<b>5,970,204</b>

### 29 Related party disclosure

In accordance with the required Accounting Standard (AS-18) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

#### Name of related parties and description of relationship

Key Management Personnel (KMP)	1	Mr. Yogen Khosla (Managing Director)
Relatives of Key Management Personnel	1	Mr. Vahin Khosla
	2	Mrs. Anju Khosla
Subsidiary	1	Capital Trust Microfinance Private Limited (Formerly known as Parikarma Investments & Financial Services Private Ltd.) (w.e.f. 26 September 2016)
Enterprise over which KMP and their relatives can exercise significant influence	1	Italindian Trade & Financial Services Private Limited
	2	Indo Crediop Private Limited
	3	Vaibhav Farms Private Limited
	4	Vishwas Welfare Foundation (Formerly known as Vishwas Credit & Livelihood Program)
	5	Yogen Khosla & Sons (HUF)
	6	Moonlight Equity Private Limited
	7	Soter Capital India Private Limited
	8	Capital Employee Welfare Trust (w.e.f. 7 October 2016)
	9	M/s Capital Trust Microfinance Private Limited (Formerly known as Parikarma Investments & Financial Services Private Ltd.) (upto 26 September 2016)
	10	Capital Trust Housing Finance Private Limited

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

**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	-	-	-	86,500,000
	-	-	-	(171,500,000)
Moonlight Equity Private Limited	-	-	-	54,000,000
	-	-	-	(415,447,625)
Capital Trust Microfinance Private Limited	-	-	-	-
	-	-	-	(79,000,000)
Vaibhav Farms Private Limited	-	-	-	-
	-	-	-	(9,900,375)
<b>Loan repaid</b>				
Moonlight Equity Private Limited	-	-	-	83,500,000
	-	-	-	(686,295,250)
Indo Crediop Private Limited	-	-	-	86,500,000
	-	-	-	(318,205,000)
Capital Trust Microfinance Private Limited	-	-	-	-
	-	-	-	(107,550,000)
Vaibhav Farms Private Limited	-	-	-	-
	-	-	-	(18,650,000)
Vishwas Welfare Foundation	-	-	-	-
	-	-	-	(23,500,000)
Italindian Trade & Financial Services Private Limited	-	-	-	-
	-	-	-	(2,600,000)
<b>Loan given</b>				
Capital Employee Welfare Trust	-	-	-	80,510,000
	-	-	-	(-)
Capital Trust Microfinance Private Limited	150,000,000	-	-	-
	(-)	-	-	-
<b>Loan received back</b>				
Capital Trust Microfinance Private Limited	150,000,000	-	-	-
	(-)	-	-	-
<b>Investment in subsidiary</b>				
Capital Trust Microfinance Private Limited	191,362,500	-	-	-
	(-)	-	-	-
<b>Equity shares issued</b>				
Capital Employee Welfare Trust	-	-	-	80,448,485
	-	-	-	(-)
Mr. Yogen Khosla	-	181,350,000	-	80,448,485
	-	(502,222,500)	-	(-)

# Standalone Notes to financial statements

for the year ended 31<sup>st</sup> March 2017

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 Paid</b>				
Moonlight Equity Private Limited	-	-	-	4,423,889
	-	-	-	(26,674,000)
Indo Crediop Private Limited	-	-	-	656,000
	-	-	-	(11,777,000)
Vishwas Welfare Foundation	-	-	-	-
	-	-	-	(2,615,000)
Capital Trust Microfinance Private Limited	-	-	-	-
	-	-	-	(4,065,000)
Vaibhav Farms Private Limited	-	-	-	-
	-	-	-	(995,000)
Italindian Trade & Financial Services Private Limited	-	-	-	-
	-	-	-	(305,000)
<b>Interest received</b>				
Capital Trust Microfinance Private Limited	197,261	-	-	3,397,260
	(-)	-	-	(-)
<b>Service fee received</b>				
Capital Trust Microfinance Private Limited	11,368,180	-	-	2,715,692
	(-)	-	-	(-)
<b>Remuneration</b>				
Mr. Yogen Khosla (Managing Director)	-	8,060,962	-	-
	-	(3,519,027)	-	-
Mrs. Anju Khosla	-	-	4,497,787	-
	-	-	(1,013,367)	-
Mr. Vahin Khosla	-	-	1,788,656	-
	-	-	(568,000)	-
<b>Outstanding balance at the year end</b>				
<b>Loans &amp; Advances:</b> Capital Employee Welfare Trust	-	-	-	80,510,000
	-	-	-	(-)
<b>Unsecured Loans:</b> Moonlight Equity Private Limited	-	-	-	1,000,000
	-	-	-	(30,500,000)
<b>Other receivables:</b> Capital Trust Microfinance Private Limited	2,140,161	-	-	-
	(-)	-	-	-
<b>Investment:</b> Capital Trust Microfinance Private Limited	191,362,500	-	-	-
	(-)	-	-	-
<b>Salary payable:</b>				
Mr. Yogen Khosla (Managing Director)	-	400,000	-	-
	-	(108,600)	-	-
Mrs. Anju Khosla	-	308,000	-	-
	-	(58,300)	-	-

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	31 March 2017	31 March 2016
<b>30 Earning per equity share</b>		
a) Profit considered for computation of basic and diluted EPES	368,894,909	202,451,853
b) Number of equity shares		
Opening number of equity shares	14,667,500	7,500,000
Closing number of equity shares	16,361,415	14,667,500
Weighted average number of equity shares	15,284,735	14,000,615
c) Earning per equity share		
Basic	24.13	24.46
Diluted	24.13	14.37

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

#### 1) Capital

##### Items

	31 March 2017	31 March 2016
Capital to risk / weighted assets ratio (CRAR) (%)	46.83%	94.19%
CRAR-Tier I capital (%)	37.97%	92.03%
CRAR-Tier II capital (%)	8.86%	2.17%
Amount of Subordinate debt raised as Tier-II capital	450,000,000	30,500,000
Amount raised by issue of perpetual debt instruments	-	-

#### 2) Investments

##### (A) Value of investments

i) Gross value of investments		
(a) In india	192,943,604	1,581,104
(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	192,862,505	1,500,005
(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.

	31 March 2017	31 March 2016
C) Details of Assignment transactions undertaken by applicable NBFCs		
(i) No. of accounts	4,653	-
(ii) Aggregate value (net of provisions) of accounts sold	112,733,354	-
(iii) Aggregate consideration	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 financial 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 2017

### 5) Asset liability management

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	1,265,640,651	317,725,772	19,699,624	<b>4,652,136,023</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>

Maturity pattern of certain items of assets and liabilities as at 31 March 2016

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	118,487,430	127,291,892	128,928,653	350,848,653	616,367,567	656,484,909	107,878,594	9,180,972	<b>2,115,468,670</b>
Investments	-	-	-	-	-	-	1,500,000	5	<b>1,500,005</b>
Borrowings	18,310,596	18,310,407	18,310,214	64,929,445	126,477,893	258,146,411	123,259,997	-	<b>627,744,963</b>

#### Notes:

- 1 The above borrowings excludes interest accrued and due and interest accrued but not due.
- 2 The above information has been considered as per the assets liability management (ALM) report complied by the management and reviewed by the ALM committee.
- 3 Sub-standard assets have been classified under the category of over 3 years and upto 5 years, and doubtful assets have been classified under the category of over 5 years.

### 6) Exposure

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

The Company does not have any real estate exposure in the current and previous year. 10,000,000

#### (b) Exposure to capital market

The Company does not have any exposure to capital market in the current and previous year. 100,000

#### (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 has not obtained registration from other financial sector regulators

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

There have been no penalties imposed on the Company by RBI or other financial sector regulators during the current year 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 Brickwork Rating India Private Limited dated 18 August 2016 and Credit Analysis & Research Limited (CARE) vide their report dated 21 November 2016:

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 2017

### 8) Additional Disclosures

#### (a) Provisions and contingencies

##### Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss

	31 March 2017	31 March 2016
Provision towards standard assets	11,441,396	376,282
Provision towards non performing assets	23,349,909	4,064,329
Provision made towards income tax	193,408,786	109,131,166
Other provision and contingencies (employee benefits)	1,898,797	1,055,906
Provisions for depreciation on investment	-	-
	230,098,888	114,627,683

#### (b) Draw down from reserves

There have been no instances of draw down from reserves by the Company during the current and previous year.

#### (c) Concentration of advances, exposures and NPAs

##### a. Concentration of advances

Total advances to twenty largest borrowers	12,400,476	10,193,523
Percentage of advances to twenty largest borrowers to total advances of the Company	0.27%	0.48%

##### b. Concentration of exposure

Total exposure to twenty largest borrowers	12,400,476	10,193,523
Percentage of exposure to twenty largest borrowers as total exposure	0.27%	0.48%

##### c. Concentration of non-performing assets

Total Exposure to top four non-performing accounts	2,188,017	1,901,824
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##### d. Sector-wise non-performing assets

Sector	Percentage of NPAs to total advances in that sector	
	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Agriculture and allied activities	-	-
Micro Small and Medium Enterprises *	4.74%	2.39%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

\* Determination based on the information related to the nature and size of activity of the borrower.

##### e. Movement of non-performing assets

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Net NPA to net Advances (%)	4.23%	2.07%
Movement of non-performing assets (Gross)		
(a) Opening balance	32,418,922	7,427,548
(b) Additions during the year	214,790,136	30,192,474
(c) Reductions during the year #	26,900,563	5,201,100
(d) Closing balance	220,308,497	32,418,922

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Movement of net non-performing assets		
(a) Opening balance	27,848,403	6,176,006
(b) Additions during the year	191,440,227	26,873,497
(c) Reductions during the year #	24,078,805	5,201,100
(d) Closing balance	195,209,827	27,848,403
Movement of provisions for non-performing assets (excluding provisions on standard assets)		
(a) Opening balance	4,570,519	1,251,542
(b) Provisions made during the year	23,349,909	3,318,977
(c) Write-off/ write-back of excess provisions	2,821,758	-
(d) Closing balance	25,098,670	4,570,519
# Reduction includes write-offs and recoveries.		

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

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 2017	31 March 2016
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	5	1
Amount of fraud	1,534,792	1,281,511
Recovery	11,050	-
Amount provided for	-	1,281,511

***Loans given against fictitious documents***

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

**32** 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	Amount in (₹)	
		Amount outstanding	Amount overdue
1	<b>Liabilities Side:</b>		
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	-	-
		(-)	(-)
	: Unsecured (other than falling within the Meaning of public deposits)	-	-
		(-)	(-)
	(b) Deferred credits	-	-
		(-)	(-)

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	(c) Term loans (including short term borrowings)	3,039,980,563 (627,744,963)	- -
	(d) Inter-corporate loans and borrowing	- (-)	- (-)
	(e) Commercial paper	- (-)	- (-)
	(f) Public deposits	- (-)	- (-)
	(g) Other loans      Cash credit facility	49,261,357 (50,110,183)	- (-)
<b>2</b>	Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	(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>	Amount outstanding	
<b>3</b>	Break-up of loans and advances including bills receivables (other than those included in (4) below:		
	(a) Secured	- (-)	
	(b) Unsecured - receivable under financing activity	4,652,136,023 (1,353,839,921)	
<b>4</b>	Break-up of leased assets and stock on hire and hypothecation loans counting towards EL / HP activities		
	<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) Repossed Assets	- (-)	
	<b>(iii) Hypothecation loans counting towards EL/HP activities</b>		
	(a) Loans where assets have been repossessed	- (-)	
	(b) Loans other than (a) above	- (-)	
	<b>Assets side:</b>	Amount outstanding	
<b>5</b>	Break-up of investments:		
	<b>Current investments:</b>		
	<b>1. Quoted:</b>		
	(i) Shares: (a) Equity	- (-)	

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	(b) Preference	-	
	(ii) Debentures and bonds	(-)	
	(iii) Units of mutual funds	-	
	(iv) Government securities	(-)	
	(v) Others (please specify)	-	
	(2) Unquoted:	(-)	
	(i) Shares: (a) Equity	-	
	(b) Preference	(-)	
	(ii) Debentures and bonds	-	
	(iii) Units of mutual funds	(-)	
	(iv) Government securities	-	
	(v) Others (please specify)	(-)	
	(2) Unquoted:	-	
	(i) Shares: (a) Equity	191,443,604	
	(b) Preference	(81,104)	
	(ii) Debentures and bonds	-	
	(iii) Units of mutual funds	(-)	
	(iv) Government securities	1,500,000	
	(v) Others (please specify)	(1,500,000)	
		-	
		(-)	
		-	
		(-)	
6	Borrower group-wise classification of assets financed as in (3) and (4) above:		
	<b>Category</b>	<b>Amount net of provisions</b>	
		<b>Secured</b>	<b>Unsecured</b>
			<b>Total</b>
1.	Related parties		
	(a) Subsidiaries	-	-
		(-)	(-)
	(b) Companies in the same group	-	-
		(-)	(-)
	(c) Other related parties	-	-
		(-)	(-)
2.	Other than related parties	-	4,611,525,957
		(-)	(1,345,199,402)
	<b>Total</b>	-	<b>4,611,525,957</b>
		(-)	<b>(1,345,199,402)</b>



# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
	<b>Category</b>	<b>Market value / Break-up or fair value or NAV</b>	<b>Book value (net of provisions)</b>
	1. Related Parties		
	(a) Subsidiaries	-	191,362,500
		(-)	(-)
	(b) Companies in the same group	-	-
		(-)	(-)
	(c) Other related parties	-	-
		(-)	(-)
	2. Other than related parties		
	Shares	-	5
		(-)	(5)
	Mutual fund	1,663,650	1,500,000
		(1,515,450)	(1,500,000)
	<b>Total</b>	<b>1,663,650 (1,515,450)</b>	<b>192,862,505 (1,500,000)</b>
8	<b>Other information</b>		
	<b>Particulars</b>	<b>Amount</b>	
	(i) Gross non-performing assets		
	(a) Related parties	-	
		(-)	
	(b) Other than related parties	220,308,497	
		(32,418,922)	
	(ii) Net Non-performing Assets		
	(a) Related parties	-	
		(-)	
	(b) Other than related parties	195,209,827	
		(27,848,403)	
	(iii) Assets acquired in satisfaction of debt	-	
		(-)	

**33** As per the provision of Section 135 sub-section 5 of the Companies Act, 2013, the board shall ensure that the Company spends in every financial year at least 2% of the average net profit of the preceding 3 financial year for undertaking CSR activities. However it is further clarified as per the second proviso of Section 135(5), if the Company fails to spend such amount for its CSR Activities, then the Company shall specify in its Board Report the reason for not spending such amount.

The Company is of the view that it is working for the upliftment of poor people and also imparting financial literacy. The Company has provided training to Urban people in various fields in finance and credit sector free of cost and have provided employment to deserving candidates among them. So the Company feels that there is no additional CSR expenditure required.

**34** ₹620.33 lakh (previous year ₹1057.39 lakh) 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 ₹34.32 crores as on 31 March 2017 (previous year ₹99.96 crores).

**35** Foreign currency outflow on travelling and business promotion expenses are Nil/- (previous year ₹ 49,519/-).

### 36 Contingent liabilities

There is one legal case pending against the Company pending with State Commission Disputes Redressal Commission, Delhi with a total amount involved is ₹61,300/.

**37** The management is of the opinion that there is a virtual certainty of realizing DTA of ₹ 17,577,044/- created in the books (including ₹4,305,239/- for the previous year).

# Standalone Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 38 Segment Reporting

The Company has only one business segment "Financing" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 - "Segmental Information" notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

The Company has only one geographical segment. The Company caters mainly to the needs of the domestic market.

39 Lease payments made under cancellable operating lease amounting to ₹ 26,162,672 (previous year: ₹ 16,858,189) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.

40 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.

41 Previous year's figures have not been regrouped/reclassified. If these previous year had been regrouped/reclassified, comparative figures would be as follows:

Balance sheet	Regrouped figures as at 31 March 2016	Comparatives as at 31 March 2016
<b>Equity and liabilities</b>		
<b>Shareholders' funds</b>		
Share capital	146,675,000	146,675,000
Reserves and surplus	1,362,625,420	1,362,625,420
Money received against share warrant	99,669,375	99,669,375
	1,608,969,795	1,608,969,795
<b>Non-current liabilities</b>		
Long term borrowings	381,406,408	315,573,065
Long-term provisions	10,722,397	4,025,802
	392,128,805	319,598,867
<b>Current liabilities</b>		
Short term borrowings	50,110,183	115,943,526
Trade payables		
Payable to micro, small and medium enterprises	-	-
Others payables	1,662,863	9,990,298
Other current liabilities	306,012,936	360,598,284
Short-term provisions	64,856,707	-
	486,532,108	-
<b>Total</b>	<b>2,423,741,289</b>	<b>2,415,100,770</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	11,105,739	11,270,584
Intangible assets	164,845	-
Non-current investments	1,500,005	1,500,005
Deferred tax assets (net)	4,305,239	4,305,239
Long-term loans and advances	915,450,920	773,544,475
Other non-current assets	52,550,000	-
	985,076,748	790,620,303
<b>Current assets</b>		
Trade receivables	-	35,724,526
Cash and cash equivalents	734,654,627	787,204,627
Short-term loans and advances	666,774,445	801,551,314
Other current assets	37,235,469	-
	1,438,664,541	1,624,480,467
<b>Total</b>	<b>2,423,741,289</b>	<b>2,415,100,770</b>

# Independent Auditor's Report

To the Members of Capital Trust Limited

## Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Capital Trust Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiaries together referred to as 'the Group') which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

2. 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 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors/management 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; 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, 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

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. 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.
5. 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 these consolidated financial statements are free from material misstatement.

6. 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 controls 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.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary, 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 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

9. We did not audit the financial statements of subsidiary whose financial statements reflect total assets of ₹ 7,412.71 lac and net assets of ₹ 2,010.39 lac as at 31 March 2017, total revenues of ₹ 1,049.89 lac and net cash inflows amounting to ₹ 857.05 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

10. The audit of standalone financial statements for the year ended 31 March 2016 included in the statements were carried out and reported by S G R & Associates, Chartered Accountants vide their unmodified audit report dated 26 April 2016 whose audit report has been furnished to us and which have been relied upon by us for the purpose of our audit of the consolidated financial results. Our report is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, we report, to the extent applicable, that:

- a) We have sought and; except for the possible effects of the matter described in paragraph (g)(iv) of Report on Other Legal and Regulatory Requirements below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this report are in agreement with the 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary Company covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2017 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 Holding Company, and its subsidiary Company, covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- 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 Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary:

- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 36 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary Company covered under the Act during the year ended 31 March 2017;
- iv) the Company has provided disclosures in Note 30 to the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company, and its subsidiary Company covered under the Act. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the report of the other auditor on separate financial statements and other financial information, in our opinion, these disclosures are in accordance with the books of account maintained by the respective companies. However, in the absence of sufficient appropriate audit evidence, in case of holding Company, we are unable to comment upon the appropriateness of classification between specified bank notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments', 'Non-permitted payments' and 'Amount deposited in banks' as disclosed under such Note.

For **Walker Chandiok & Co LLP**

Chartered Accountants  
FRN - 001076N/N500013

per **Lalit Kumar**  
Partner  
M.No.-095256

Place: New Delhi  
Date: 23 May 2017

## Annexure A

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the Capital Trust Limited ("the Holding

Company") and its subsidiary, (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary company, which is company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

- The respective Board of Directors of the Holding Company, its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls 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 (the 'Guidance Note') 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 the company's business, including adherence to the company's policies, the safeguarding of the company's 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 Act.

### Auditors' Responsibility

- Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by the ICAI. 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 IFCoFR were 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 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 and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary company as aforesaid.

### Meaning of Internal Financial Controls over Financial Reporting

- A company's IFCoFR 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 IFCoFR 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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, its subsidiary company, which is company incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

### Other Matters

- We did not audit the IFCoFR insofar as it relates to 1 subsidiary company which is company incorporated in India, whose financial statements reflect total assets of ₹7,412.71 lac and net assets of ₹2,010.39 lac as at 31 March 2017, total revenues of ₹1,049.89 lac and net cash inflows amounting to ₹857.05 lac for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary company, which is company incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary, is solely based on the corresponding reports of the auditor of subsidiary company. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
FRN - 001076N/N500013

per **Lalit Kumar**  
Partner  
M.No.-095256

Place: New Delhi  
Date: 23 May 2017



# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
<b>I Equity and liabilities</b>			
(1) <b>Shareholders' funds</b>			
Share capital	4	163,614,150	146,675,000
Reserves and surplus	5	2,040,388,086	1,362,625,420
Money received against share warrant	6	-	99,669,375
		<b>2,204,002,236</b>	<b>1,608,969,795</b>
(2) <b>Non-current liabilities</b>			
Long-term borrowings	7	2,248,933,809	315,573,065
Long-term provisions	8	41,681,196	4,025,802
		<b>2,290,615,005</b>	<b>319,598,867</b>
(3) <b>Current liabilities</b>			
Short-term borrowings	9	49,261,357	115,943,526
Trade payables	10		
Dues to micro, small and medium enterprises		-	-
Dues to others		6,059,484	9,990,298
Other current liabilities	11	1,436,785,952	360,598,284
Short-term provisions	12	156,698,128	
		<b>1,648,804,921</b>	<b>486,532,108</b>
<b>Total</b>		<b>6,143,422,162</b>	<b>2,415,100,770</b>
<b>II Assets</b>			
(1) <b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	13,663,202	11,270,584
Intangible assets	13	121,870	-
Non-current investments	14	1,500,005	1,500,005
Deferred tax assets (net)	15	17,577,044	4,305,239
Long-term loans and advances	16	1,947,171,468	773,544,475
Other non-current assets	17	172,550,000	-
		<b>2,152,583,589</b>	<b>790,620,303</b>
(2) <b>Current assets</b>			
Trade receivables	18	-	35,724,526
Cash and bank balances	19	400,585,380	787,204,627
Short-term loans and advances	16	3,570,456,826	801,551,314
Other current assets	20	19,796,367	-
		<b>3,990,838,573</b>	<b>1,624,480,467</b>
<b>Total</b>		<b>6,143,422,162</b>	<b>2,415,100,770</b>

The accompanying notes 1 to 38 form an integral part of these financial statements.  
This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Lalit Kumar**  
Partner

**Place:** New Delhi  
**Date:** 23 May 2017

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 Bhaskaran**  
Director  
DIN 02666053

**Nitin Dhingra**  
Chief Financial Officer

# Consolidated Statement of Profit and Loss

## for the year ended 31<sup>st</sup> March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>Revenue</b>			
Revenue from operations	21	1,201,048,545	544,647,467
Other income	22	46,717,544	68,508,858
<b>Total revenue</b>		<b>1,247,766,089</b>	<b>613,156,325</b>
<b>Expenses</b>			
Employee benefits expense	23	202,250,960	105,189,482
Finance costs	24	285,728,105	121,784,792
Depreciation and amortization expense	25	3,913,685	2,090,774
Other expenses	26	187,189,934	73,856,141
<b>Total expenses</b>		<b>679,082,684</b>	<b>302,921,189</b>
<b>Profit before tax</b>		<b>568,683,405</b>	<b>310,235,136</b>
<b>Tax expense</b>			
Current tax		202,700,286	109,131,166
Deferred tax		(13,271,805)	(1,347,883)
<b>Profit for the year</b>		<b>378,571,456</b>	<b>202,451,853</b>
<b>Earnings per equity share</b>			
	32		
(a) Basic		24.77	24.46
(b) Diluted		24.77	14.37

The accompanying notes 1 to 38 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Lalit Kumar**  
Partner

**Place:** New Delhi  
**Date:** 23 May 2017

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 Bhaskaran**  
Director  
DIN 02666053

**Nitin Dhingra**  
Chief Financial Officer

# Consolidated Cash flow statement

## for the year ended 31<sup>st</sup> March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		568,683,405	310,235,136
<b>Adjustments:</b>			
Depreciation and amortisation		3,913,685	2,090,774
Loan loss provision and provision against standard assets		40,984,693	4,440,611
Interest expenses		-	121,784,792
Gain on sale of current investments		(5,663,876)	-
Loan loss written off		18,464,948	-
Dividend income from current investments		-	(20,000)
<b>Operating profit before working capital changes</b>		<b>626,382,855</b>	<b>438,531,313</b>
(Decrease) / increase in trade payables		2,783,249	(5,091,798)
(Decrease) / increase in other liabilities and provisions		91,851,472	131,290,320
(Increase) / decrease in other bank balances		(331,881,000)	-
(Increase) / decrease in other assets		15,928,159	-
(Increase) / decrease in loans and advances		(3,962,509,004)	(658,751,948)
<b>Cash used in operating activities</b>		<b>(3,557,444,269)</b>	<b>(94,022,113)</b>
Income taxes paid		(96,178,592)	(107,783,283)
<b>Net cash used in operating activities</b>	<b>A</b>	<b>(3,653,622,861)</b>	<b>(201,805,396)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(6,428,173)	(4,687,634)
Purchase of non current investments		-	(1,500,000)
Purchase of current investments		(759,999,550)	-
Proceeds from sale of current investments		765,663,426	-
Dividend received		-	20,000
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(764,297)</b>	<b>(6,167,634)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for interest		(121,784,792)	-
Proceeds from issue of equity shares		216,460,985	1,146,097,500
Dividend on equity-preference shares and dividend tax		(25,660,848)	(28,950,413)
Proceeds from long-term borrowings (net)		2,918,485,600	(339,162,979)
Proceeds from short-term borrowings (net)		(848,826)	-
Redemption of preference share		-	(30,000,000)
Proceeds from issue of share warrants		-	99,669,375
<b>Net cash from financing activities</b>	<b>C</b>	<b>3,108,436,911</b>	<b>725,868,691</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(545,950,247)</b>	<b>517,895,661</b>
Cash and cash equivalents at the beginning of the year		787,204,627	269,308,966
<b>Cash and cash equivalents at the end of the year (refer note 1)</b>		<b>241,254,380</b>	<b>787,204,627</b>
<b>Note 1:</b>			
Cash and bank balances as per note 19		400,585,380	787,204,627
Less: other bank balances		159,331,000	-
<b>Cash and cash equivalents</b>		<b>241,254,380</b>	<b>787,204,627</b>

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

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Lalit Kumar**  
Partner

**Place:** New Delhi  
**Date:** 23 May 2017

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 Bhaskaran**  
Director  
DIN 02666053

**Nitin Dhingra**  
Chief Financial Officer

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 1. Principles of consolidation

The consolidated financial statements include the consolidated balance sheet, consolidated statement of profit and loss and consolidated cash flow statement of Capital Trust Limited (the 'Holding Company') and its undermentioned subsidiary (hereinafter referred as the 'Group')

Name of Company	Capital Trust Microfinance Private Limited
Date of shareholding	26 September 2016
Country of incorporation	India
Percentage of holding	100%

The consolidated financial statements have been prepared in accordance with the notified Accounting Standard (AS-21) on 'consolidated financial statement'. The consolidated financial statements have been prepared on the following basis:

- Consolidated financial statement normally includes consolidated balance sheet, consolidated statement of profit and loss, consolidated cash flow statement and summary of significant accounting policies and other explanatory information that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as adapted by the Holding Company for its standalone financial statements.
- The consolidated financial Statements include the financial statements of the Holding Company and its subsidiary which is more than 50 percent owned or controlled as at the year end.
- The consolidated financial statements have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealised profits/losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Holding Company and its share in the post acquisition profit increase in the relevant reserves of the entity to be consolidated.
- As far as possible, the consolidated financial statements are prepared using 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 Holding Company's standalone financial statements. Differences in accounting policies, if any, are disclosed

separately.

- The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as of the Holding Company.
- As per Schedule III to the Companies Act, 2013 (the 'Act'), read with applicable Accounting Standard and General Circular 39/2014 dated 14 October 2014, the disclosures relevant to the consolidated financial statements have been disclosed. Further, additional statutory information disclosed in separate financial statements of the subsidiaries having no bearing on the true and fair view of the consolidated financial statements is not disclosed in these consolidated financial statements.

### 2. 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) and guidelines issued by the RBI as applicable to non banking financial Company. The financial statements have been prepared on accrual basis except for interest on non-performing assets which is accounted on realisation basis based on the guidelines issued by the RBI from time to time. 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.

### 3. Significant accounting policies

#### (a) Use of estimates

- The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the year.
- Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

- iii) The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

### (b) Fixed assets (including intangible assets)

Fixed assets are stated at cost, net of depreciation or amortisation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

### (c) Depreciation

Depreciation on all tangible assets is provided on straight line method over the useful lives of assets prescribed under Schedule II of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation.

Intangible assets are amortized over a period of 5 years on straight line method.

Block of Assets	Useful life of asset as per Schedule II (in years)
Plant and Machinery	15
Computer including softwares	3
Furniture and fixtures	10
Office equipments	5
Vehicles	8

### (d) 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.

### (e) 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. In the case of non-performing assets ("NPAs"), interest is recognized upon realization in accordance with the directives of the Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

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

### (f) Leases

#### Operating lease

Lease rentals in respect of assets taken on operating lease is charged to the statement of profit and loss on straight line basis over the term of the lease.

### (g) Taxes

Tax expense comprises of current and deferred 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 income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### (h) Asset classification and provisioning

Loan asset classification of the Company is given in the table below:

Particulars	Criteria
Standard	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.
Non-performing asset	An asset for which, interest / principal payment has remained overdue for a period of 120 days or more.

### Provision 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) 0.35% of the outstanding loan portfolio of standard assets which are overdue for less than 4 months (ii) 10% of the aggregate unsecured loan instalments which are overdue for more than 4 months and less than 14 months and 100% of the aggregate loan instalments which are overdue for 14 months or more.

### Loans write off

Under the following circumstances, loans are written off:

- Under extraordinary circumstances such as the death of a customer who has not received life insurance coverage or his/her spouse and/or any other incident where in the opinion of the management, the loan amount is not recoverable.
- Where the balance outstanding at the time of closure of loan is insignificant and in the opinion

of the management, the cost of collection is not economically viable.

- All loss assets as identified in terms of Directions issued by Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

### (i) 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.

### (j) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with the notified Accounting Standard 15, 'Employee Benefits (Revised 2005)' ('Revised AS 15').

#### (i) Provident fund

The Company makes contributions to independently constituted trusts recognized by income-tax authorities and regional provident fund. In terms of the Guidance note on implementing the Revised AS 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

#### (ii) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Actuarial

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

gains and losses arising from experience, adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

### **(iii) Other short term benefits**

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.

### **(k) 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.

### **(l) Transaction in foreign currency**

All incomes or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

### **(m) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset is capitalizes as part of the cost of that asset wherever applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### **(n) Cash and cash equivalent**

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid

investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash to be cash equivalents.

### **(o) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **(p) Impairment of assets**

At the balance sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered an impairment loss and provides, if any.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 4 Share capital

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
(a) <b>Authorised share capital</b>				
Equity shares of ₹10 each	19,000,000	190,000,000	19,000,000	190,000,000
		<b>190,000,000</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	14,667,500	146,675,000
		<b>163,614,150</b>		<b>146,675,000</b>
(c) <b>Reconciliation of the equity share capital</b>				
Balance at the beginning of the year	14,667,500	146,675,000	7,500,000	75,000,000
Add: Shares issued during the year	1,693,915	16,939,150	7,167,500	71,675,000
<b>Balance at the end of the year</b>	<b>16,361,415</b>	<b>163,614,150</b>	<b>14,667,500</b>	<b>146,675,000</b>
(d) <b>Reconciliation of the preference share capital</b>				
<b>Preference shares</b>				
At the beginning of the period	-	-	3,000,000	30,000,000
Less : Redemption of preference shares	-	-	(3,000,000)	(30,000,000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (e) During the year 1,550,000 share warrants (previous year: 4,092,500) held by Mr. Yogen Khosla have been converted into equity shares of ₹10 each at a price of ₹117 aggregating to ₹181,350,500 (previous year: ₹478,422,500) and balance 1,857,500 share warrants have been forfeited aggregating to ₹54,331,875. There are no outstanding share warrants as on 31 March 2017.
- (f) During the year 143,915 equity share 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.

(g) **Terms and rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹10 per share (previous year ₹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.

(h) **Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	Number	%	Number	%
Yogen Khosla	7,894,524	48.25%	6,344,524	43.26%
Indo Crediop Private Limited	2,845,885	17.39%	2,845,885	19.40%
Lighthouse Emerging India Investors Limited	2,825,000	17.27%	2,825,000	19.26%
<b>Total</b>	<b>13,565,409</b>	<b>82.91%</b>	<b>12,015,409</b>	<b>81.92%</b>

(i) <b>Forfeited share warrant</b>	As at 31 March 2017	As at 31 March 2016
Share warrant application money	54,331,875	-
	<b>54,331,875</b>	<b>-</b>

- (j) During the current year, the members of the Company passed a resolution to offer, issue and grant options not exceeding 143,915 under Capital Trust Employee Stock Option Scheme, 2016 through Capital Employee Welfare Trust. 143,915 equity were allotted to Capital Employee Welfare Trust at a value of ₹ 559 per equity share, including a premium of ₹549 per equity share.
- (k) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue and bought back during the last 5 years.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

5 Reserve and surplus	31 March 2017	31 March 2016
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	227,400	227,400
Add: Forfeiture of 1,857,500 share warrants (refer note 4(ii))	54,331,875	-
<b>Balance at the end of the year</b>	<b>54,559,275</b>	<b>227,400</b>
<b>(b) Capital redemption reserve</b>		
Balance at the beginning of the year	30,000,000	-
Add: Amount transfer from statement of profit and loss	-	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 account</b>		
Balance at the beginning of the year	1,083,037,300	8,614,800
Add: Premium on conversion of share warrant into equity shares	165,850,000	437,897,500
Add: Premium on issue of equity shares to non promoter group	-	636,525,000
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>1,083,037,300</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 section 45-IC of RBI Act, 1934		
Balance at the beginning of the year	69,783,716	29,293,345
Add: On acquisition of subsidiary	-	-
Add: Additions during the period *	77,425,422	40,490,371
<b>Balance at the end of the year</b>	<b>147,209,138</b>	<b>69,783,716</b>
<b>(f) Surplus/(deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	176,120,459	73,109,390
Profit for the year	378,571,456	202,451,853
Less: Transferred to reserve fund under section 45-IC of RBI Act, 1934*	77,425,422	40,490,371
Less: Dividend paid	-	1,000,000
Less: Dividend paid on preference shares	-	1,050,411
Less: Corporate dividend tax	-	419,815
Less: Proposed dividend	-	22,001,250
Less: Corporate dividend tax	-	4,478,937
Less: Transfer to capital redemption reserve on redemption of 3,000,000 preference shares of ₹10 each	-	30,000,000
<b>Balance at the end of the year</b>	<b>477,266,493</b>	<b>176,120,459</b>
	<b>2,040,388,086</b>	<b>1,362,625,420</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.

6 Money received against share warrants	31 March 2017	31 March 2016
Money received against share warrants	-	99,669,375
	<b>-</b>	<b>99,669,375</b>

During the current year, out of 3,407,500 warrants, the Company received ₹ 136,012,500 towards balance 75% of conversion of 1,550,000 share warrants issued to Mr. Yogen Khosla (Managing Director). The remaining amount received against 1,857,500 share warrants has been forfeited and credited to capital reserve.

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 7 Long-term borrowings

#### Term loans

##### Secured

from banks  
from other parties

##### Unsecured

from related parties  
from others

Less: Current maturities of long-term borrowings

	31 March 2017	31 March 2016
<b>Total borrowings</b>	<b>2,248,933,809</b>	<b>315,573,065</b>

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

Name of the lender	Amount borrowed (₹)	Rate of interest	Repayment schedule	Outstanding as at 31 Mar. 2017	Outstanding as at 31 Mar. 2016
AU Financiers (India) Limited TL 1	50,000,000	16.00%	30 monthly instalments starting from February 2015	6,428,669	26,568,682
AU Financiers (India) Limited TL 2	50,000,000	15.75%	36 monthly instalments starting from February 2016	30,555,554	47,222,222
MAS Financial Services Ltd TL 18	30,000,000	16.75%	24 monthly instalments starting from March 2015	-	13,750,000
MAS Financial Services Ltd TL 19	50,000,000	16.25%	24 monthly instalments starting from March 2015	-	22,916,671
MAS Financial Services Ltd TL 20	50,000,000	16.25%	24 monthly instalments starting from April 2015	-	25,000,004
MAS Financial Services Ltd TL 21	60,000,000	15.50%	24 monthly instalments starting from October 2015	15,000,000	45,000,000
MAS Financial Services Ltd TL 22	50,000,000	14.75%	24 monthly instalments starting from November 2015	14,583,339	39,583,335
MAS Financial Services Ltd TL 23	30,000,000	14.75%	24 monthly instalments starting from January 2016	11,250,000	26,250,000
MAS Financial Services Ltd TL 24	50,000,000	14.75%	24 monthly instalments starting from April 2016	25,000,004	50,000,000
MAS Financial Services Ltd TL 25	100,000,000	14.50%	24 monthly instalments starting from October 2016	74,999,998	-
MAS Financial Services Ltd TL 26	100,000,000	14.50%	24 monthly instalments starting from October 2016	74,999,998	-
MAS Financial Services Ltd TL 27	75,000,000	14.50%	24 monthly instalments starting from January 2017	65,625,000	-
MAS Financial Services Ltd TL 28	120,000,000	14.00%	24 monthly instalments starting from May 2017	120,000,000	-
MAS Financial Services Ltd TL 29	135,000,000	14.00%	24 monthly instalments starting from April 2017	135,000,000	-
Moneywise Financial Services Private Limited	150,000,000	13.90%	12 quarterly instalments starting from February 2017	137,500,000	-
Muthoot Capital Services Limited	150,000,000	15.00%	12 quarterly instalments starting from December 2016	125,000,000	-
Nabard Financials Service Limited	100,000,000	13.50%	12 quarterly instalments starting from June 2017	100,000,000	-
Nabkishan Finance Limited	150,000,000	13.00%	11 quarterly instalments starting from June 2017	150,000,000	-
Nabsamruddhi Finance Limited	100,000,000	13.00%	12 quarterly instalments starting from June 2017	100,000,000	-
State Bank of India TL 1	200,000,000	12.40%	60 monthly instalments starting from August 2016	173,333,333	201,784,003
State Bank of India TL 2	250,000,000	12.10%	60 monthly instalments starting from November 2016	229,166,668	-
HDFC	700,000	9.00%	60 monthly instalments starting from October 2013	-	396,550
HDFC	1,575,719	9.65%	47 monthly instalments starting from April 2013	-	434,821
HDFC	300,000	9.00%	60 monthly instalments starting from February 2014	-	190,675
Small Industries Development Bank of India	200,000,000	12.75%	54 monthly instalments starting from June 2017	200,000,000	-
Capital First Limited	250,000,000	18.00%	Payable at the end of 84th month, disbursed on April 2016	250,000,000	-
Capital First Limited	200,000,000	17.00%	Payable at the end of 84th month, disbursed on May 2016	200,000,000	-
Moonlight Equity Private Limited	25,000,000	16.00%	Payable at any time within the period of one year in parts or in full, disbursed on 3 February 2017	1,000,000	30,500,000
Andhra Bank	150,000,000	12.90%	36 monthly instalments starting from September 2017	150,000,000	-
Bank of India	100,000,000	12.00%	54 monthly instalments starting from October 2017	100,000,000	-
Bank of Maharashtra	100,000,000	13.50%	54 monthly instalments starting from March 2016	75,928,600	98,148,000
DCB Bank Limited	50,000,000	13.40%	33 monthly instalments starting from December 2016	43,939,400	-
IDBI Bank Limited	200,000,000	12.75%	36 monthly instalments starting from January 2017	189,000,000	-
Manaveeya Development and Finance Private Limited	50,000,000	15.50%	12 quarterly instalments starting from December 2016	41,670,000	-
Reliance Commercial Finance Limited	200,000,000	14.00%	24 monthly instalments starting from April 2017	200,000,000	-
MAS Financial Services Ltd TL 1	100,000,000	14.75%	24 monthly instalments starting from March 2016	45,833,329	-
MAS Financial Services Ltd TL 2	50,000,000	14.75%	24 monthly instalments starting from March 2016	22,916,671	-
MAS Financial Services Ltd TL 3	50,000,000	14.75%	24 monthly instalments starting from April 2016	25,000,004	-
MAS Financial Services Ltd TL 4	100,000,000	14.50%	24 monthly instalments starting from November 2016	70,833,331	-
MAS Financial Services Ltd TL 5	100,000,000	14.50%	24 monthly instalments starting from October 2016	74,999,998	-
MAS Financial Services Ltd TL 6	100,000,000	14.25%	24 monthly instalments starting from April 2017	100,000,000	-
Yes Bank Limited	200,000,000	1 year MCLR +2.50%	24 monthly instalments starting from December 2016	166,666,667	-

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

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

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. Vehicle loans from HDFC Bank were secured against hypothecation of respective vehicles.

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 Mr. Yogen Khosla (Managing Director) and corporate guarantee of Indo Crediop Private Limited (shareholder).
3. Term loans from Yes Bank Limited, 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 Mr. Yogen Khosla (Managing Director).
4. Term loan from Manaveeya Development and Finance Private Limited is secured by way of personal guarantee of Mr. Yogen Khosla (Managing Director) and Mrs. Anju Khosla (Executive Director).

### c. Terms and conditions of unsecured loans

Term loans from Capital First Limited and Moonlight Equity Private Limited are unsecured and carries interest in the range of 16.00% per annum to 18.00% per annum

(31 March 2016 : 18.00% per annum)

### d. Repayment details of borrowings

	As at 31 March 2017	As at 31 March 2016
Upto 1 year	1,297,296,754	246,338,555
Over 1 to 3 years	1,517,695,933	258,146,411
Over 3 to 5 years	281,237,876	123,259,997
Over 5 years	450,000,000	-
	<b>3,546,230,563</b>	<b>627,744,963</b>



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	As at 31 March 2017	As at 31 March 2016
<b>8 Long-term provisions</b>		
<b>Provision for employee benefits:</b>		
Provision for gratuity (refer note 27)	5,244,394	4,025,802
<b>Others:</b>		
Contingent provision against standard assets	11,338,132	-
Provision for substandard and doubtful assets	25,098,670	-
	<b>41,681,196</b>	<b>4,025,802</b>
<b>9 Short-term borrowings</b>		
<b>Secured</b>		
Cash credit facility from bank	49,261,357	50,110,183
<b>Unsecured</b>		
Term loan from others	-	65,833,343
	<b>49,261,357</b>	<b>115,943,526</b>
<b>a. Terms and conditions of cash credit facility from bank</b>		
Cash credit from State Bank of India is secured against assignment of small enterprise finance receivables on first charge in specific book debts and personal guarantee of Mr. Yogen Khosla (Managing Director).		
<b>10 Trade Payables</b>		
Dues to micro, small and medium enterprises	-	-
Dues to others	6,059,484	9,990,298
	<b>6,059,484</b>	<b>9,990,298</b>
Dues to micro and small enterprise as defined under the Micro , Small and Medium Enterprise Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro , Small and Medium Enterprise Development Act (MSMED), 2006, details are mentioned below:		
<b>Particulars</b>		
Principal amount remaining unpaid to any supplier	Nil	Nil
Interest due thereon remaining unpaid to any supplier	Nil	Nil
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	Nil	Nil

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	As at 31 March 2017	As at 31 March 2016
<b>11 Other current liabilities</b>		
Current maturities of long-term borrowings	1,297,296,754	246,338,555
Interest accrued but not due on borrowings	14,910,677	-
Advance EMI received	2,247,017	-
Unpaid dividend*	1,633,789	814,450
Statutory dues payable	7,691,690	4,188,854
Premium payable	70,087,430	12,974,338
Proposed dividend and dividend tax	-	26,480,187
Payable to employees	16,508,341	-
Other liabilities	26,410,254	25,874,931
<b>Provision</b>		
Provision for gratuity (refer note 27)	-	1,249,624
Provision for bonus	-	1,891,533
Provision for income-tax (net of advance tax)	-	32,476,989
Provision for salary	-	8,308,823
	<b>1,436,785,952</b>	<b>360,598,284</b>
* Not due for deposit in the investor education and protection fund		
<b>12 Short-term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 27)	1,284,204	-
Provision for bonus	4,054,914	-
<b>Others</b>		
Provision for income-tax (net of advance tax)	139,682,151	-
Contingent provision against standard assets	11,676,859	-
	<b>156,698,128</b>	<b>-</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 13 Fixed assets

#### Tangible assets

Particulars	Plant & equipment	Computer	Furniture & fixtures	Vehicles	Office equipment	Total
<b>Gross block</b>						
Balance as on 1 April 2015	796,827	3,664,789	2,137,433	4,796,600	652,890	<b>12,048,539</b>
Additions	2,830,268	1,248,718	61,875	-	546,773	<b>4,687,634</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2016</b>	<b>3,627,095</b>	<b>4,913,507</b>	<b>2,199,308</b>	<b>4,796,600</b>	<b>1,199,663</b>	<b>16,736,173</b>
Additions	926,014	2,305,441	2,510,401	-	617,595	<b>6,359,451</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2017</b>	<b>4,553,109</b>	<b>7,218,948</b>	<b>4,709,709</b>	<b>4,796,600</b>	<b>1,817,258</b>	<b>23,095,624</b>
<b>Accumulated depreciation</b>						
Balance as on 1 April 2015	188,740	1,023,469	863,860	1,426,674	137,536	<b>3,640,279</b>
Additions	65,625	1,080,252	308,808	457,327	78,144	<b>1,990,156</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2016</b>	<b>254,365</b>	<b>2,103,721</b>	<b>1,172,668</b>	<b>1,884,000</b>	<b>215,680</b>	<b>5,630,434</b>
Additions	767,874	1,528,558	69,303	1,046,153	390,100	<b>3,801,988</b>
Deletions/ Adjustments	-	-	-	-	-	-
<b>Balance as on 31 March 2017</b>	<b>1,022,239</b>	<b>3,632,279</b>	<b>1,241,971</b>	<b>2,930,153</b>	<b>605,780</b>	<b>9,432,422</b>
<b>Net block</b>						
<b>Balance as on 31 March 2016</b>	<b>3,372,730</b>	<b>2,809,786</b>	<b>1,026,640</b>	<b>2,912,600</b>	<b>983,983</b>	<b>11,105,739</b>
<b>Balance as on 31 March 2017</b>	<b>3,530,870</b>	<b>3,586,669</b>	<b>3,467,738</b>	<b>1,866,447</b>	<b>1,211,478</b>	<b>13,663,202</b>

#### Intangible assets

Particulars	Software	Total
<b>Gross block</b>		
Balance as on 1 April 2015	316,872	<b>316,872</b>
Additions	-	-
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2016</b>	<b>316,872</b>	<b>316,872</b>
Additions	68,722	<b>68,722</b>
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2017</b>	<b>385,594</b>	<b>385,594</b>
<b>Accumulated depreciation</b>		
Balance as on 1 April 2015	51,409	<b>51,409</b>
Additions	100,618	<b>100,618</b>
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2016</b>	<b>152,027</b>	<b>152,027</b>
Additions	111,697	<b>111,697</b>
Deletions/ Adjustments	-	-
<b>Balance as on 31 March 2017</b>	<b>263,724</b>	<b>263,724</b>
<b>Net block</b>		
<b>Balance as on 31 March 2016</b>	<b>164,845</b>	<b>164,845</b>
<b>Balance as on 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 2017

	As at 31 March 2017	As at 31 March 2016
<b>14 Non-current investments</b>		
<b>In equity instruments (Trade, unquoted)</b>		
<b>Investment in subsidiary</b>		
810,000 equity shares (31 March 2016 - Nil) fully paid in Capitaltrust Microfinance Private Limited	-	
<b>Investment in others</b>		
10,000 equity shares (31 March 2016 - 10,000) fully paid in Asavi Financial Services Limited	81,100	81,100
2,400 equity shares (31 March 2016 - 2,400) fully paid in Indo Deutch Proteins Limited	1	1
3,600 equity shares (31 March 2016 - 3,600) fully paid in Tina Electronics Limited	1	1
2,000 equity shares (31 March 2016 - 2,000) fully paid in Parasrampur Industries Limited	1	1
14,800 equity shares (31 March 2016 - 14,800) fully paid in Naina Semiconductors Limited	1	1
Less: Provision for diminution	81,099	81,099
<b>In mutual funds (Non-trade, unquoted)</b>		
150,000 units (31 March 2016 - 150,000 units) in SBI mutual fund	1,500,000	1,500,000
	<b>1,500,005</b>	<b>1,500,005</b>
Aggregate value of unquoted investment	1,500,005	1,500,005
<b>15 Deferred tax asset (Net)</b>		
Deferred tax liability arising on account of fixed assets	583,535	721,908
<b>Total deferred tax liability</b>	<b>583,535</b>	<b>721,908</b>
<b>Deferred tax assets arising on account of</b>		
Provision for bonus	1,403,325	654,623
Provision for gratuity	2,259,417	1,825,719
Provision for doubtful debts	14,497,837	2,546,805
<b>Total deferred tax assets</b>	<b>18,160,579</b>	<b>5,027,147</b>
<b>Deferred tax assets (net)</b>	<b>17,577,044</b>	<b>4,305,239</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 16 Loans and advances

(Unsecured, unless otherwise stated)

	As at 31 March 2017		As at 31 March 2016	
	Non-Current	Current	Non-Current	Current
Unsecured, considered good*	1,506,670,678	3,479,388,756	741,125,553	1,341,924,195
Unsecured, considered doubtful**	222,454,899	-	32,418,922	-
Less: Assignment of receivables by way of managed portfolio	-	-	-	761,628,749
Less: Contingent provision against standard Assets	-	-	-	8,640,519
	<b>1,729,125,577</b>	<b>3,479,388,756</b>	<b>773,544,475</b>	<b>571,654,927</b>
(a) Security deposits [refer (i) below]	95,500,000	44,295,496	-	185,266,232
(b) Loan to related parties: -Capital Employee Welfare Trust	80,510,000	-	-	-
(c) Other loans & advances				
Prepaid expenses	42,035,891	23,830,570	-	36,188,934
Loan to employees	-	44,310	-	-
Loans pending disbursement	-	101,097	-	-
Service tax receivable	-	-	-	1,510,943
	42,035,891	23,975,977	-	37,699,877
(d) Advances recoverable in cash or kind	-	24,078,108	-	8,211,789
Less: Provision for doubtful advances	-	1,281,511	-	1,281,511
	-	22,796,597	-	6,930,278
	<b>1,947,171,468</b>	<b>3,570,456,826</b>	<b>773,544,475</b>	<b>801,551,314</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 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>

As at 31 March 2016			
Asset Classification	Classification criteria	Amount outstanding	Provision
Standard assets	Outstanding for less than 5 month	1,321,420,999	4,070,000
Non-performing assets	Outstanding for 5 month or more	32,418,922	4,570,519
<b>Total</b>		<b>1,353,839,921</b>	<b>8,640,519</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	As at 31 March 2017	As at 31 March 2016
<b>17 Other non-current assets</b>		
Bank deposits with maturity over 12 months [refer (i) below]	172,550,000	-
	<b>172,550,000</b>	-
(i) Represents deposits placed as margin money to avail term loans from banks and financial institutions.		
<b>18 Trade receivables</b>		
(Unsecured, unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	-
Other debts:		
Interest accrued but not due on loans	-	13,105,895
Interest accrued but not due on security deposits & fixed deposit	-	7,470,518
Other receivables	-	15,148,113
	-	<b>35,724,526</b>
<b>19 Cash and bank balances</b>		
<b>Balances with banks</b>		
- in current accounts	239,302,118	349,377,967
- in bank deposit accounts (with original maturity upto 3 months)	-	436,950,000
Cash on hand	318,473	62,210
<b>Earmarked balances with banks</b>		
- Unpaid dividend account	1,633,789	814,450
<b>Other bank balances</b>		
Bank deposits with maturity of less than 12 months [refer (i) below]	159,331,000	-
Bank deposits with maturity over 12 months [refer (i) below]	172,550,000	-
	<b>573,135,380</b>	<b>787,204,627</b>
Less: Bank deposits with maturity over 12 months [refer (i) below]	172,550,000	-
	<b>400,585,380</b>	<b>787,204,62</b>
(i) Represents deposits placed as margin money to avail term loans from banks and financial institutions.		
<b>20 Other current assets</b>		
(Unsecured, unless otherwise stated)		
Interest accrued but not due	7,022,107	-
Interest accrued but not due on fixed deposit	8,394,246	-
Other receivables	4,380,014	-
	<b>19,796,367</b>	-
<b>21 Revenue from operations</b>	<b>Year ended 31 March 2017</b>	<b>Year ended 31 March 2016</b>
<b>Sale of services</b>		
Interest on loan to customers	762,961,872	283,419,456
Processing fee	92,389,750	68,571,940
<b>Other operating revenues</b>		
Loan utilisation charges	63,312,500	-
Commission income	62,033,479	105,739,049
Managed portfolio	136,562,377	70,237,543
Mortgage and verification fee	72,158,773	-
Other incomes	11,629,794	16,679,479
	<b>1,201,048,545</b>	<b>544,647,467</b>



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
<b>22 Other income</b>		
Interest income on fixed deposit	24,807,005	9,511,469
Dividend income from long-term investments	-	20,000
Gain on sale of current investments	5,663,876	-
Miscellaneous income	16,246,663	58,977,389
	<b>46,717,544</b>	<b>68,508,858</b>
<b>23 Employee benefit expense</b>		
Salaries, wages and bonus	180,760,563	93,511,113
Contribution to provident fund and other funds	11,815,087	7,145,975
Staff welfare expenses	9,675,310	4,532,394
	<b>202,250,960</b>	<b>105,189,482</b>
<b>24 Finance costs</b>		
Interest expenses	265,732,569	105,739,653
Other borrowing costs	19,995,536	16,045,139
	<b>285,728,105</b>	<b>121,784,792</b>
<b>25 Depreciation and amortization expenses</b>		
Depreciation of tangible assets (refer note 13)	3,801,988	1,990,156
Amortization of intangible assets (refer note 13)	111,697	100,618
	<b>3,913,685</b>	<b>2,090,774</b>
<b>26 Other expenses</b>		
Listing and filing fee	1,762,078	323,126
Electricity expenses	2,342,596	1,077,255
Rent paid	26,162,672	16,858,189
Repairs and maintenance		
-Others	13,067,347	9,333,322
Insurance	970,366	428,233
Professional and consultancy charges	21,925,103	3,417,520
Directors sitting fee	48,000	37,000
Travelling and conveyance	36,461,131	18,699,733
Payment to auditors (refer note (a) below)	898,750	231,500
Loan loss written off	18,464,948	6,577,942
Loan loss provision	28,913,692	4,064,329
Provision against standard assets	12,071,001	376,282
Miscellaneous expense	24,102,250	12,431,710
	<b>187,189,934</b>	<b>73,856,141</b>
<b>(a) Payment to auditors</b>		
<b>As auditors</b>		
Statutory audit	788,750	225,000
Tax audit	110,000	-
Out of pocket expense audit	-	6,500
	<b>898,750</b>	<b>231,500</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	Year ended 31 March 2017	Year ended 31 March 2016			
<b>27 Employee benefits</b>					
During the year, the Company has recognised the following amounts in the statement of profit and loss:					
<b>a) Provident and other fund:</b>					
Employer's contribution to provident fund	6,818,937	3,951,557			
Employer's contribution to employee's state insurance	4,996,150	2,741,493			
<b>b) Defined benefit plan - gratuity (funded)</b>					
<b>Statement of profit and loss</b>					
<b>Net employee benefit expense recognised in the employee cost</b>					
Current service cost	761,827	759,073			
Past service cost	-	-			
Interest cost on benefit obligation	515,370	453,612			
Expected return on plan assets	(127,592)	(109,843)			
Net actuarial (gain)/loss	749,192	(46,936)			
<b>Net benefit expense</b>	<b>1,898,797</b>	<b>1,055,906</b>			
Actual return on plan assets	(127,592)	(109,843)			
<b>Balance sheet</b>					
<b>Benefit asset/liability</b>					
Present value of defined benefit obligation	7,261,645	6,693,116			
Fair value of plan assets	733,047	1,417,690			
<b>Net liability recognised in balance sheet</b>	<b>6,528,598</b>	<b>5,275,426</b>			
<b>Changes in the present value of the defined benefit obligation are as follows:</b>					
Opening defined benefit obligation	6,693,116	5,815,540			
Current service cost	761,827	759,073			
Past Service cost	-	-			
Interest cost	515,370	453,612			
Benefits paid	(1,383,462)	(288,173)			
Actuarial (gain)/losses	674,794	(46,936)			
<b>Closing defined benefit obligation</b>	<b>7,261,645</b>	<b>6,693,116</b>			
<b>Changes in the fair value of plan assets during the period</b>					
Fair Value of Plan Assets at the beginning of the period	1,417,690	1,220,475			
Acquisition Adjustments	-	-			
Expected Return on Plan Assets	127,592	109,843			
Contributions	645,625	375,545			
Benefits Paid	(1,383,462)	(288,173)			
Actuarial Gain /( loss) on Plan Assets	(74,398)	-			
<b>Fair Value of Plan Assets at the end of the period</b>	<b>733,047</b>	<b>1,417,690</b>			
<b>The principal assumptions used in determining gratuity benefit obligations for the Company's plan are shown below:</b>					
Discount rate	6.40	7.70			
Expected salary escalation rate	10.00	10.00			
Retirement Age	58.00	58.00			
Mortality table	Indian Assured Lives Mortality (2006-2008) (modified)	Indian Assured Lives Mortality (2006-2008) (modified)			
Withdrawal rate(%)	55.00% per annum	17.78% per annum			
All ages					
<b>Amounts for the current and previous years are as follows:</b>					
<b>Gratuity</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
Defined benefit obligation	7,261,645	6,693,116	5,815,540	4,607,123	3,932,870
Plan assets	733,047	1,417,690	1,220,475	1,049,989	1,039,966
<b>Surplus/(deficit)</b>	<b>(6,528,598)</b>	<b>(5,275,426)</b>	<b>(4,595,065)</b>	<b>(3,557,134)</b>	<b>(2,892,904)</b>
Experience adjustments on plan liabilities	(1,929,094)	73,024	7,545	(108,563)	(32,945)
Experience adjustments on plan assets	(74,398)	-	(5,059)	(4,824)	-

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

- 28** During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:-

Particular	SBNs		Other denomination notes		Total	
	Denom-ination	Amount	Denom-ination	Amount	Denom-ination	Amount
Closing Balance as at 08 November 2016	1,000	34,942,000	-	-	1,000	34,942,000
	500	12,960,500	-	-	500	12,960,500
	-	-	100	24,200	100	24,200
	-	-	50	27,450	50	27,450
	-	-	20	960	20	960
	-	-	10	1,940	10	1,940
	-	-	5	200	5	200
	-	-	1	156	1	156
Transactions between 09 November 2016 and 30 December 2016						
Add : Withdrawal from bank accounts	-	-	2,000	1,020,000	2,000	1,020,000
	-	-	500	152,000	500	152,000
Add: Receipts for permitted transactions	-	-	-	239,804,756	-	239,804,756
Add : Receipts for non -permitted transactions (if any)	-	-	-	-	-	-
Less : Paid for permitted transactions	-	-	-	637,590	-	637,590
Less : Paid for non-permitted transactions (if any)	-	-	-	-	-	-
Less: Deposited in bank accounts	1,000	34,942,000	-	-	1,000	34,942,000
	500	12,960,500	-	-	500	12,960,500
	-	-	-	232,751,195	-	232,751,195
	-	-	-	54,906	-	54,906
<b>Closing balance as at 30 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,587,971</b>	<b>-</b>	<b>7,587,971</b>

### 29 Related party disclosure

In accordance with the required Accounting Standard (AS-18) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

#### Name of related parties and description of relationship

Key Management Personnel (KMP)	1	Mr. Yogen Khosla (Managing Director)
Relatives of Key Management Personnel	1	Mr. Vahin Khosla
	2	Mrs. Anju Khosla
Enterprise over which KMP and their relatives can exercise significant influence	1	Italindian Trade & Financial Services Private Limited
	2	Indo Crediop Private Limited
	3	Vaibhav Farms Private Limited
	4	Vishwas Welfare Foundation (Formerly known as Vishwas Credit & Livelihood Program)
	5	Yogen Khosla & Sons (HUF)
	6	Moonlight Equity Private Limited
	7	Soter Capital India Private Limited
	8	Capital Employee Welfare Trust (w.e.f. 7 October 2016)
	9	M/s Capital Trust Microfinance Private Limited (Formerly known as Parikarma Investments & Financial Services Private Ltd.) (upto 26 September 2016)
	10	Capital Trust Housing Finance Private Limited

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

**Note:**

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

Nature of transactions	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	-	-	146,500,000
	-	-	(171,500,000)
Moonlight Equity Private Limited	-	-	54,000,000
	-	-	(415,447,625)
Capital Trust Microfinance Private Limited	-	-	-
	-	-	(79,000,000)
Vaibhav Farms Private Limited	-	-	-
	-	-	(9,900,375)
<b>Loan repaid</b>			
Moonlight Equity Private Limited	-	-	83,500,000
	-	-	(686,295,250)
Indo Crediop Private Limited	-	-	146,500,000
	-	-	(318,205,000)
Capital Trust Microfinance Private Limited	-	-	-
	-	-	(107,550,000)
Vaibhav Farms Private Limited	-	-	-
	-	-	(18,650,000)
Vishwas Welfare Foundation	-	-	-
	-	-	(23,500,000)
Italindian Trade & Financial Services Private Limited	-	-	-
	-	-	(2,600,000)
Capital Employee Welfare Trust	-	-	80,510,000
	-	-	(-)
Moonlight Equity Private Limited	-	-	10,000,000
	-	-	(-)
<b>Loan received back</b>			
Moonlight Equity Private Limited	-	-	10,000,000
	-	-	(-)
<b>Equity shares issued</b>			
Capital Employee Welfare Trust	-	-	80,448,485
	-	-	(-)
Mr. Yogen Khosla	181,350,000	-	80,448,485
	(502,222,500)	-	(-)
<b>Interest Paid</b>			
Moonlight Equity Private Limited	-	-	4,423,889
	-	-	(26,674,000)
Indo Crediop Private Limited	-	-	4,851,947
	-	-	(11,777,000)

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

Nature of transactions	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Enterprise over which KMP & their relatives can exercise significant influence
Vishwas Welfare Foundation	-	-	-
	-	-	(2,615,000)
Capital Trust Microfinance Private Limited	-	-	-
	-	-	(4,065,000)
Vaibhav Farms Private Limited	-	-	-
	-	-	(995,000)
Italindian Trade & Financial Services Private Limited	-	-	-
	-	-	(305,000)
<b>Interest Received</b>			
Moonlight Equity Private Limited	-	-	574,247
	-	-	(-)
<b>Service fee received</b>			
Capital Trust Microfinance Private Limited	-	-	2,715,692
	-	-	(-)
<b>Directors Remuneration</b>			
Mr. Yogen Khosla (Managing Director)	8,060,962	-	-
	(3,519,027)	-	-
Mrs. Anju Khosla (Director)	4,497,787	-	-
	(1,013,367)	-	-
Mr. Vahin Khosla	-	1,788,656	-
	-	(568,000)	-
<b>Outstanding balance at the year end</b>			
<b>Loans &amp; Advances:</b> Capital Employee Welfare Trust	-	-	80,510,000
	-	-	(-)
<b>Unsecured Loans:</b> Moonlight Equity Private Limited	-	-	1,000,000
	-	-	(30,500,000)
<b>Salary:</b>			
Mr. Yogen Khosla (Managing Director)	400,000	-	-
	(108,600)	-	-
Mrs. Anju Khosla (Director)	308,000	-	-
	(58,300)	-	-

### 30 Earning per equity share

a) Profit considered for computation of basic and diluted EPES	
b) Number of equity shares	
Opening number of equity shares	
Closing number of equity shares	
Weighted average number of equity shares	
c) Earning per equity share	
Basic	
Diluted	

	31 March 2017	31 March 2016
	378,571,456	202,451,853
	14,667,500	7,500,000
	16,361,415	14,667,500
	15,284,735	14,000,615
	24.77	24.46
	24.77	14.37

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	31 March 2017	31 March 2016
<b>31 Additional disclosures pursuant to the RBI guidelines and notification:</b>		
<b>1) Capital</b>		
<b>Items</b>		
Capital to risk / weighted assets ratio (CRAR) (%)	43.04%	94.19%
CRAR-Tier I capital (%)	35.10%	92.03%
CRAR-Tier II capital (%)	7.94%	2.17%
Amount of Subordinate debt raised as Tier-II capital	450,000,000	30,500,000
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	1,581,104	1,581,104
(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	1,500,005	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	4,653	-
(ii) Aggregate value (net of provisions) of accounts sold	112,733,354	-
(iii) Aggregate consideration	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 2017

### 5) Asset liability management

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	<b>5,208,514,333</b>
Investments	-	-	-	-	-	1,500,000	-	5	<b>1,500,005</b>
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	<b>3,546,230,563</b>

Maturity pattern of certain items of assets and liabilities as at 31 March 2016

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	118,487,430	127,291,892	128,928,653	350,848,653	616,367,567	656,484,909	107,878,594	9,180,972	<b>2,115,468,670</b>
Investments	-	-	-	-	-	-	1,500,000	5	<b>1,500,005</b>
Borrowings	18,310,596	18,310,407	18,310,214	64,929,445	126,477,893	258,146,411	123,259,997	-	<b>627,744,963</b>

#### Notes:

- 1 The above borrowings excludes interest accrued and due and interest accrued but not due.
- 2 The above information has been considered as per the assets liability management (ALM) report complied by the management and reviewed by the ALM committee.
- 3 Sub-standard assets have been classified under the category of over 3 years and upto 5 years, and doubtful assets have been classified under the category of over 5 years.

### 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 has not obtained registration from other financial sector regulators

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

There have been no penalties imposed on the Company by RBI or other financial sector regulators during the current year 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 Brickwork Rating India Private Limited dated 18 August 2016 and Credit Analysis & Research Limited (CARE) vide their report dated 21 November 2016:

Facilities	Rating
Long-term facilities	BBB+

#### (e) Remuneration of directors

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

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### 8) Additional Disclosures

#### (a) Provisions and contingencies

##### Break up of 'provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss

Provision towards standard assets	12,071,001	376,282
Provision towards non performing assets	28,913,692	4,064,329
Provision made towards income tax	202,700,286	109,131,166
Other provision and contingencies (employee benefits)	1,898,797	1,055,906
Provisions for depreciation on investment	-	-

#### (b) Draw down from reserves

There have been no instances of draw down from reserves by the Company during the current and previous year.

#### (c) Concentration of advances, exposures and NPAs

##### a. Concentration of advances

Total advances to twenty largest borrowers	12,400,476	10,193,523
Percentage of advances to twenty largest borrowers to total advances of the Company	0.24%	0.48%

##### b. Concentration of exposure

Total exposure to twenty largest borrowers	12,400,476	10,193,523
Percentage of exposure to twenty largest borrowers as total exposure	0.24%	0.48%

##### c. Concentration of non-performing assets

Total Exposure to top four non-performing accounts	2,188,017	1,901,824
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##### d. Sector-wise non-performing assets

Sector	Percentage of NPAs to total advances in that sector	
	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Agriculture and allied activities	-	-
Micro Small and Medium Enterprises *	4.27%	2.39%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

##### e. Movement of non-performing assets

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Net NPA to net Advances (%)	3.72%	2.07%
Movement of non-performing assets (Gross)		
(a) Opening balance	32,418,922	7,427,548
(b) Additions during the year	216,494,855	30,192,474
(c) Reductions during the year #	26,458,878	5,201,100
(d) Closing balance	222,454,899	32,418,922

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Movement of net non-performing assets		
(a) Opening balance	27,848,403	6,176,006
(b) Additions during the year	187,581,163	26,873,497
(c) Reductions during the year #	23,637,120	5,201,100
(d) Closing balance	191,792,446	27,848,403
Movement of provisions for non-performing assets (excluding provisions on standard assets)		
(a) Opening balance	4,570,519	1,251,542
(b) Provisions made during the year	28,913,692	3,318,977
(c) Write-off/ write-back of excess provisions	2,821,758	-
(d) Closing balance	30,662,453	4,570,519
# Reduction includes write-offs and recoveries.		

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

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 2017	31 March 2016
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	6	1
Amount of fraud	1,746,392	1,281,511
Recovery	11,050	-
Amount provided for	-	1,281,511

***Loans given against fictitious documents***

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

**32** 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	Amount in (₹)	
		Amount outstanding	Amount overdue
1	<b>Liabilities Side:</b>		
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	-	-
		(-)	(-)
	: Unsecured (other than falling within the Meaning of public deposits)	-	-
		(-)	(-)
	(b) Deferred credits	-	-
		(-)	(-)
	(c) Term loans (including short term borrowings)	3,546,230,563	-
		(627,744,963)	-

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial paper	(-)	(-)
	(f) Public deposits	(-)	(-)
	(g) Other loans	-	-
	Cash credit facility	(-)	(-)
		49,261,357	-
		(50,110,183)	(-)
<b>2</b>	Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	(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>	Amount outstanding	
<b>3</b>	Break-up of loans and advances including bills receivables (other than those included in (4) below:		
	(a) Secured	-	-
	(b) Unsecured - receivable under financing activity	(-)	(-)
		5,208,514,333	(1,353,839,921)
<b>4</b>	Break-up of leased assets and stock on hire and hypothecation loans counting towards EL / HP activities		
	<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	(-)	(-)
	<b>Assets side:</b>	Amount outstanding	
<b>5</b>	Break-up of investments:		
	<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)	-	(-)

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

6	<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>Long Term 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	81,104 (81,104)	
	(b) Preference	- (-)	
	(ii) Debentures and bonds	- (-)	
	(iii) Units of mutual funds	1,500,000 (1,500,000)	
	(iv) Government securities	- (-)	
	(v) Others (please specify)	- (-)	
	Borrower group-wise classification of assets financed as in (3) and (4) above:		
	<b>Category</b>		<b>Amount net of provisions</b>
			<b>Secured                      Unsecured                      Total</b>
1.	Related parties		
	(a) Subsidiaries	- (-)	
	(b) Companies in the same group	- (-)	
	(c) Other related parties	- (-)	
2.	Other than related parties	- (-)	
		5,160,400,672 (1,345,199,402)	
		5,160,400,672 (1,345,199,402)	
	<b>Total</b>	- (-)	
		<b>5,160,400,672 (1,345,199,402)</b>	

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

<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>Market value / Break-up or fair value or NAV</b>	<b>Book value (net of provisions)</b>
	1. Related Parties		
	(a) Subsidiaries	-	-
		(-)	(-)
	(b) Companies in the same group	-	-
		(-)	(-)
	(c) Other related parties	-	-
		(-)	(-)
	2. Other than related parties		
	Shares	-	5
		(-)	(5)
	Mutual fund	1,663,650	1,500,000
		(1,515,450)	(1,500,005)
	<b>Total</b>	<b>1,663,650</b>	<b>1,500,005</b>
		<b>(1,515,450)</b>	<b>(1,500,005)</b>
<b>8</b>	<b>Other information</b>		
	<b>Particulars</b>	<b>Amount</b>	
	(i) Gross non-performing assets		
	(a) Related parties	-	
		(-)	
	(b) Other than related parties	222,454,899	
		(32,418,922)	
	(ii) Net Non-performing Assets		
	(a) Related parties	1,403,325	
		(-)	
	(b) Other than related parties	191,792,446	
		(27,848,403)	
	(iii) Assets acquired in satisfaction of debt	17,577,044	
		(-)	

**33** Foreign currency outflow on travelling and business promotion expenses are Nil/- (previous year ₹49,519/-).

### 34 Contingent liabilities

There is one legal case pending against the Holding Company pending with State Commission Disputes Redressal Commission, Delhi with a total amount involved is ₹61,300/-.

### 35 Segment reporting

The Group has only one business segment "Financing" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 - "Segmental Information" notified pursuant to the Companies (Accounting

Standards) Rules, 2006 (as amended).

The Group has only one geographical segment. The Company caters mainly to the needs of the domestic market.

**36** Lease payments made under cancellable operating lease amounting to ₹ 26,162,672 (previous year: ₹ 16,858,189) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.

**37** Pursuant to the master direction DNBR. PD. 008/03.10.119/2016-17 issued by the Reserve Bank of India, as updated on 09 March 2017, the holding Company has become Systemically Important Non-Deposit taking Non-Banking Financial Company during the current year.



# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

**38** Previous year's figures have not been regrouped/reclassified. If these previous year had been regrouped/reclassified, comparative figures would be as follows:

<b>Balance sheet</b>	<b>Regrouped figures as at 31 March 2016</b>	<b>Comparatives as at 31 March 2016</b>
<b>Equity and liabilities</b>		
<b>Shareholders' funds</b>		
Share capital	146,675,000	146,675,000
Reserves and surplus	1,362,625,420	1,362,625,420
Money received against share warrant	99,669,375	99,669,375
	1,608,969,795	1,608,969,795
<b>Non-current liabilities</b>		
Long term borrowings	381,406,408	315,573,065
Long-term provisions	10,722,397	4,025,802
	392,128,805	319,598,867
<b>Current liabilities</b>		
Short term borrowings	50,110,183	115,943,526
Trade payables		
Payable to micro, small and medium enterprises	-	-
Others payables	1,662,863	9,990,298
Other current liabilities	306,012,936	360,598,284
Short-term provisions	64,856,707	-
	422,642,689	486,532,108
<b>Total</b>	<b>2,423,741,289</b>	<b>2,415,100,770</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	11,105,739	11,270,584
Intangible assets	164,845	-
Non-current investments	1,500,005	1,500,005
Deferred tax assets (net)	4,305,239	4,305,239
Long-term loans and advances	915,450,920	773,544,475
Other non-current assets	52,550,000	-
	985,076,748	790,620,303
<b>Current assets</b>		
Trade receivables	-	35,724,526
Cash and cash equivalents	734,654,627	787,204,627
Short-term loans and advances	666,774,445	801,551,314
Other current assets	37,235,469	-
	1,438,664,541	1,624,480,467
<b>Total</b>	<b>2,423,741,289</b>	<b>2,415,100,770</b>

# Consolidated Notes to financial statements

## for the year ended 31<sup>st</sup> March 2017

### Statement of Profit and Loss

	Regrouped figures for the year ended 31 March 2016	Comparatives figures for the year ended 31 March 2016
<b>Revenue</b>		
<b>Revenue from operations</b>	603,623,927	544,647,467
Other income	9,532,398	68,508,858
<b>Total revenue</b>	<b>613,156,325</b>	<b>613,156,325</b>
<b>Expenses</b>		
Employee benefits expense	105,189,482	105,189,482
Finance costs	120,097,180	121,784,792
Depreciation and amortization expense	2,090,774	2,090,774
Other expenses	75,543,754	73,856,141
<b>Total expenses</b>	<b>302,921,190</b>	<b>302,921,189</b>
<b>Profit before tax</b>	<b>310,235,135</b>	<b>310,235,136</b>
<b>Tax expense</b>		
Current tax	109,131,166	109,131,166
Deferred tax	(1,347,883)	(1,347,883)
<b>Profit for the year</b>	<b>202,451,852</b>	<b>202,451,853</b>

For **Walker Chandiok & Co LLP**  
Chartered Accountants

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

Per **Lalit Kumar**  
Partner

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

**Hari Bhaskaran**  
Director  
DIN 02666053

**Place:** New Delhi  
**Date:** 23 May 2017

**Tanya Sethi**  
Company Secretary

**Nitin Dhingra**  
Chief Financial Officer

# Notice

**NOTICE** is hereby given that the Thirty First Annual General Meeting of the members of Capital Trust Limited "the Company" will be held on Thursday, 10<sup>th</sup> August, 2017 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 of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon.

### ITEM NO. 2 DECLARATION OF DIVIDEND

To declare a final dividend at a rate of 15% i.e Rs. 1.50 per equity share for the financial year 2016-17.

### 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 APPOINTMENT OF STATUTORY AUDITORS

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby appoint M/s Singhi & Co. Chartered Accountants (Firm Registration No. 302049E), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of Thirty Sixth Annual General Meeting in the year 2021-22 on such remunerations may be mutually agreed between the Board of Directors of the Company and the Auditors."

**"RESOLVED FURTHER THAT** appointment of the statutory auditors shall be subject to the ratification at each annual general meeting held after forthcoming annual general meeting."

## SPECIAL BUSINESS

### ITEM NO. 5 INCREASE IN BORROWING POWERS UNDER SECTION 180(1)(c)

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 Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or any amendments or any substitution or re-enactment thereof, if any, for the time being in force and all other applicable Acts, laws, rules, regulations and guidelines for the time being in force; the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as they may think fit, any sum or sums of money not exceeding Rs.

2000 Crores [including the money already borrowed by the Company] on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the Company's assets and effects or properties whether moveable or immoveable, including stock-in-trade, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining undischarged at any given time, exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves."

### 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** Mr. Joginder Pal Dua (having DIN 02374358) who was appointed as an Additional Director, pursuant to Section 161(1) of the Companies Act, 2013 and who holds office up to the date of ensuing Annual General Meeting and for the appointment of whom, the Company has received a notice under Section 160 of the Companies Act, 2013 alongwith the requisite deposit from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Non- executive Independent Director of the Company."

### ITEM NO. 7 RAISING OF FUNDS THROUGH VARIOUS OPTIONS INCLUDING QUALIFIED INSTITUTIONAL PLACEMENT/ DEBENTURES UPTO RS. 600 CRORES.

To consider and if thought fit, to pass, with or without modification the following resolution as 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. 600 Crores (Rupees six Hundred Crores only) (Out of which Rs. 300 Crores (Rupees Three 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, Govt 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 INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY TO RS. 30 CRORES.**

To consider and if thought fit, to pass, with or without modification the following resolution as special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 13 sub-section (1), read with Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) Authorised Share Capital of the Company be and is hereby increased from the existing ₹ 19,00,00,000 (Nineteen Crores) divided into ₹ 1,90,00,000 (One Crore Ninety Lakhs) Equity Shares of face value of ₹ 10/- (Rupees Ten Only) to ₹ 30,00,00,000 (Rupees Thirty crores) divided into ₹ 3,00,00,000 (Three Crores) Equity Shares of ₹ 10/- (Rupees ten only) each, by creation of additional 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs. 10/- (Rupees ten only) each."

**"RESOLVED FURTHER THAT** the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

V. The Authorised Share Capital of the Company is Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 10/- (Rupees ten only) each."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is

hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate.

#### **ITEM NO. 9 ACQUISITION OF A COMPANY REGISTERED UNDER COMPANIES ACT, 2013 AND TO REGISTER IT AS A HOUSING FINANCE COMPANY WITH THE NATIONAL HOUSING BANK.**

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

##### **"RESOLVED THAT**

- a. pursuant to the provisions of Section 186, 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such approvals as may be necessary including prior approval of the Reserve Bank of India, the consent of Company be and is hereby accorded to the Board of Directors of the Company (including any Committee which the Board may have constituted or hereinafter constitute to exercise the power conferred by this Resolution) to acquire entire shareholding of Capital Trust Housing Finance Private Limited (CTHFPL), a company registered under Companies Act, 2013;
- b. the Share Purchase Arrangement (a copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting for identification purpose) between the company and CTHFPL pursuant to which the company shall purchase from CTHFPL 10000 Equity Shares, par value Rs 10 each, and which shall constitute 100% of the issued share capital of the (CTHFPL), be and is hereby approved and confirmed;
- c. the chairman or any two directors of the Company, be and are hereby authorised for and on behalf of the Company to execute and affix the common seal of the Company on any such documents, instruments and agreements and to do any such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated under the Share Purchase Agreement."

#### **ITEM NO. 10 TO APPOINT AND FIX THE REMUNERATION OF MR. YUV VIR KHOSLA.**

To consider and if thought fit, to pass, with or without modification the following resolution as special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions of Companies Act, 2013, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to Mr. Yuv Vir Khosla, relative of Director of the Company, for holding/ continuing to hold office or place of profit under the Company at a monthly remuneration, with effect from



1st June, 2017 on the terms and conditions including remuneration as set out below together with the usual allowances and benefits, amenities and facilities including medical facilities, leave travel assistance, retiring gratuity and provident fund benefits with authority severally to the Board of Directors or any of its Committees or the Executive Chairman & CEO to sanction at its/his discretion increment within the grade as the Board/Committee/Executive Chairman & CEO may deem fit and proper and to sanction, at its discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such higher grade or grades and to give increments within that grade or grades as the Board/Committee/ Executive Chairman & CEO may deem fit and proper."

## Salary

Salary	Rs. 1.00 lakh per month
Perquisites	<p>CATEGORY A</p> <ul style="list-style-type: none"> <li>Reimbursement of Medical benefits for Self and family expenses actually incurred for self and family, the total cost of which should not exceed one month's salary per year or three month's salary in a period of three years.</li> <li>Club admission fees.</li> <li>Club subscription fees for membership of maximum two clubs.</li> <li>The actual expenditure incurred on Gas, Electricity and water will be reimbursed by the Company.</li> <li>Bonus/Ex-gratia Payment not exceeding one month's salary.</li> </ul>
	<p>CATEGORY B</p> <ul style="list-style-type: none"> <li>Participation in a recognized Provident Fund as per rules of the Company and to the extent not taxable under the Income Tax Act, 1961.</li> <li>Gratuity not exceeding half month's salary for each completed year of service.</li> <li>Encashment of Leave as per rules of the Company at the end of the tenure.</li> <li>The value of perquisites under Category "B" shall not be included in the computation of the ceiling on remuneration specified in Section IV of Part II Schedule V of the Companies Act, 2013.</li> </ul>
	<p>CATEGORY C</p> <ul style="list-style-type: none"> <li>Car with driver and telephone and internet facilities at residence for use of Company business.</li> <li>Reimbursement of actual expenditure on Entertainment/ Business Promotion</li> </ul>

**ITEM NO. 11****TO RE-APPOINT MR. YOGEN KHOSLA AS CHAIRMAN AND MANAGING DIRECTOR FOR FIVE YEARS.**

in this regard to consider & if thought fit, to pass, with or without modification the following resolution as special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and 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 be and is hereby accorded 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 26<sup>th</sup> July, 2016."

**ITEM NO. 12****FEE FOR PROVIDING DOCUMENTS PURSUANT TO SECTION 20 OF THE COMPANIES ACT, 2013 AS PER THE MODE AT THE REQUEST OF THE MEMBERS.**

To Consider if thought fit, to pass, with or without modification the following resolution as ordinary resolution

**"RESOLVED THAT** in pursuant to Section 20 of the Companies Act, 2013 and other applicable provisions in this regard, the company be and is hereby authorised to charge the actual postage expenses for Annual Report and for all other documents, actual postage expenses and Rs. 10/- per page as printing expenses, in case the same is required to be delivered to the member of the company through speed post/ registered post at his written request."

By Order of the Board of Directors  
**For Capital Trust Limited**

Sd/-

**Tanya Sethi**  
Company Secretary

Date: 15th July, 2017

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 Friday, 4th August, 2017 to Thursday, 10<sup>th</sup> August, 2017 (both days inclusive) for the purpose of payment of final dividend for the financial year 2016-17.
- 7) Dividend as recommended by Directors in their Board Meeting held on May 23, 2017, 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 Thursday, 3<sup>rd</sup> August, 2017 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 Thursday, 3<sup>rd</sup> August, 2017.
- 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 Thursday, 3<sup>rd</sup> August, 2017.

- 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, IInd 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 Thursday, 3rd August, 2017, 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 have not 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 Monday, 7th August, 2017 from 09: 00 am to Wednesday, 9th August, 2017 to 05:00 pm.
- 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 2016-17 including notice of thirty first 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](http://www.capital-trust.com).

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

#### **ITEM NO. 5 INCREASE IN BORROWING POWERS UNDER SECTION 180(1)(c)**

The Shareholders had authorized the Board of Directors of the Company to borrow from time to time a sum not exceeding Rs. 1000 Crore (Rs. One Thousand Crore) from various sources. Your company is on the growth track and the business is growing about 100% year on year basis. In view of the potential growth in business of the Company and anticipating the need of additional funds that may be required in the near future, it was considered essential to borrow monies from diverse sources for various business activities/initiatives undertaken by the Company, consequent to which the amount borrowed and outstanding could exceed the present limit of Rs. 1000 Crores. The Board accordingly recommends the revised limit to the extent of Rs. 2000 Crore (Rupees Two Thousand Crores only) under 180(1)(c) of the Companies Act, 2013 as set out in the Resolution for approval of the Members.

The Board recommends the Special Resolution set forth in Item No. 5 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

#### **ITEM NO. 6 APPOINTMENT OF DIRECTOR**

The Board of Directors in their meeting held on 9th February, 2017 had appointed Mr. Joginder Pal Dua as additional independent Director of the company pursuant to provisions of Section 161 of the Companies Act, 2013, who shall hold the office of Director up to the date of the ensuing Annual General Meeting. The Company has received from Mr. Joginder Pal Dua, a consent in writing to act as Director in form DIR -2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013. The company has received a notice in writing under Section 160 of the Companies Act, 2013, along with requisite deposit proposing the candidature of Mr. Joginder Pal Dua for the office of Non-executive director of the company.

The nature of expertise of Mr. Joginder Pal Dua including his profile, name of companies in which he is holding directorship, membership, chairmanship, relationship with other directors is given hereunder. This statement may also be regarded as disclosure under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Your Board is of the view that company will benefit immensely by the presence of Mr. Dua in the Board. Your Board recommends this resolution for your approval.

Except Mr. Joginder Pal Dua, none of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

#### **Brief Particulars of Mr. Joginder Pal Dua**

1	Name of Director	Mr. Joginder Pal Dua
2	DIN No	2374358
3	Date of appointment	9th February 2017
4	Date of birth	5th August, 1952
5	Brief Resume	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 as 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 in Banking and Finance and Rehabilitation of sick units.
6	Other Directorship	1. Century Plyboards (India) Ltd 2. Skipper Limited
7	Name of companies in which director hold membership in committees	Nil
8	No. of shares held in the company	Nil
9	Relationship between the directors	Nil

## **ITEM NO.7 RAISING OF FUNDS THROUGH VARIOUS OPTIONS INCLUDING QUALIFIED INSTITUTIONAL PLACEMENT / DEBENTURE UPTO RS.600 CRORES.**

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. 600 Crores (Rupees Six Hundred Crores) (Out of which Rs. 300 Crores (Rupees Three 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 Institutional 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 recommend 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 TO INCREASE AUTHORISED SHARE CAPITAL OF THE COMPANY RS.30 CRORES.**

In light of the above item no. it is proposed to increase the authorised share capital from the existing 19,00,00,000 (Nineteen Crores) divided into 1,90,00,000 (One Crore Ninety Lacs) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) to Rs. 30,00,00,000 (Rupees Thirty crores) divided into 3,00,00,000 (Three crore Ninety lacs) Equity Shares of Rs. 10/- (Rupees ten only) each, by creation of additional 1,10,00,000 (One Crore Ten lakhs) Equity Shares of Rs. 10/-(Rupees ten only) each.

The Resolution seeks approval of Members to reclassify the Share Capital and to amend the said Clause and Article.

The Board of Directors recommends the passing of this Resolution by special resolution. None of the Directors / key managerial persons of the Company or their relatives is interested, financially or otherwise, in the aforesaid resolution.

## ITEM 9 ACQUISITION OF A COMPANY REGISTERED UNDER COMPANIES ACT, 2013 AND TO REGISTER IT AS A HOUSING FINANCE COMPANY WITH THE NATIONAL HOUSING BANK.

Capital Trust Housing Finance Private Limited is a company registered under Companies Act, 2013. Mr. Yogen Khosla, Chairman cum Managing Director and Mr. Vahin Khosla, Relative of Mr. Yogen Khosla are directors in Capital Trust Housing Finance Private Limited and hold entire shareholding.

The Board of Directors in their meeting held on 23rd May, 2017 decided to acquire 100 percent shareholding of Capital Trust Housing Finance Private Limited and make it a wholly owned subsidiary of the company. After the acquisition the company purposes to take the registration from National Housing Bank for pursuing Housing finance business.

Brief details of the proposed acquisition:

Name of the target entity, details in brief such as size, turnover etc	The name of the proposed target company is Capital Trust Housing Finance Private Limited. The company is a newly registered company and has not started its operations yet. The Paid up capital of the company is Rs. 100,000/-.
Whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";	The acquisition will fall under the related party transaction as 100% shareholding of the company is held by the promoters and family. The paid up capital of the company is Rs. 100,000/- only. The takeover will be done at the arm's length.
Industry to which the entity being acquired belongs;	The entity will be registered as Housing Finance Company after the takeover.
Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of	Capital Trust Limited is a NBFC company registered with RBI. The company is in the business of Micro Credit Loan. The company in future plans to enter into the business of Housing Finance as well. That business can be done only through Housing Finance Company. The Housing Finance business will be in line with the objects of the company which is lending.
Brief details of any governmental or regulatory approvals required for the acquisition;	The company will have to get itself registered with National Housing Bank (NHB) before starting the operations.
Indicative time period for completion of the acquisition;	The takeover will take about 3 months to complete.
Cost of acquisition or the price at which the shares are acquired;	The cost of acquisition will be on the book value.
Nature of consideration - whether cash consideration or share swap and details of the same;	The consideration will be paid in cash.
Percentage of shareholding / control acquired and / or number of shares acquired;	The Company will take 100% shareholding of the company and make it 100% wholly owned subsidiary of Capital Trust Limited.
Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	The company to be acquired is named as Capital Trust Housing Finance Pvt. Ltd. The company was incorporated on 23 <sup>rd</sup> March, 2017 under Companies Act, 2013.

None of the Directors except Mr. Yogen Khosla and Mrs. Anju Khosla is, in any way, concerned or interested, financially or otherwise, in the proposed resolution.



#### ITEM NO. 10 TO APPOINT AND FIX THE REMUNERATION OF MR. YUV VIR KHOSLA

Mr. Yuv Vir Khosla, was appointed w.e.f. 1st June, 2017, in the Company as Manager, Operations. Mr. Yuv Vir Khosla is son of Mr. Yogen Khosla Chairman and Managing Director and Mrs. Anju Khosla, Executive Director of the Company.

Considering his qualifications it is proposed to fix his remuneration as Rs. 1,00,000/- p.m w.e.f. 1st June, 2017.

None of the Directors except Mr. Yogen Khosla and Mrs. Anju Khosla, being parents of incumbent is deemed to be interested in the Resolution.

Your Directors recommend the Resolution for your approval as a Special Resolution.

#### ITEM NO. 11 TO RE-APPOINT MR. YOGEN KHOSLA AS CHAIRMAN AND MANAGING DIRECTOR FOR FIVE YEARS

The term of Mr. Yogen Khosla, Chairman and Managing Director is ending on 31<sup>st</sup> March, 2018 as per section 196 of the Companies Act. It is recommended to appoint him for further period of five years with effect from 1<sup>st</sup> April, 2018 on the terms and conditions as approved by members in their Extra Ordinary General Meeting held on 26<sup>th</sup> July, 2016. The appointment has been approved by Nomination and Compensation committee of the company.

##### Brief Particulars of Mr. Yogen Khosla

1	Name of Managing Director	Mr. Yogen Khosla
2	DIN	00203165
3	Date of appointment	1st April, 2013
4	Date of birth	22nd May, 1963
5	Brief Resume	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.
6	Other Directorship(s)	1. Soter Capital India Private Limited 2. Capital Trust Microfinance Private Limited 3. Capital Trust Housing Finance Pvt. Ltd.
7	Name of companies in which director hold membership in committees	Nil
8	No. of shares held in the company	7894524
9	Relationship between the directors	Mrs. Anju Khosla, Executive Director (Spouse)

#### ITEM NO. 12 TO CONSIDER FEES FOR PROVIDING DOCUMENTS PURSUANT TO SECTION 20 OF THE COMPANIES ACT, 2013 AS PER THE MODE AT THE REQUEST OF THE MEMBERS

The company has received a letter from one of the members of the company for the despatch of all documents, notices, Annual Reports and other correspondence through speed post. As per Section 20 of the Companies Act, 2013, the charges for such request shall be determined by the members in their General Meeting. Therefore the resolution is placed before the members for acceptance.



**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.nsdl.com](http://www.evoting.nsdl.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):
  - (a) 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.
- iii. 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.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following telephone No. 1800-222-990.
- iv. 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.
- v. 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).
- vi. 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 August 3rd, 2017.
- vii. 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. August 3rd, 2017, 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.nsdl.com](http://www.evoting.nsdl.com).
- viii. 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.
- ix. 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. August 3, 2017) only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.
- x. 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.
- xi. 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.
- xii. 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 NSE and BSE, 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 Thursday, 10th August, 2017 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)

1. Name:.....Address: .....  
E-mail Id:.....Signature: .....or failing him
2. Name:.....Address: .....  
E-mail Id:.....Signature: .....or failing him
3. Name:.....Address: .....  
E-mail Id:.....Signature: .....or failing him

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the Annual general meeting/Extra Ordinary General Meeting of the company to be held on Thursday, the 10th day of August, 2017 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)